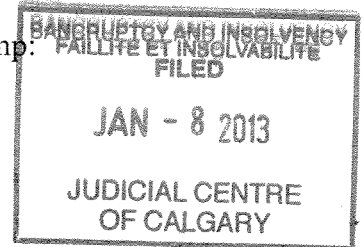


**Form 49**

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.  
Telephone: (403) 260-7004  
Facsimile: (403) 260-7024  
Email: randerson@osler.com  
File Number: 1139886

**AFFIDAVIT OF MICHAEL WOLOWICH**  
**Sworn on January 8, 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 January 8, 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 February 22, 2013 (the “**Stay Extension**”); and
  - (c) providing such further and other relief as Impact may seek and this Honourable Court deems just.
3. This Affidavit contains an update of what has transpired since my Affidavit sworn November 24, 2012 and filed November 26, 2012 (“**My November Affidavit**”)

#### **Status of Proceedings**

4. Impact’s application for its first stay extension was initially heard on November 26, 2012 and adjourned over to November 29, 2012. After extensive argument, on November 29, 2012 the Court granted an Order containing, amongst other provisions, a stay extension to January 10, 2013.
5. Counsel for certain of the creditors disputed the wording of paragraph 3 of the Order granted on November 29, 2012 but it was ultimately approved by the Court and the formal Order was filed on December 6, 2012.

#### **Rental Agreements**

6. The first rental agreement (“**First Rental Agreement**”) entered into by Impact as part of its interim business plan is referenced at paragraph 46 of My November Affidavit. The First Rental Agreement was entered into and the equipment delivered thereunder shortly before the initial attendance at Court on November 26, 2012. The December and January rentals under the First Rental Agreement have been paid.

7. During the Court attendance on November 26, 2012, counsel for Canadian Western Bank (“**CWB**”) made representations to the effect that Impact was not entitled to rent out its equipment which was CWB’s “collateral” and that if it did, CWB intended to repossess it. Those representations by CWB’s counsel were disclosed by person(s) unknown to others in the Calgary seismic community including to a party (“**Rental Prospect**”) to whom Impact had previously arranged to rent a substantial portion of its equipment. As a result of CWB’s counsel’s threat, the Rental Prospect got cold feet and decided not to rent equipment from Impact. The Rental Prospect specifically told me that the reason for its change of mind was that it now feared the bank (CWB) would pick up the equipment. It did not want to risk that and so decided to rent the equipment from others.
8. As a result, I had to make arrangements to find other parties to rent the balance of Impact’s equipment. Impact was unable to progress rentals during the Christmas break (from about December 22, 2012 to January 2, 2013) because prospects were away for the holidays. However, I have had discussions with and am now finalizing arrangements for two different parties to rent that equipment and expect that they will sign the rental agreements and take possession of the equipment by mid-January, 2013. The rentals for the equipment will be similar to what had previously been negotiated with the Rental Prospect but almost a month of productive rentals was lost as a result of the representations referred to in paragraph 7 above.

#### **Financial Accounting**

9. Impact recovered its books and records that had been previously withheld by a prior landlord. With assistance of staff from the Proposal Trustee, my wife, Patty Wolowich, reviewed Impact’s books and records. I am advised by the Proposal Trustee and Patty Wolowich that the books and records recovered were disorganized and incomplete.
10. I am advised by the Proposal Trustee that the accountant who previously worked for Impact had initially indicated that if compensated, she would assist Impact in updating its books and records. However, she later declined.

11. Accordingly, Impact needs the services of an accounting firm to update its books and records and prepare its financial statements, GST and payroll remittances, corporate tax returns, records of employment and other regulatory filing documents (the “**Financial Documents**”). Until December 20, 2012, it did not have sufficient funds to retain an accountant. On or about December 20, 2012, it retained McCallum and Company, chartered accountants, to complete the Financial Documents.
12. Due to the Christmas holiday season, the accountant (Mr. McCallum) was not available to start on the project until January 8, 2013. However, prior to leaving for his Christmas vacation, Mr. McCallum advised me that he spoke to his CRA Payroll Audit contact and scheduled a payroll audit with Canada Revenue Agency (“**CRA**”) for the week of January 23, 2013. According to Mr. McCallum, his audit contact sounded satisfied with that, preferring to audit complete and up-to-date records rather than ones that were incomplete.
13. Not only were Impact’s books and records incomplete, several source documents had to be retrieved. This retrieval work was done over the latter part of December and early January so that the books and records are ready for Mr. McCallum to commence his work on January 8, 2013. Mr. McCallum told me he expects to be able to have the Financial Documents up-to-date and completed by January 23, 2013.
14. Given the constraints on its resources, Impact is working as quickly as possible to get the records complete and ready for audit. Based on the foregoing, Impact expects to know both the amounts due to employees and to the CRA by the week of January 23, 2013.

#### **Seismic Data**

15. Impact has retained a party to market the licensing of its seismic data. In order for that marketing to commence, Impact must first receive the processed seismic data from the data processor. The data processor recently completed processing the data but has withheld the processed data pending payment by Impact of its processing fees. Impact now has the funds needed to pay for the data processing and is making immediate arrangements to take possession of the processed seismic data so it can proceed to have it marketed.

### **Updated Cash Flow Projections**

16. 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 Second Report of the Proposal Trustee are fair and reasonable.
17. 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.
18. 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 \$225,000 for the benefit of its stakeholders;
  - (d) service the interest accruing on its loans with CWB; and
  - (e) pay to CRA \$10,000 in January 2013 and \$20,000 in each February and March, 2013, on account of Impact's obligations to CRA.

### **Other Activities**

19. Over the last several weeks, including through the Christmas holiday, I and my wife and family, with the assistance of some friends and neighbours, worked diligently to accomplish the following for Impact:
  - (a) packed up Impact's books and records and furnishings and moved its offices to a new location for which no rent is being charged;
  - (b) clean up, refurbished and painted the offices at the new location and unpacked the books and records and furnishings;

- (c) organized Impact's books and records and located source document needed for completion of the Financial Documents;
- (d) serviced 23 pickup trucks including oil changes, lubrication, replacing batteries, repairing or replacing tires and windshields, all as needed; and
- (e) refurbished and serviced equipment to ensure it is in good condition and rental ready.


The foregoing work was done at a cost of less than \$3,000 in disbursements. In the result, Impact has a working office at no rental cost and for minimal moving costs and has equipment and vehicles that are fully serviced, refurbished and in good working order. This work constitutes a substantial benefit (of at least \$100,000) for stakeholders.

#### **Work on Proposal**

- 20. Impact is in discussions with substantive prospects who are seriously interested in acquiring its business. Impact has scheduled meetings to have detailed discussions with each of these prospects over the next two weeks, and hopes by early February to have a letter of intent from one or more prospects outlining the business terms under which it/they is/are prepared to acquire Impact's business.
- 21. A proposal may be structured either as a sale of assets or, alternatively, as a sale of shares. If the Financial Documents disclose that Impact has significant tax attributes, a sale of shares can preserve those tax attributes and may enhance the value recoverable for the benefit of all stakeholders.
- 22. Impact needs the requested Stay Extension in order to continue in business while it develops a proposal to its creditors.
- 23. 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.

24. 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.
25. Impact 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 8<sup>th</sup> day of January, 2013.



A Commissioner for Oaths in and for the Province of Alberta

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*[Handwritten signature]*

MICHAEL WOLOWICH

**PETER BYCHAWSKI**  
**BARRISTER & SOLICITOR**