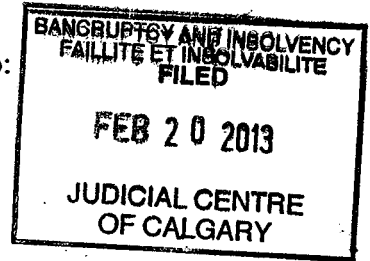


Form 49
Clerk's stamp:



COURT FILE NUMBER: 25-094321

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF IMPACT 2000 INC.

APPLICANT: IMPACT 2000 INC.

DOCUMENT: **AFFIDAVIT OF MICHAEL WOLOWICH**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

OSLER, HOSKIN & HARCOURT LLP
Barristers & Solicitors
Suite 2500, 450 – 1st Street S.W.
Calgary, AB T2P 5H1

Solicitor: A. Robert Anderson, Q.C./Peter Bychawski
Telephone: (403) 260-7004/7025
Facsimile: (403) 260-7024
Email: randerson@osler.com/pbychawski@osler.com
File Number: 1139886

AFFIDAVIT OF MICHAEL WOLOWICH
Sworn on February 20, 2013

I, Michael Wolowich, of the Hamlet of De Winton, in the Province of Alberta, make oath
and say that:

1. I am the President of Impact 2000 Inc. ("Impact") and as such have personal knowledge
of the matters herein deposed to, except where stated to be based on information and
belief, in which case I believe the same to be true.

2. I make this Affidavit in support of an application by Impact for an Order:
 - (a) declaring that the time for service of this application is abridged, this application is properly returnable on February 20, 2013, and that service of this application is sufficient and that service on any other persons of notice of this application and the Order granted pursuant to this application, is dispensed with;
 - (b) approving an extension, pursuant to s. 50.4(9) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), of the time for Impact to file a proposal, to on or before April 8, 2013 (the “**Stay Extension**”);
 - (c) declaring that Impact shall, subject to such requirements as are imposed by the BIA, have the right to dispose of redundant assets or non-material assets not exceeding \$20,000 in any one transaction or \$100,000 in the aggregate (or in excess of these amounts by Order of this Court), provided that (i) no assets will be sold below their appraised amounts as set out in the Equipment Appraisal of Maynard’s Appraisals Ltd. dated November 2012; and (ii) that all proceeds from such sales will be paid into the trust account of Impact’s Proposal Trustee; and
 - (d) providing such further and other relief as Impact may seek and this Honourable Court deems just.
3. This Affidavit provides an update of what has transpired since my Affidavit sworn November 24, 2012 and filed November 26, 2012 (“**My November Affidavit**”) and my Affidavit sworn on January 8, 2013 and filed January 8, 2013 (“**My January Affidavit**”).

Rental Agreements

4. As discussed in My November Affidavit, Impact has entered into a number of short term rental agreements to utilize Impact’s unused equipment during the winter access season.
5. In January 2013, Impact collected approximately \$57,000 from the short-term rental agreements it entered into in November 2012. However, the remaining balance of approximately \$13,500 was unexpectedly not received from Impact’s 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).

6. Since the filing of its Notice of Intention to Make a Proposal, Impact has been working diligently to find other parties to rent the balance of Impact's equipment. However, to date Impact has not been able to finalize other rental agreements for reasons outside of its control, including:
 - 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 My January Affidavit).
7. If the requested Stay Extension is granted, Impact intends to continue to work diligently to locate and finalize other rental agreements.

Financial Accounting

8. Over the past month, Impact, with the assistance of the external accounting firm of McCallum and Company LLP, Chartered Accountants ("**McCallum**") updated and completed Impact's financial statements, GST and source deduction remittances and annual corporate tax returns (the "**Financial Records**").
9. The Financial Records were provided to the Canada Revenue Agency (the "**CRA**") trust examiner, who conducted their audit for Impact on January 23, 2013. At the same time the CRA conducted an audit of the source deductions and financial records of Prolific Energy Services Ltd.

10. Impact is continuing to work with McCallum on completing its outstanding payroll records (T4's and ROE's).

Seismic Data

11. As previously discussed in My January Affidavit, Impact made arrangements to have certain seismic data (the "**Data**") processed with a data processing company. The Data was processed in late December 2012 and in early January 2013. The Data is currently being marketed by an agent (the "**Agent**") hired by Impact.
12. 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 to. Impact is currently following up on the interest expressed by certain of the oil and gas companies to purchase Data licenses.
13. Impact's ability to sell its seismic data has been limited by factors outside of its control, including reductions in the project budgets of its major customers.

Updated Cash Flow Projections

14. Based on my knowledge of the financial position of Impact, I believe that Impact's updated cash flow forecasts and projections attached as Appendix "A" ("**Updated Cash Flow Projections**") to the Third Report of the Proposal Trustee are fair and reasonable.
15. I have worked with the Proposal Trustee to create the Updated Cash Flow Projections. The Proposal Trustee has made suggestions about the Updated Cash Flow Projections which have been incorporated therein. The Proposal Trustee has not expressed any concerns over the reasonableness of the Updated Cash Flow Projections.
16. Based on the Updated Cash Flow Projections, I believe Impact will be able to:
 - (a) meet its post-filing obligations in the ordinary course of business;
 - (b) cover the costs of these proceedings (including professional fees and disbursements);
 - (c) generate a surplus of funds of approximately \$209,000 for the benefit of its stakeholders;

- (d) service the interest accruing on its loans with CWB; and
- (e) meet its agreed upon payment obligations to the CRA.

Sale of Non-material and Redundant Assets

- 17. Over the last several weeks, I worked diligently to prepare and list a number of non-material and redundant assets for sale. Specifically, I have conducted full service and maintenance work on Impact's non-material and redundant assets in order to maximize their sale value. All such maintenance and service works has been conducted on a costs per part basis.
- 18. In the result, Impact is prepared to list approximately 19 pieces of equipment for sale with the potential to generate approximately \$200,000 in positive net cash flow.
- 19. All of the work to service, maintain, and otherwise prepare these assets for sale was undertaken at my sole effort and constitutes a substantial benefit for Impact's stakeholders.
- 20. Impact is seeking an Order to increase the amounts at which it can dispose of redundant assets or non-core assets from approximately \$10,000 in any one transaction or \$50,000 in the aggregate to an amount not exceeding \$20,000 in any one transaction or \$100,000 in the aggregate (or in excess of these amounts by Order of this Court), provided that (i) no assets will be sold below their appraised amounts as set out in the Equipment Appraisal of Maynard's Appraisals Ltd. dated November 2012; and (ii) that all proceeds from such sales will be paid into the trust account of Impact's Proposal Trustee. I believe that the requested increase is cost effective as it will avoid the need for Court time and limit professional fees with regard to the sale of assets of nominal value.

Work on Proposal

- 21. Since My January Affidavit, Impact has been in multiple discussions and has conducted several face-to-face meetings with two serious, prospective purchasers (the "**Prospective Purchasers**") and has provided each with certain information for the potential purchase or refinancing of the undertaking, business, assets and affairs of Impact.

22. On February 12, 2013, Impact was advised by the Prospective Purchasers that they are not in a position to enter into a letter of intent prior to the February 20, 2013 extension application. Impact does not currently know whether the Prospective Purchasers will be making an offer to acquire Impact at all.
23. Impact is currently negotiating to contract a sizable front-end seismic data project (the “**Seismic Project**”) with one of its key customers (the “**Project Customer**”).
24. One of the Prospective Purchasers (the “**Project Investor**”) has indicated to Impact that it would be prepared to fund the Project Customer to have Impact engaged to enter into the Seismic Project with the Project Customer.
25. Over the past six weeks, Impact has been conducting ongoing discussions with 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.
26. If it materializes, the Seismic Project will likely commence in mid-April 2013 and be completed by mid-May 2013.
27. If the Seismic Project does materialize, it will likely lead to multiple additional seismic project shoots with the Project Investor and Project Customer.
28. All funds earned by Impact with respect to the Seismic Project and any other seismic projects following thereafter would be delivered to Impact’s Proposal Trustee, Alvarez & Marsal Canada Inc., for the purpose of paying the costs of the administration of Impact’s estate and the funding of a proposal to Impact’s creditors.
29. Impact believes that the funds generated from the Seismic Project, the sale of Impact’s seismic data, and the sale of certain non-core or redundant assets would be more than sufficient to pay for the on-going administrative and professional costs in the proposal proceedings as well as its obligations to the CRA.

30. 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 liquidation.
31. As a result of the foregoing, Impact will require an extension to the current stay of proceedings.
32. Impact needs the requested Stay Extension in order to continue in business while it develops a proposal to its creditors.
33. Impact is acting and will continue to act in good faith and with due diligence with the assistance of its legal counsel and the Proposal Trustee to develop a viable proposal.
34. I am not aware of any prejudice to anyone associated with the Stay Extension that has been requested and I do not believe that any creditors will be materially prejudiced if the Stay Extension is granted.
35. If Impact is successful, it will likely be able to make a viable proposal to its creditors.

SWORN BEFORE ME at the City of Calgary,
in the Province of Alberta,
this 20th day of February, 2013.

A Commissioner for Oaths in and for the Province
of Alberta

PETER BYCHAWSKI
BARRISTER & SOLICITOR

MICHAEL WOLOWICH