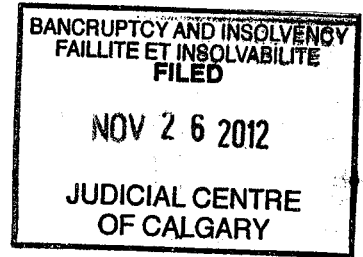


Form 49
Clerk's stamp:



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. & Doug
Schweitzer
Telephone: (403) 260-7004 / 7075
Facsimile: (403) 260-7024
Email: dschweitzer@osler.com
File Number: 1139886

AFFIDAVIT OF MICHAEL WOLOWICH
Sworn on November 24, 2012

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) 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 January 10, 2013;
 - (b) granting an administration charge to Alvarez & Marsal Canada Inc., in its capacity as Trustee under the Notice of Intention to Make a Proposal of Impact 2000 Inc. (the “**Proposal Trustee**”), counsel to the Proposal Trustee and Impact’s counsel, as security for their professional fees and disbursements (the “**Administration Charge**”);
 - (c) authorizing the disposal of redundant or non-material assets; and
 - (d) sealing on the Court file in these proceedings until further Order of this Court Exhibit “10” to this Affidavit (the “**Confidential Exhibit**”).

The Proceedings

3. On November 2, 2012, Impact filed a Notice of Intention to Make a Proposal (the “**NOI**”) with the Office of the Superintendent of Bankruptcy Canada pursuant to the BIA. The Proposal Trustee was appointed trustee under the NOI. The NOI is attached as Exhibit “1”.
4. The deadline for Impact to file a proposal to its creditors is on or about December 2, 2012.

Extension of the Period to Make a Proposal

5. Impact’s core business is highly specialized and consists of: (a) providing front end seismic consulting services to oil and gas exploration companies; (b) seismic data collection and marketing; and (c) entering into short term rental agreements for seismic related equipment. Its business remains redeemable and viable, and it has acted 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. However, it is not able to make a proposal to its creditors on or before December 2, 2012.

6. If Impact were to cease operations and liquidate, I do not believe that a receiver would have the requisite knowledge of the seismic industry or the relationships to maximize a return for Impact's stakeholders. Based on my experience in the seismic industry, I believe that the value of Impact's specialized seismic assets would be decimated if they were liquidated in the current market. The window to sell such assets is during the months leading up to (summer and early fall) the winter access season. At the current stage of the winter access season, seismic companies have already arranged to purchase or rented the equipment they require. As described below, Impact has finalized one and is close to finalizing the other two rental agreements for Impact's specialized seismic equipment. Impact has been successful at negotiating rental agreements because I have been working with my contacts in the seismic industry to pull together these deals for a couple months.
7. If the requested extension is not granted, I believe that the forecasted cash surplus of approximately \$452,000 would be lost while Impact's specialized equipment sits in a storage yard waiting to be sold at an inopportune time. I believe that it is unlikely in this scenario that: (a) Impact's unsecured creditors would receive any dividend; and (b) CWB's secured claim would be covered.
8. Moreover, both my wife Patty Wolowich and I are highly motivated to generate the largest possible return for Impact's creditors. We have provided CWB with a personal guarantee that may expose us to personal liability up to the aggregate amount of \$500,000. Also, we have made loans to Impact with an outstanding balance of approximately \$500,000.
9. Finally, a receiver would likely have to perform many of the same tasks being performed by Impact at a higher cost and without the benefit of the forecasted cash surplus. Impact's equipment required significant repairs before it could be rented. Impact has coordinated these repairs at a cost much cheaper than could be replicated by a receiver. Many of my contacts in the industry have volunteered their time and expertise to help get Impact's

equipment operational. This support is a testament to Impact's strong, historic relationships.

10. As discussed below, Impact's landlord locked Impact out of its office commencing on September 20, 2012 for a period of about two months. The majority of Impact's books, records and financial information were contained in its office and need to be updated to determine priority payables that may be owed to Canada Revenue Agency ("CRA") and employees and to calculate any tax losses and refunds recoverable from CRA. I believe that Impact can perform this task at a much lower cost than a receiver. Impact's plan is to work with the Proposal Trustee and one of its former book keepers to perform this update.
11. Also, Impact engaged Maynards Industries Ltd. ("Maynards") to perform an independent appraisal of Impact's assets. This appraisal is being paid for out of Impact's receipts in these proceedings. All of the foregoing tasks would be required of a receiver and are currently being performed by Impact, with the assistance of the Proposal Trustee. These necessary tasks are forecasted to be paid for from the receipts generated during these proceedings.
12. The requested extension is being sought to protect Impact's business and operations to allow Impact to realize value for its stakeholders and develop a viable proposal. Either through a restructuring or a sale of its specialized seismic assets, I believe that preserving the value of the business in the proposed manner will likely achieve a better result for Impact's stakeholders.
13. I believe that the extension of the period to make a proposal until January 10, 2013, should be enough time (a) to update Impact's books, records and financial information for the purpose of properly assessing the claims of CRA and employees; (b) for Maynards to complete its appraisal of the value of Impact's assets; (c) to finalize the remaining short term rental agreements; (d) to negotiate seismic data licensing agreements; (e) to obtain offers from potential investors or purchasers who have expressed interest in investing or acquiring Impact's business; and (f) to formulate a

viable proposal. I do not believe that any creditor will be materially prejudiced by the requested extension.

Impact's Business

14. Impact is a privately held corporation that carries on business in the Province of Alberta. It is a wholly owned subsidiary of 848891 Alberta Ltd. ("**848**"). The shareholders of 848 include me, Patty Wolowich and the Wolowich Family Trust.
15. Impact has two wholly owned subsidiary corporations called Impact 2000 Exploration Consulting Inc. ("**Impact Exploration**") and Impact 2000 USA Inc. ("**Impact USA**"). Impact USA does not have any assets and Impact Exploration holds an interest in certain seismic exploration licenses.
16. Impact's principal assets are comprised largely of drills, trucks, trailers, Haglands, quads, kubotas and the Fairfield Nodal operating system (the "**Fairfield System**"). Impact's trucks are outfitted with specialized seismic equipment, which costs approximately \$5,000 for each truck. Haglands are large transportation vehicles used to transport people on jobsites during winter or to pack snow to create winter trails that can be used by other vehicles. Haglands are amphibious and can navigate wet environments that require low ground pressure to successfully manoeuvre. Quads and kubotas are small motorized vehicles used in the oil and gas industry to transport workers and materials on jobsites. All or substantially all of Impact's significant equipment is outfitted with a GPS tracking system called Fleet Complete. This tracking system is difficult to tamper with and allows Impact to track the location of its equipment at all times.
17. The Fairfield System is a seismic data recording system that generates seismic data over land and transition zones. To collect seismic data, hundreds of nodes are placed around a survey site to feedback seismic data to the Fairfield System. The Fairfield System is located in a trailer that can be transported to the location of the seismic survey. It requires a significant amount of training to operate and there are only a handful of seismic companies in North America (and to the best of my knowledge only one in Canada) that are trained and able to utilize this specialized technology. Based on my years of

experience in the seismic industry, I believe the Fairfield System is one of the most state of the art systems in the seismic industry.

18. With respect to its seismic consulting services, Impact provided its customers with seismic program planning, designs, costing, mapping and GIS. It also assists or provides its customers with consulting services relating to the following: approvals and compliance, confidential bid tendering, landowner negotiations, monitoring and coordinating service providers, program reclamation, safety management, pipeline and road use agreements, stakeholder communications and general consulting services.
19. Impact's seismic data collection and marketing business involves conducting strategically placed seismic surveys for the purpose of collecting seismic data that oil and gas companies are interested in licensing. Oil and gas companies utilize this data to help develop their drilling and exploration programs. Impact finished its first strategically placed seismic survey in September of 2012. The acquisition of the Fairfield System in early 2012 was integral to this survey. Impact is currently marketing this seismic data to oil and gas companies. It is my experience that the data collected from strategically placed seismic surveys can generate highly profitable licensing revenues for over a decade. If Impact is able to restructure its affairs and recapitalize, it plans to continue to grow this area of its business.
20. From its early days until the present, equipment rentals have generated a significant amount of revenue for Impact. When Impact was just starting out, it did not have the resources to purchase its own equipment so it would lease trucks, quads, trailers and other equipment on a monthly basis from rental companies such as Calmont Group. Impact would outfit the leased equipment with specialized seismic equipment and then rent them out at a daily rate to subcontractors and customers contracting for Impact's seismic services. The subcontractors generally provided their own operators of the rented equipment. Conversely, Impact would generally provide an operator to its customers. If the equipment was damaged, the party renting the equipment was responsible for paying for the requisite repairs.

21. Impact was later asked by oil and gas companies to rent them specialized equipment to transport their workers during cold winter conditions over long distances and tough terrain. While Haglands were required to create winter trails so seismic equipment could be brought to remote areas, they could also service the transportation needs of Impact's customers. Impact started renting out its Haglands as transportation vehicles to service the requests of its customers Impact would provide the operator and mechanic, and its customers would use the rented Haglands for the aforementioned dual purposes.

Secured Creditors and Statutory Priorities

22. Impact is indebted to Canadian Western Bank ("CWB") pursuant to the following agreements:
- (a) a commitment letter dated April 6, 2011, as amended February 23, 2012;
 - (b) a promissory note dated July 21, 2011; and
 - (c) a revolving line of credit agreement dated February 24, 2012;
- (collectively, the "**Credit Agreements**").

Impact's obligations to CWB are secured by a General Security Agreement dated May 31, 2011 and a General Assignment of Debts dated May 31, 2011 (collectively, "**CWB's Security**"). Patty Wolowich and I also guaranteed Impact's obligations to CWB up to the amount of \$500,000 pursuant to a Limited Liability Guarantee dated May 31, 2011 (the "**Personal Guarantee**"). As of October 23, 2012, CWB claimed that it was owed the aggregate amount of \$1,006,889.52 under the Credit Agreements. CWB's Security and the Personal Guarantee are attached as Exhibits "2" and "3", respectively. Impact recently moved all of its books and records and I have only found copies of some of the Credit Agreements. They are attached as Exhibit "4".

23. Impact also received personal loans from Patty Wolowich and me. As of November 2, 2012, the aggregate amount outstanding under these loans is approximately \$500,000. Impact's obligations to Patty Wolowich and me are secured by a General Security

Agreement dated October 12, 2012 (the "**Wolowich GSA**"). The Wolowich GSA is attached as Exhibit "5".

24. Impact also owes Prolific Energy Services Ltd. ("**Prolific**") the aggregate amount of approximately \$390,575.00 for services provided by Prolific to Impact. I own all of the shares of Prolific. Prolific provided labour services to Impact on a contract basis and relied on receiving payments from Impact to pay its employees. Impact's obligations to Prolific are secured by a General Security Agreement dated October 19, 2012 (the "**Prolific GSA**"). The Prolific GSA is attached as Exhibit "6".
25. Impact owes Canada Revenue Agency ("**CRA**") for unpaid source deductions. Based on my review of an Alberta Personal Property Registry ("**PPR**") search, I note that CRA has filed a writ of seizure and sale against Impact in the amount of approximately \$211,000 for unpaid source deductions.
26. The Alberta Labour Board ("**ALB**") has taken the position that Prolific and Impact are one and the same entity with respect to the amounts owed to their respective former employees. ALB claims that Impact and Prolific owe the aggregate amount of approximately \$380,000 to their former employees. ALB has also sent me several Orders of Officer Employer Notification (the "**Orders of Officer**"), which claim that I am personally liable (as an officer and director of Impact and Prolific) for the aforementioned amounts owing to employees. An example of one of the Orders of Officer is attached as Exhibit "7".
27. Without conceding the point, if Prolific and Impact are determined to be one and the same entity, Impact may be liable for Prolific's unpaid source deductions to CRA. Based on my review of a PPR search, I note that CRA filed a writ of seizure and sale against Prolific in the amount of approximately \$460,000 for unpaid source deductions.
28. Impact only recently obtained access to its books, records and financial information after being locked out of its office for about two months. I believe that once Impact's financial records are updated Impact will have tax credits and/or tax losses in the hundreds of thousands of dollars to set off against CRA's claim for unpaid source deductions.

Impact's financial year end is August 31, 2012. It requires updated books, records and financial information to complete its financial statements and tax returns for such fiscal year. Impact is currently working with the Proposal Trustee to update its financial records, which will enable Impact to determine the amount of its net priority payables. Rental funds were just received. Impact now has the resources to retain the services of its former book keeper to assist with this update. This update will benefit all of Impact's creditors including CWB.

Assets and Liabilities

29. Impact's statement of affairs indicate that it has a net book asset value of approximately \$3 million, which is comprised largely of the following:
 - (a) capital assets of approximately \$2.5 million;
 - (b) furniture and other intangible assets (including seismic data) of approximately \$540,000; and
 - (c) accounts receivable of approximately \$6,500.
30. Impact has retained the services of Maynards to complete an independent appraisal of the value of Impact's assets. Impact and the Proposal Trustee have been working diligently with Maynards to provide it with the information and access it requires to complete this appraisal. Maynard's appraisal is not completed at the time of the swearing of this Affidavit but should be completed and available sometime next week. Impact intends to pay Maynards for its appraisal through the receipts generated from its business during these proceedings.
31. With the assistance of the Proposal Trustee, Impact prepared its statement of affairs regarding its current liabilities. As of November 2, 2012, Impact estimates that its current liabilities are approximately \$5.7 million. This calculation does not include CRA's claim against Prolific for unpaid source deductions. Impact estimates that its liabilities exceed its assets by approximately \$2.7 million on a book value basis.

Events Leading to Impact's Insolvency

32. In January of 2012, Impact entered into an arrangement with Fairfield Nodal to acquire the Fairfield System for the purchase price of approximately \$800,000. Impact provided Fairfield Nodal with a deposit of approximately \$200,000 and Fairfield Nodal delivered the Fairfield System to Impact towards the middle of January. Impact paid the remainder of the purchase price from its general revenue. Impact planned on raising approximately \$3 million, through an equity injection or loan, to purchase the corresponding nodes from Fairfield Nodal and to cover its operating capital needs. While it worked on raising funds, Impact was able to rent nodes so it could use the Fairfield System.
33. In February of 2012, I was introduced to Nader Ghermezian from Triple Five Global Group Ltd. ("**Triple 5**") as a prospective investor in Impact. Negotiations ensued and by early March an agreement was reached whereby Triple 5 would acquire a fifty percent equity position in Impact and Triple 5 would arrange a loan to Impact of approximately \$3 million (the "**March Loan**"). Triple 5, Impact, 848, Patty Wolowich and I entered into a Share Purchase Agreement dated March 2, 2012 (the "**March Agreement**") to sell Triple 5 fifty percent of Impact's shares.
34. Triple 5 never arranged the March Loan but subsequently came back with a proposal to arrange a larger loan or financing in the amount of \$6 million to allow Impact to acquire an even larger number of nodes from Fairfield Nodal. Impact continued to negotiate this alternative arrangement with Triple 5 and reached an agreement in early June of 2012. Under this agreement, Triple 5 would arrange for Impact: (a) a \$6 million loan or financing to acquire the larger number of nodes; and (b) a \$1.5 million operating loan (collectively, the "**June Loans**"). Triple 5 agreed to arrange the June Loans on the condition that further shares in Impact would be sold to Central Capital Group Ltd. ("**Central**"). Accordingly, Triple 5, Central, Impact, 848, Patty Wolowich, Atlantic Ventures 18 Ltd. and Atlantic Ventures 19 Ltd. entered into an Amending Agreement dated June 1, 2012 (the "**Amending Agreement**"), which provided for sale of the further shares in Impact to Central. If this transaction had closed, 848 would have become a minority shareholder in Impact.

35. Impact relied on Triple 5 to deliver the June Loans to cover Impact's operating costs and to purchase the aforementioned nodes. Triple 5 continually informed Impact that the June Loans were only a few days away. Impact's financial condition deteriorated further with each passing week. Towards the end of July, Impact did not have sufficient resources to make payroll. On or about July 27, 2012, I discussed Impact's financial situation with Ken Duke from CWB and Nader Ghermezian. On the basis of Nader's representation that Triple Five would be depositing the funds immediately, Ken Duke told me that Impact could release its payroll cheques. Based on this discussion and the representations of Ken Duke, Impact released its payroll cheques.
36. On August 1, 2012, I received an email from Ken Duke at 8:00 a.m. notifying Impact that if CWB did not receive the funds promised by Triple 5 by 1:00 p.m., the cheques issued by Impact would be returned "Non-Sufficient Funds" (the "**Duke Email**"). Triple 5 had not deliver the promised funds and CWB returned the payroll cheques issued by Impact as having "Non-Sufficient Funds". Impact did not have sufficient time to make alternative arrangements to place funds into its account during the 5 hour window provided by CWB. If CWB had provided Impact with reasonable notice, it could have deposited the requisite funds in its account to cover its payroll. The Duke Email is attached as Exhibit "8".
37. Many of Impact's employees quit immediately after their payroll cheques were returned. Also, word travelled quickly through the oil and gas industry that Impact could not make payroll. Impact's reputation was damaged.
38. The timing of the foregoing events could not have been worse for Impact. During July and August, Impact's customers develop their winter work programs, including their seismic survey requirements. Impact was close to finalizing agreements with at least five significant players in the oil and gas industry when word spread that Impact was unable to meet its payroll. Impact estimates that these projects would have generated revenues in the aggregate amount of approximately \$7.6 million and net profits of approximately \$2.2 million (30 percent net profit ratio). If Triple 5 had delivered even a \$2.0 million loan, Impact would have been sufficiently capitalized to perform these agreements. However,

these negotiations with these customers to finalize their respective agreements ended as soon as Impact's customers learned that Impact was unable to make payroll. Seismic consulting agreements that Impact generally serviced were awarded to its competitors. Impact's customers told me that because of Impact's financial uncertainty they felt they had to make alternative arrangements.

39. Notwithstanding the damage to Impact's reputation, I believe that if Impact is able to restructure, its seismic consulting customer base will return. The vast majority of Impact's seismic consulting services with oil and gas companies are structured through joint ventures between Impact and first nations. Impact has longstanding relationships with first nation communities and it has developed goodwill with them over years of successful partnerships. These strong relationships are integral to arranging future seismic consulting agreements. Once Impact is able to restructure, I believe the strength of these relationships and Impact's reputation for providing excellent seismic services will lead to future seismic consulting agreement. With respect to Impact's seismic data collection and marketing business, Impact will be in a position to resume seismic data collection once it is adequately recapitalized. Impact's short term rental business is largely unaffected and remains a pillar of Impact's core business.
40. Throughout the period from March through September 2012, Triple 5 started involving itself in Impact's affairs, including contacting Impact's customers and suppliers, and purporting to negotiate agreements on its behalf. This conduct damaged Impact at a time when it was relying on Triple 5 to arrange the aforementioned loans. In particular, Triple 5's conduct resulted in significant cost overruns to Impact's Wilson Creek seismic project, which commenced in late June of 2012. Triple 5 agreed to pay Seismic Equipment Solutions ("SES") for the rental of nodes to Impact. Triple 5 issued a cheque to SES and the nodes were released to Impact. I am advised by SES that on the next business day Triple 5 put a stop payment on this cheque. SES was upset by the conduct of Triple 5 and refused to rent additional nodes to Impact that were required for the Wilson Creek seismic project. Eventually, this matter was resolved. However, what should have been a 15 day seismic project took approximately 70 days largely because of the disruptions caused by Triple 5 and Impact's inability to source additional nodes required

for the job. The additional time to finish this seismic project was mainly caused by Triple 5's conduct and treatment of Impact's critical supplier of nodes. I believe the cost overruns on the Wilson Creek seismic project were approximately \$1,100,000 (55 days at \$20,000 per day for labour and equipment).

41. In or about the middle of September, 2012, I participated on a conference call with Ken Duke and Nader Ghermezian to discuss when Triple 5 would be depositing a loan totalling approximately \$2 million into Impact's account. Triple 5 indicated that it had a term sheet for a loan and that it would be providing it to CWB. I was informed by Ken Duke that Triple 5 delivered the term sheet to CWB. Despite numerous requests, CWB has not provided me with a copy of this term sheet. Triple 5 never deposited funds into Impact's account.
42. As a result of the foregoing, Impact did not have the resources to pay its rent for the months of August and September. On or about September 20, 2012, Impact's landlord (the "**Landlord**") terminated its office lease and denied Impact access to its office located at units 200 and 202, 3016 – 5th Avenue N.E., Calgary, Alberta (the "**Premises**"). Also, the Landlord would not permit Impact to remove its personal property, including its books, records and financial information from the Premises. After Impact filed the NOI, the Landlord agreed to allow the Proposal Trustee to remove Impact's books, records and financial information from the Premises and, subsequently, agreed to allow Impact to remove its personal property. Impact's remaining chattels were removed from the Premises on or about November 22, 2012
43. In mid-October, Impact entered into negotiations with a couple significant companies in the seismic industry to determine whether a deal could be structured to recapitalize or sell Impact. While significant progress was made in these negotiations, Impact did not have sufficient time to complete negotiations before CWB sought to enforce its security. As discussed below, I am informed by these potential investors that they remain seriously interested in either acquiring Impact or its assets.
44. On or about October 24, 2012, Impact received a letter from CWB's counsel demanding payment of all obligations owing by Impact to CWB under the Credit Agreements in the

aggregate amount of \$1,006,889.52 on or before November 7, 2012 (the “**CWB Demand**”). The CWB Demand enclosed a Notice of Intention to Enforce Security pursuant to s. 244(1) of the BIA (the “**BIA Notice**”). The CWB Demand and the BIA Notice are attached as Exhibit “9”.

Interim-Business Plan

45. Since filing the NOI, Impact, with the assistance of its legal counsel and the Proposal Trustee, has developed a viable interim business plan that focuses on licensing seismic data and entering into short term rental agreements. As discussed above, the performance of seismic consulting services is not an available aspect of Impact’s business for the current winter access season. Even without seismic consulting agreements, the remaining components of Impact’s business should generate a significant cash surplus of approximately \$452,000 by the end of March 2013. This cash surplus is for the benefit of Impact’s stakeholders.

Rental Agreements

46. Impact’s interim business plan contemplates entering into short term rental agreements to utilize Impact’s unused equipment during the current winter access season. To date, Impact has executed one rental agreement (the “**Rental Agreement**”) and it is close to finalizing the terms of a second and third rental agreement. Impact has received the deposit and prepayment for the first month’s rent in the aggregate amount of approximately \$93,000. The companies renting Impact’s equipment have strong reputations in the seismic industry and longstanding relationships with Impact. I believe that the crew for one of the companies renting equipment is comprised largely of former Impact employees, which have been trained to use Impact’s specialized equipment. The Rental Agreement is now shown to me and marked as Exhibit “10” but not attached hereto pursuant to Rule 13.21(3)(c) of the *Alberta Rules of Court*.
47. Impact has been able to coordinate short term rental agreements because it contacted seismic companies before they finalized their respective equipment requirements for the

current winter access season. Impact forecasts that these three rental agreements should generate receipts of approximately \$679,000 during the current winter access season.

48. To minimize the risk associated with renting its equipment, Impact is only entering into rental agreements with parties that have proven track record and strong reputation in the seismic industry. The form of rental agreement being used by Impact requires the party renting the equipment to provide a damage deposit, prepay each month in advance, purchase replacement value insurance and covenant that the equipment being rented will be returned in the same condition (subject only to normal wear and tear). Under the agreements, the customers are required to bring back the equipment in the same/similar state (repaired, cleaned and maintained) as it was when it left Impact's yard. Impact can also track the location of all or substantially all of its equipment at all times through the Fleet Complete tracking system.

Seismic Agreements

49. Impact is a 50% owner of certain seismic data that it intends to market to large oil and gas companies. Impact is currently working with the co-owner of such seismic data (an oil and gas company) to arrange for a broker to market this seismic data. I believe that licence agreements will likely be finalized over the next couple months and generate substantial cash flow.

Cash Flow Projection

50. Based on my knowledge of the financial position of Impact, I believe that Impact's cash flow forecasts and projections attached as Appendix "C" (the "**Cash Flow Projections**") to the First Report of the Proposal Trustee are fair and reasonable.
51. I have worked with the Proposal Trustee to create the Cash Flow Projections. The Proposal Trustee has made certain suggestions about the Cash Flow Projections, which have been incorporated therein. The Proposal Trustee has not expressed any concerns over the reasonableness of the Cash Flow Projections.

52. Based on the 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 \$452,000 for the benefit of its stakeholders; and (d) service the interest on its loans from CWB.

Canadian Western Bank

53. On or about November 22, 2012, CWB's counsel sent a letter to Impact's counsel and the Proposal Trustee stating that CWB intends to oppose Impact's application to extend the period to make a proposal and its request for the Administration Charge (the "CWB Letter"). Impact had previously held without prejudice discussions with CWB regarding these proceedings and Impact's go forward plan. The CWB Letter is attached as Exhibit "11".


Administration Charge

54. The requested relief contains a charge against Impact's Property as security for professional fees and disbursements incurred by its counsel, the Proposal Trustee and the Proposal Trustee's counsel both prior to and after filing the NOI. Impact was not able to provide the Proposal Trustee and the Proposal Trustee's legal counsel with a retainer because it did not have any cash available at that time. It did provide a nominal retainer to its legal counsel.
55. Impact requires the services of its counsel, the Proposal Trustee and the Proposal Trustee's counsel to develop a viable proposal. I believe that the Administration Charge is reasonable and appropriate in the circumstances and critical to the success of Impact's insolvency proceedings.

Redundant and Non-material Assets

56. In the ordinary course of business, Impact often sold or disposed of redundant and non-material assets as described in paragraphs 22 and 44 of the First Report of the Proposal Trustee. Impact is seeking an Order that permits it to continue to dispose of redundant

57. The Confidential Exhibit contains commercially sensitive and confidential information. I believe that if the Confidential Exhibit was made public that it could compromise Impact's rental negotiations and other dealings with its customers. The Confidential Exhibit has been made available to the Proposal Trustee.


A Commissioner for Oaths in and for the
Province of Alberta


MICHAEL WOLOWICH

D. AARON STEPHENSON
Barrister & Solicitor