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

FEBRUARY 12, 2013

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
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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 this Honourable Court (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”). The Second Stay Extension Order also required the Trustee to file its next report and post it to its website (as discussed below) by no later than February 12, 2013.
4. The purpose of this third report of the Trustee (the “Third Report”) is to provide this Court and interested parties with information in respect of the following:
 - a) Impact’s business and financial affairs since the second report of the Trustee (the “Second Report”);
 - b) Impact’s ongoing restructuring efforts to date;
 - c) the actual to forecast cash flow results for the period from December 29, 2012 to February 8, 2013 (the “Reporting Period”);
 - d) the updated cash flow projections by Impact (the “Updated Forecast”) from February 9, 2013 through March 29, 2013 (the “Forecast Period”);

- e) other activities and administrative duties of the Trustee during these proceedings;
 - f) the Trustee's comments with respect to Impact's anticipated application for an extension of time for filing its proposal (the "Proposal") to March 29, 2013; and
 - g) the Trustee's recommendations.
5. Capitalized terms not defined in this Third Report are as defined in the First Stay Extension Order, the Second Stay Extension Order, the First Report, the Supplemental First Report and the Second Report.
6. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

7. In preparing this Third 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.
8. This Third Report has been prepared and filed prior to the Trustee receiving the relevant stay extension application materials to be filed by the Company and has relied on various verbal information provided by Impact and its counsel, as well as, certain other analysis completed by the Trustee during the Second Stay Extension. The Trustee has been advised that the Company will be submitting these documents in due course.

LIMITATION IN SCOPE OF REVIEW

9. The Third 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.
10. This Third 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.
11. 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.
12. 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

13. Impact is in the business in providing front end seismic consulting services to oil and gas exploration companies; (b) collecting and marketing seismic data; and (c) entering into short-term rental agreements for its unutilized equipment to the oil and gas exploration sector throughout Western Canada and the Northwest Territories.
14. Impact's business is currently limited to entering into short-term rental agreements as funds are not readily available to undertake other services it used to provide in the past.

15. Further background and 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 and other materials, which has been posted by the Trustee on its website at: www.amcanadadocs.com/impact .

Books and Records

16. Since the Second Report, Impact, with the assistance of McCallum and Company LLP, Chartered Accountants, ("McCallum") (its externally hired accountant), updated and completed the financial statements, GST and source deduction remittances and annual corporate tax returns of Impact. These documents were provided to the CRA trust examiner, who conducted their audit for Impact on January 23, 2013 (the "Trust Audit"). We are advised by Mike Wolowich, a director and shareholder of Prolific Energy Services Ltd. ("Prolific") that CRA also conducted, at the same time, an audit of the Prolific source deductions and GST accounts.
17. The below chart disclosed the results of the Trust Audit for Source deductions and GST liabilities and the refund determined by McCallum for Income taxes:

	Impact	Prolific	Total
Income tax (2012)*	(161,054.16)	(673.46)	(161,727.62)
GST**	(13,386.15)	(144.26)	(13,530.41)
Source deductions**	239,127.73	462,785.77	701,913.50
Balance due (refund)	64,687.42	461,968.05	526,655.47
*Based upon the corporate tax return filed with CRA (CRA has not provided their assessment on the tax return)			
**Assessed amounts received from CRA as a result of its Trust Audit.			

18. The chart above indicates that a "super-priority" claim likely exists against Impact and Prolific for outstanding source deductions remittances of \$239,127 and

\$462,785, respectively. There are also income tax and GST refunds expected for Impact and Prolific of \$174,440 and \$819, respectively.

19. The Trustee understands that it is the position of the Alberta Labour Board that both Impact and Prolific are considered “one and the same” for purposes of being an employer. CRA advised the Trustee that although the Trust Audit did not formally assess Impact for Prolific’s source deductions and GST as one assessment, CRA’s position is that Impact and Prolific are considered “one and the same”. As previously discussed in the First Report, Prolific, a sister company of Impact with common shareholders and directors, supplied labour to Impact who would pay Prolific for its services (wages and source deductions) and in turn, Prolific would pay its employees and/or contractors. Prolific is currently not under creditor protection and specifically is not part of these Proposal proceedings.
20. If it is determined that Impact and Prolific are considered “one and the same”, the total net obligation and potential super-priority charge to CRA will likely be approximately \$526,000. This net obligation would assume that CRA would request to set-off the refund amounts owing to Impact and Prolific against the outstanding source deductions, as these obligations (refunds) occurred prior to the Proposal proceedings.
21. The Trustee will continue to monitor the position of CRA and the Alberta Labour Board with respect to their claims against Prolific and whether there is any merit and/or evidence that Impact and Prolific should be considered as “one and the same” such that Prolific’s obligations to CRA and to its employees for outstanding wages should actually be an obligation of Impact.
22. The Trustee understands that McCallum and Impact are continuing to work on completing all outstanding payroll records (T4’s and ROE’s) in the coming weeks.

ONGOING RESTRUCTURING EFFORTS TO DATE

General

23. The Trustee understands that Impact has been working diligently in its efforts to rent its equipment for an interim period in the ordinary course of business, while it continued meaningful discussions with certain interested parties to enter into a refinance and/or the potential purchase of Impact's business, assets and/or undertakings.
24. To date, the rental revenue has been sufficient to allow the Company to pay its post-filing operating obligations as they come due, but not to cover professional fees associated with the restructuring efforts. However, it is anticipated and the attached Updated Forecast shows that future rental receipts and seismic data sales should be sufficient to cover all post filing obligations including professional fees, interest on CWB loans and CRA instalment payments on source deductions incurred pre-NOI through to March 29, 2013.
25. The forecast also indicates that Impact will be able generate a surplus of approximately \$209,000 for the benefit of stakeholders.

Refinancing and/or Sale of the Business

26. Since the First Report, the Trustee understands that Impact has been in multiple discussions and has conducted several face-to-face meetings with two serious, prospective purchasers and has provided each with certain information for the potential purchase or refinancing of the undertaking, business, assets and affairs of Impact.
27. The Trustee was previously advised that Impact was hopeful to enter into a letter of intent (a "LOI") prior to the next stay extension application with one of the interested parties forthwith, with the goal of entering into some form of an agreement (i.e. purchase and sale agreement or refinance agreement) before March 29, 2013. This information was communicated to the secured lender on

February 1, 2013 during a telephone call between the secured lender, Impact and the Trustee, along with their respective counsel, to discuss the status of the Proposal proceedings.

28. On February 12, 2013, the Trustee was advised by Impact and its counsel that neither of the two prospective purchasers are in a position to enter into a LOI prior to the next extension application and it is not known at this time whether the prospective purchasers will be making an offer at all.
29. Impact and its counsel have advised that one of the prospective purchasers (the "Project Investor") has indicated it would be prepared to fund the costs of Impact to be engaged to enter into a certain front-end seismic data project (the "Seismic Project") with an Impact customer.
30. Specifically, Impact advised the Trustee that while it was negotiating a refinance and/or potential purchase of the Company's assets with the two prospective purchasers, it was also negotiating to contract a sizable Seismic Project with one of its key customers (the "Project Customer") which was of interest to the prospective purchasers and to the estate of Impact for its creditors and stakeholders.
31. Impact also advised the Trustee that the Project Investor has been in discussions with Impact and the Project Customer to enter into a contractual relationship where the Project Investor would fund the cost of the Seismic Project for the Project Customer and Impact would provide the front-end seismic data service to complete the Seismic Project. The Trustee has not received any written documentation for the contract, but Impact advises it expects to earn a fee of approximately \$300,000 to \$400,000 before the end of April 2013 for its share in the Seismic Project. Impact further advises that this Seismic Project may likely lead to two additional and immediate seismic project shoots with the Project Investor and Project Customer. Funds earned by Impact would be delivered to the Trustee for the purpose of paying the costs of the administration of the estate and

the outstanding priority payables. This would also assist it in funding a proposal to its secured and unsecured creditors.

32. The Seismic Project contract is expected to be executed prior to the next stay extension application, but will be conditional on an extension being granted. The Trustee has been advised by Impact that if the anticipated stay extension is granted by this Honourable Court (and an additional stay extension thereafter) and if Impact is able to:
- a) enter into the Seismic Project that is expected to generate \$300,000 to \$400,000;
 - b) sell its seismic data for approximately \$300,000; and
 - c) sell certain of its redundant assets that Impact believes will generate \$200,000 in positive net cash flow over the Forecast Period (all assets are expected to be sold above the Maynard appraised values)

Impact believes that this would be more than sufficient to pay for the on-going administrative and professional costs in the Proposal Proceedings as well as the CRA potential super-priority.

33. Further, Impact believes that while it generates the above cash flows through its operations it will be able to develop a plan to its creditors that Impact expects would provide a greater return than in a liquidation scenario.
34. As a result of the foregoing, Impact will require an extension to the current stay of proceedings.

Rental Agreements & the Sale of Seismic Data

Rental receipts

35. As previously reported, Impact entered into two short-term rental agreements with respect to its equipment, which was to generate approximately \$71,000 a month.

In January 2013, Impact collected approximately \$57,000 from its rental agreements and the remaining balance of approximately \$13,500 was unexpectedly not received from its customer as a certain piece of Impact's equipment that it had rented to its customer had not been operational since January 1, 2013 (due to certain repairs that were required on the equipment at the responsibility of the customer). The Trustee was advised by Impact that they are making arrangements to get the equipment back into Impact's possession and that the customer does not intend on making its January 2013 rental payment on this piece of equipment nor future rental payments of \$13,500 previously forecast.

36. Notwithstanding the rental contract may require payment, Impact has advised the Trustee that it is considering its options regarding whether to enforce collections of the remaining rental receipts on the above-mentioned piece of equipment, as it has a long-standing relationship with this particular customer. The Trustee understands that Impact is arranging to collect this equipment in due course. The result of this rental loss (if collections on the equipment are not pursued) has decreased confirmed total rental receipts by approximately \$54,000 from December 29, 2012 to March 29, 2013. Impact currently has one remaining confirmed rental agreement still in place that is generating approximately \$51,750 a month.
37. Impact's previous forecast for "probable rental receipts" indicated that Impact would generate approximately \$208,000 over the previous forecast period, which would have been the result of Impact finalizing several outstanding rental agreements with its customers. The Trustee was advised in the Reporting Period that due to several reasons out of Impact's control, Impact did not finalize contracts to collect the approximate \$50,000 in forecast "probable rental receipts" for January 2013. As a result, Impact has reforecast its "probable rental receipts" forecast collections to \$86,000 over the Forecast Period (i.e. February 9, 2013 to March 29, 2013) versus \$158,700 that was previously forecast.

38. The change in “probable rental receipts” forecast has been included in the Updated Forecast, as discussed further below. The Trustee was advised by Impact that the reasons for the decrease in forecast receipts are due primarily to:
- a) warmer weather conditions than anticipated that had delayed projects from being started in mid-December 2012 to early January 2013;
 - b) capital projects that were previously scheduled to be undertaken by various major oil and gas companies (i.e. customers of Impact that initially required Impact’s equipment) have now either been placed on hold or they have now been cancelled. As a result, the larger (more valuable) pieces of equipment that Impact was previously forecast to rent to its customers for these projects are no longer required; and
 - c) the “trickle effect” from the comments made in Court (in prior applications) regarding the repossession of rented assets from customers, if Impact were to enter into a liquidation proceeding (as previously discussed in the Second Report).
39. The Trustee understands that although this is a downward change from the initial forecast of rental receipts, the Updated Forecast shows that Impact should be able to sustain itself over the next anticipated stay extension provided that it can achieve the revised forecast rental receipts, seismic data sales and sale of certain redundant assets to cover its existing cash disbursement obligations.

Seismic Data Sales

40. As previously discussed in the Second Report, Impact made arrangements to have certain seismic data (the “Data”) to be processed with a data processing company. The Data was processed in late December 2012 and in early January 2013; the Data was made available for sale to interested parties wishing to purchase the Data. The Data is currently being marketed by an agent (the “Agent”) hired by

Impact and the Agent and Impact continue to believe that they will be able to generate approximately \$300,000 in sales from the Data over the Forecast Period.

41. The Trustee has been advised by Impact that since the Second Report, Impact and the Agent have sent out “teasers” (or data packages) to several major oil and gas companies in the area that the Data pertains too. Impact is currently following up on the interest expressed by certain of the oil and gas companies to purchase the Data licenses.
42. In summary, the combined forecast receipts from rental contracts and seismic data sales have decreased by approximately \$180,000 from the previous forecast over the Forecast Period. The decrease should not impact the Company’s ability to restructure; however, the Trustee has expressed the importance for Impact to make a concerted effort to enter into and finalize the remaining probable rental agreements, sell the Data to interested parties, sell its redundant assets and to expedite (to the greatest degree possible) the entering of the Seismic Project contract shortly over the next anticipated stay extension, as discussed above.

ACTUAL TO FORECAST RESULTS – DECEMBER 29, 2012 TO FEBRUARY 8, 2013

Overview

43. The actual to forecast cash flow chart presented below for the Reporting Period contains the actual cash receipts and disbursements relating to the Impact as compared to the cash flow forecasts previously provided to this Court in the Second Report (the “Second Report Forecast”).

Impact 2000 Inc.	Dec.29/12 to	Dec.29/12 to	Dec.29/12 to
Actual to Forecast Cash Flow	Feb.8/13	Feb.8/13	Feb.1/13
Results	Budget	Actual	Variance
RECEIPTS			
Confirmed rental receipts	142,020	57,450	(84,570)
Probable rental receipts	126,181	-	(126,181)
Damage deposit	8,500	-	(8,500)
Damage deposit held in trust	(8,500)	-	8,500
Seismic data receipts	100,000	-	(100,000)
Sale of non-core/redundant assets	-	-	-
Other miscellaneous receipts	-	2,520	2,520
GST collected	18,410	2,999	(15,412)
Total receipts	\$ 386,611	\$ 62,969	\$ (323,643)
DISBURSEMENTS			
Management fees	52,500	17,500	35,000
Accounting and consulting fees	20,000	-	20,000
Moving fees and costs	4,000	3,920	80
Fleet registration costs	5,000	-	5,000
Rent	5,850	5,570	280
Equipment maintenance and repairs	4,000	3,152	848
Insurance	5,000	4,762	238
Interest charges	13,000	6,500	6,500
Seismic data costs	16,000	-	16,000
Seismic data sales commissions	10,000	-	10,000
Appraisal	8,000	8,000	-
Professional fees and costs	150,000	-	150,000
Miscellaneous and contingency	1,000	-	1,000
CRA source deduction instalments	10,000	-	10,000
Foreign exchange costs and bank fees	-	-	-
GST paid on disbursements	14,068	2,145	11,922
GST remitted to CRA	632	-	632
Total disbursements	\$ 319,050	\$ 51,549	\$ 267,500
NET CHANGE IN CASH	\$ 67,562	\$ 11,419	\$ (56,142)
OPENING CASH	\$ 19	\$ 19	\$ -
Net change in cash	67,562	11,419	(56,142)
ENDING CASH	\$ 67,581	\$ 11,438	\$ (56,142)

44. Receipts for the Reporting Period totalled \$62,969 representing a negative variance of \$323,643. This negative variance primarily relates to:

a) Confirmed Rental Receipts:

i. a timing variance of approximately \$51,750 that was supposed to be collected in the Reporting Period and has now been forecast to be collected in the Forecast Period;

ii. a permanent variance of approximately \$32,820 relating to the cancellation of Impact's second rental agreement as the one piece of equipment, as discussed above. This permanent variance has also been reflected in the Updated Forecast;

b) a permanent variance in probable rental receipts of approximately \$84,500 relating to certain rental agreements that were previously being negotiated between Impact and its customers that will no longer proceed (as discussed above). This permanent variance has been reflected in the Updated Forecast; and

c) a timing variance of approximately \$100,000 for the sale of the Data that has now been forecast in the Updated Forecast;

45. Disbursements for the Reporting Period totalled \$51,549 representing a positive variance of \$267,500. This positive timing variance was primarily due to the following:

a) \$35,000 relating to management fees not paid in the Reporting Period. Since November 2, 2012, Mike and Patti Wolowich have received \$17,500 (one month's pay), in total, in management fees due to the lack of available cash flow in these -Proposal proceedings. Unpaid management fees and future management fees are anticipated to be paid in the Updated Forecast provided that cash flow permits the

withdrawal of these funds for their fees and other essential restructuring fees are paid in priority;

- b) \$20,000 relating to the timing of consulting and accounting fees that were not paid in the Reporting Period that have now been included in the Updated Forecast;
- c) \$5,000 relating to fleet registration costs with the Province of Alberta. This payment is expected to be paid in the Forecast Period;
- d) \$6,500 relating to January 2013 bank interest payments that was not paid to Impact's secured lender and is now forecast to be paid during the week of February 11, 2013;
- e) \$26,000 relating to seismic data costs and commissions that were not paid in the Reporting Period and are expected to be paid in the Forecast Period. These costs will only be paid if Data sales are made and funds are collected in the Forecast Period;
- f) \$150,000 relating to the timing of professional fees and costs of Impact's counsel, the Trustee and counsel to the Trustee (the "Proposal Professionals") during the first three (3 months) of the Proposal proceedings. From November 2, 2012 to date, the total professional fees outstanding to the Proposal Professionals is approximately \$185,000, after deducting approximately \$60,000 in retainers (the "Retainers") that were provided to Impact's counsel and to the Trustee in these Proposal proceedings. No professional fees have been paid to the Proposal Professionals since the receipt of the Retainers. It is anticipated that some portion of the current fees outstanding to the Proposal Professionals will be paid during the week of February 11, 2013, as disclosed in the Updated Forecast; and

g) \$10,000 timing variance relating to a CRA source deduction payment that is anticipated to be paid during the week of February 11, 2013.

46. As discussed above, there were no restructuring fees paid for professional services rendered by the Proposal Professionals during the Reporting Period. The Proposal Professionals have an Administration Charge of \$200,000 to secure their fees. This is currently sufficient to cover the outstanding fees incurred (but not paid) to date. Impact projects the cash flow to pay these fees will be generated during the Forecast Period.
47. The Company's ending cash balance as at February 8, 2013 was \$11,438 compared to the forecast cash balance amount of \$67,581, for the reasons discussed above.

UPDATED CASH FLOW FORECAST THROUGH MARCH 29, 2013

48. Impact, with the assistance of the Trustee, has prepared an Updated Forecast for the Forecast Period, which is attached as Appendix A. Impact has prepared the Updated Forecast based on the most current information available from the Company.
49. As discussed above, Impact has revised its cash flow projections as a result of certain rental agreements not being completed. However, Impact believes that it will be able to generate the required cash receipts from its confirmed and probable rental receipts, seismic data sales and the sale of certain of its redundant assets to cover all disbursements incurred in these Proposal proceedings.
50. The table below summarizes cash flow for the Forecast Period:

Impact 2000 Inc. Updated Forecast		Feb. 9/13 - Mar. 29/13
RECEIPTS		
Confirmed rental receipts	\$	103,500
Probable rental receipts		85,900
Damage deposit		22,150
Damage deposit held in trust		(22,150)
Seismic data receipts		300,000
Sale of non-core/redundant assets		200,000
GST collected		34,470
Total receipts	\$	723,870
DISBURSEMENTS		
Management fees	\$	70,000
Accounting and consulting fees		22,500
Fleet registration costs		5,000
Rent		11,700
Insurance		10,000
Interest charges		19,500
Seismic data costs		16,000
Seismic data sales commissions		30,000
Professional fees and costs		250,000
Miscellaneous and contingency		2,000
CRA source deduction instalments		50,000
GST paid on disbursements		20,860
GST remitted to CRA		18,916
Total disbursements	\$	526,476
NET CHANGE IN CASH FLOWS	\$	197,394
OPENING CASH		11,438
NET CHANGE IN CASH FLOWS		197,394
ENDING CASH	\$	208,832

51. As summarized above, Impact is projecting total cash receipts of approximately \$723,870 and cash disbursements of approximately \$526,476, resulting in a net increase in cash of approximately \$197,394 during the Forecast Period.
52. The Trustee has reviewed the assumptions supporting the Updated Forecast with Impact and believes the assumptions to be reasonable under the circumstances.

53. Significant assumptions made by Impact with respect to the Updated Forecast are:

- a) confirmed rental receipts of approximately \$103,500;
- b) probable rental receipts of approximately \$85,900 relating to new rental contracts expected to be executed between Impact and three customers during the week of February 11, 2013;
- c) seismic data receipts of approximately \$300,000. This forecast has not changed from the previous forecast as Impact and the Agent believe that the four interested oil and gas companies will likely purchase the Data in the Forecast Period;
- d) sale of certain redundant assets of approximately \$200,000;
- e) management fees of approximately \$70,000 to be paid to Mike and Patti Wolowich that have been incurred to date and that are expected to be incurred in the Forecast Period. Mr. and Mrs. Wolowich currently earn \$12,500 and \$5,000 per month, respectively;
- f) accounting and consulting fees of approximately \$22,500 relating to accounting and advisory contracting services required to operate Impact;
- g) rent expense of approximately \$11,700 relates to lease space required to store Impact's equipment;
- h) interest costs of approximately \$19,500 relating to monthly interest payments to Impact's secured lender;
- i) seismic data costs of approximately \$16,000 relating to processing fees respecting Impact's seismic data. This payment will be paid once the first Data sale has been made by Impact;

- j) seismic data sales commission relating to a commission charge by the Agent to sell Impact's Data licenses of approximately \$30,000;
 - k) professional fees and costs of approximately \$250,000 relating to incurred but unpaid fees of the Proposal Professionals to date and additional estimated costs to be incurred by the Proposal Professionals during the Forecast Period. The timing and amount of these costs are uncertain and the allocation in the Updated Forecast is based on the weekly cash flow of the Company; and
 - l) CRA source deductions instalments of approximately \$50,000 to be paid to CRA pursuant to an agreement made between Impact and CRA. The purpose of these payments is to reduce priority deemed trust claims owed by Impact to CRA prior to the NOI proceedings.
54. Based on Impact's assumptions, the Updated Forecast indicates that Impact will continue to have sufficient available cash to meet its current obligations through the Forecast Period. The Updated Forecast assumes that Impact will be able to execute and collect upon all of its remaining and outstanding Rental Agreements, the sale of its seismic data to certain key oil and gas companies and the sale of certain redundant assets. If Impact is able to meet these forecast receipts and manage its operating disbursements, there is a potential opportunity for Impact to obtain approximately \$209,000 in net cash flow surplus at the end of the Forecast Period.
55. As a result, based on the assumptions made by Impact as set out above, the Trustee believes that Impact will have sufficient funds to meet its business and financial affairs through to the end of March 29, 2013.

OTHER

Cooperation with the Trustee

56. During the Reporting Period, the Trustee, with the assistance of Impact, continue to deal with creditor claims, communicate with the secured lender and other various significant stakeholders of Impact, collect rental receipts and disburse cash of Impact for its operations in accordance with the First Stay Extension Order.
57. In addition, the Trustee continues to analyze and update Impact's cash flow projections, monitors the progress that Impact is making towards finalizing the Seismic Project contract and sale of certain redundant assets and the Data for the purposes of developing a Proposal to its creditors and stakeholders.
58. To date, the Trustee has obtained the full cooperation and assistance of Impact.

APPLICATION TO EXTEND THE TIME TO PREPARE A PROPOSAL

59. Pursuant to the BIA, Impact's stay of proceedings expires at midnight on February 22, 2013 (the "Stay Period"). The Trustee has been advised that Impact will be seeking an extension of the Stay Period for 37 days as allowed for under s. 50.4(9) of the BIA, which would be until, and including, March 29, 2013 (the "Stay Extension").
60. 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.
61. The Trustee does not believe that any creditor will be materially prejudiced if the Stay Extension is granted.
62. Based on the review of Impact's financial information, its discussions with the Project Investor and Project Customer regarding the Seismic Project contract, the

Trustee is of the view that Impact may likely be able to make a viable Proposal to its creditors.

63. The Stay Extension would be necessary to allow time for Impact to finalize the Seismic Project contract, complete its remaining regulatory filings (i.e. ROE's and T4's for its employees) and further restructure its affairs in order to present a viable plan to its creditors.

RECOMMENDATION

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

All of which is respectfully submitted this 12th day of February, 2013.

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



Tim Reid, CA•CIRP
Senior Vice-President



Orest Konowalchuk, CA•CIRP
Senior Manager

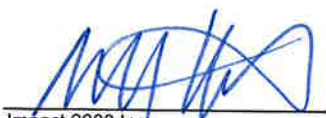
APPENDIX A

IMPACT 2000 INC.**Updated Forecast**

For the period of February 9, 2013 to March 29, 2013 (the "Forecast Period")

(in CDN dollars)

	Week 15 15-Feb-13	Week 16 22-Feb-13	Week 17 1-Mar-13	Week 18 8-Mar-13	Week 19 15-Mar-13	Week 20 22-Mar-13	Week 21 29-Mar-13	Total
RECEIPTS								
Confirmed rental receipts	51,750	-	-	51,750	-	-	-	103,500
Probable rental receipts	41,600	-	-	44,300	-	-	-	85,900
Rental receipts	93,350	-	-	96,050	-	-	-	189,400
Damage deposit	22,150	-	-	-	-	-	-	22,150
Damage deposit held in trust	(22,150)	-	-	-	-	-	-	(22,150)
Seismic data receipts	-	100,000	-	100,000	-	100,000	-	300,000
Sale of non-core/redundant assets	7,500	-	50,000	-	75,000	-	67,500	200,000
GST collected	5,043	5,000	2,500	9,803	3,750	5,000	3,375	34,470
Total receipts	105,893	105,000	52,500	205,853	78,750	105,000	70,875	723,870
DISBURSEMENTS								
Management and contracting fees	-	-	-	24,500	10,500	17,500	17,500	70,000
Accounting and consulting fees	2,500	10,000	-	5,000	2,500	-	2,500	22,500
Fleet registration costs	5,000	-	-	-	-	-	-	5,000
Rent	5,850	-	-	-	5,850	-	-	11,700
Insurance	5,000	-	-	-	5,000	-	-	10,000
Interest charges	6,500	-	6,500	-	-	-	6,500	19,500
Seismic data costs	-	16,000	-	-	-	-	-	16,000
Seismic data sales commissions	-	10,000	-	10,000	-	10,000	-	30,000
Professional fees and costs	70,000	70,000	-	60,000	-	-	50,000	250,000
Miscellaneous and contingency	-	-	1,000	-	-	-	1,000	2,000
CRA source deduction instalments	10,000	-	20,000	-	-	-	20,000	50,000
GST paid on disbursements	4,418	5,300	50	4,975	1,193	1,375	3,550	20,860
GST remitted to CRA	-	-	325	-	-	5,306	13,285	18,916
Total disbursements	109,268	111,300	27,875	104,475	25,043	34,181	114,335	526,476
NET CHANGE IN CASH	(3,375)	(6,300)	24,625	101,378	53,708	70,819	(43,460)	197,394
OPENING CASH	11,438	8,063	1,763	26,388	127,766	181,473	252,292	11,438
Net change in cash	(3,375)	(6,300)	24,625	101,378	53,708	70,819	(43,460)	197,394
ENDING CASH	8,063	1,763	26,388	127,766	181,473	252,292	208,832	208,832


Impact 2000 Inc.
Mike Wolowich, President