

EXHIBIT 1
Clinton L.T. Roberts Affidavit

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF COLORADO**

In re:	)	Chapter 15
)	
POSEIDON CONCEPTS CORP., Debtor in Foreign Proceeding.	)	Case No. 13-_____
)	

In re:	)	Chapter 15
)	
POSEIDON CONCEPTS LTD. Debtor in Foreign Proceeding.	)	Case No. 13-_____
)	

In re:	)	Chapter 15
)	
POSEIDON CONCEPTS LIMITED PARTNERSHIP Debtor in Foreign Proceeding	)	Case No. 13-_____
)	

In re:	)	Chapter 15
)	
POSEIDON CONCEPTS INC, Debtor in Foreign Proceeding	)	Case No. 13-_____
)	

**DECLARATION OF CLINTON L.T. ROBERTS IN SUPPORT OF:
(I) PETITION FOR RECOGNITION AS A FOREIGN MAIN PROCEEDING;
AND (II) APPLICATION FOR ORDER TO SHOW CAUSE WITH TEMPORARY
RESTRAINING ORDER AND PRELIMINARY INJUNCTIVE RELIEF**

I, Clinton L.T. Roberts, state as follows in support of the *Petition For Recognition as a Foreign Main Proceeding* (the "*Petition*") and the *Application For Order to Show Cause With Temporary Restraining Order and Preliminary Injunctive Relief* (the "*Application*"):

1. I am a senior vice president of PricewaterhouseCoopers Inc. ("*PWC*"). I have personal knowledge of all the statements made in this Declaration.
2. PWC previously agreed to serve as monitor (the "*Monitor*") for Poseidon Concepts Corp., Poseidon Concepts Ltd., Poseidon Concepts Limited Partnership and Poseidon Concepts Inc. (collectively referred to as the "*PC Debtors*") in the proceeding pending in the

Court of Queen's Bench of Alberta, Canada (the "*Canadian Proceeding*") under the Companies' Creditors Arrangement Act (the "*CCAA*").

3. PWC was appointed as the monitor (the "*Monitor*") for the Canadian Proceeding on April 9, 2013 pursuant to an initial order (the "*CCAA Order*") entered in that matter. The CCAA Order also authorized PWC to serve as the PC Debtor's foreign representative in order to enforce and effectuate terms of the CCAA Order in the United States.

4. To the best of my knowledge and belief, the Canadian Proceeding is the only judicial or administrative proceeding in, including an interim proceeding, under a law relating to insolvency or adjustment of debt in which proceeding the assets and affairs of the debtor are subject to control or supervision by a court, for the purpose of reorganization or liquidation to which the PC Debtors are debtors.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on April 2, 2013



Clinton L.T. Roberts
PricewaterhouseCoopers Inc.

EXHIBIT 2

Leigh Cassidy Affidavit

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF COLORADO**

In re:	)	Chapter 15
)	
POSEIDON CONCEPTS CORP., Debtor in Foreign Proceeding.	)	Case No. 13-_____
)	

In re:	)	Chapter 15
)	
POSEIDON CONCEPTS LTD. Debtor in Foreign Proceeding.	)	Case No. 13-_____
)	

In re:	)	Chapter 15
)	
POSEIDON CONCEPTS LIMITED PARTNERSHIP Debtor in Foreign Proceeding	)	Case No. 13-_____
)	

In re:	)	Chapter 15
)	
POSEIDON CONCEPTS INC, Debtor in Foreign Proceeding	)	Case No. 13-_____
)	

**DECLARATION OF LEIGH CASSIDY IN SUPPORT OF:
(I) PETITION FOR RECOGNITION AS A FOREIGN MAIN PROCEEDING;
AND (II) APPLICATION FOR ORDER TO SHOW CAUSE WITH TEMPORARY
RESTRAINING ORDER AND PRELIMINARY INJUNCTIVE RELIEF**

I, Leigh Cassidy, state as follows in support of the *Petition For Recognition as a Foreign Main Proceeding* (the “*Petition*”) and the *Application For Order to Show Cause With Temporary Restraining Order and Preliminary Injunctive Relief* (the “*Application*”):

1. I am a consultant through my corporation, Whitewater Inc., to Poseidon Concepts Corp. (“PC Canada”). As such I have personal knowledge of the facts and matters which I declare in this Declaration.

2. My initial involvement with the PC Canada arose with the retainer of Whitewater as a consultant of February 14, 2013.

3. PricewaterhouseCoopers Inc. (“PWC”) is the court-appointed monitor (the “Monitor”) under the Canadian Companies’ Creditors Arrangement Act (“CCAA”) based upon the Order dated April 9, 2013, entered by the Court of Queen’s Bench of Alberta (the “Canadian Proceeding”), in the Judicial District of Calgary, Canada.

I. The Structure and General Operations of the PC Debtors

4. The entities seeking protection in the Canadian Proceeding and under chapter 15 of the Bankruptcy Code are PC Canada, Poseidon Concepts Ltd., Poseidon Concepts Limited Partnership and Poseidon Concepts Inc. (collectively referred to as the "*PC Debtors*").

5. Poseidon Concepts Corp. ("PC Canada") is a corporation formed under the laws of Alberta, Canada with its principal place of business located in Calgary, Alberta, Canada. Its shares are publically traded on the Toronto Stock Exchange under the symbol PSN-T. Poseidon Concepts Ltd. is a corporation formed under the laws of Alberta Canada and a wholly-owned subsidiary of PC Canada. Poseidon Concepts Inc. ("PC Inc.") is a Delaware corporation that is wholly-owned by PC Canada. Poseidon Concepts Limited Partnership is a partnership organized under the laws of Alberta, Canada. The registered office of each of the PC Debtors is in Alberta, Canada.

6. The corporate operations of the PC Debtors are directed and controlled through their parent company, PC Canada. Most key corporate decision making, as well as the bank accounts and accounting and cash management systems of the PC Debtors, are directed and controlled at the parent level by PC Canada. In addition, all of the PC Debtors' officers are employed by PC Canada. Not only are the PC Debtors' operations, management and asset ownership based in Canada, so is their funding. The lead secured creditor is The Toronto-Dominion Bank, which is located in Toronto, Canada. The participating bank lenders are HSBC Bank Canada, National Bank of Canada and The Bank of Nova Scotia.

II. Business Operations of PC

7. Headquartered in Calgary, Alberta with operations throughout Western Canada and the United States, the PC Debtors are providers of large-volume modular tanks to the oil and gas industry in North America. PC Canada is the parent company that owns, operates and funds the subsidiaries. Of its two remaining members of the Board of Directors, one resides in Canada and the other in the United States. Leigh Cassidy, President of Whitewater Inc. (a consultant to the PC Debtors), which performs financial consulting services for PC Canada. Collectively, the PC Debtors employ approximately 20 people: 8 in Canada and 12 in the U.S.

8. PC Canada is the pioneer of large-volume modular fluid tanks, with a fleet of 416 PC Canada-owned rental units. These tanks range in size from 4,500 barrels ("bbls") to 41,000 bbls, and are provided on a rental basis to support customers' on-site fluid management needs (the "Tanks"). Highly portable and quick to assemble, the Tanks average two to four truckloads and less than a day to set up. PC Canada leases 324 of the Tanks to PC Inc. for use by customers in the U.S., scattered among seven states (Colorado, Texas, Pennsylvania, North Dakota, Montana, Utah, and Oklahoma). The remaining 92 Tanks are in Canada.

9. In addition to the Tanks, PC Canada also owns 27 Volcano™ E-Z Heat heaters (the "Heaters"). The Heaters circulate heating fluid through piping and radiators placed inside the Tanks, which enables the fracturing fluids to achieve and maintain the desired temperature and intended viscosity. Like the Tanks, PC Canada leases 20 of the Heaters to PC Inc., which

then rents them to U.S. customers. The remaining 7 Heaters are leased by PC Canada to customers in Canada.

10. Almost all of the creditors are located in Canada and the United States. Of the 151 creditors, 75 are located in the U.S., 67 in Canada, 4 in Australia, 3 in Ireland, and 1 in Luxembourg.

III. Events Leading to the Commencement of the Canadian Proceeding

11. On November 14, 2012, Poseidon announced earnings significantly lower than the market expected. This caused the shares to plummet 62% in one day. A class action lawsuit was filed in late November. On December 27, 2012, a Special Committee of the Board of Directors was established by PC Canada to, among other things, review and address various issues arising from the restatement of certain accounts receivable and the company's evolving business plan. In order to assist the Special Committee in its review, it engaged the services of Norton Rose Canada LLP as its legal counsel, who in turn retained Ernst & Young Inc. Based on the recommendation of the Special Committee and the interim report of its advisors, PC Canada determined, on a preliminary basis, that:

- a. Approximately \$95 million to \$106 million (subject to detailed quantification) of the PC Canada's \$148.1 million in revenue for the 9 months ended September 30, 2012 should not have been recorded as revenue in the financial statements; and
- b. As a result of recording the foregoing revenues, approximately \$94 million to \$102 million (subject to detailed quantification) of the company's \$125.5 million in accounts receivable as of September 30, 2012 should not have been recorded in the financial statements as accounts receivable.

12. Based on the foregoing, the decision was made to seek protection under the insolvency laws of Canada and the United States in order to stabilize operations of the PC Debtors and seek a strategic investor or buyer.

IV. The Canadian Proceeding

13. The CCAA is a Canadian federal Act¹ that affords financially troubled corporations the opportunity to restructure their financial affairs through a formal process commonly known as a "Plan of Arrangement." The process is commenced by applying to the Canadian court for protection under the CCAA. The Canadian court will then issue an initial order, giving the debtor thirty (30) days of protection from its creditors to allow for the preparation of the Plan of Arrangement.

¹ The Court in *In re Fracmaster, Ltd.*, 237 B.R. 627, n. 3 (Bankr. E.D. Tex. 1999) noted that "[t]he CCAA is a Canadian federal statute which provides a statutory system, roughly equivalent to the Chapter 11 process in the United States, whereby corporations which are insolvent may seek court protection from creditor actions as they attempt to restructure their financial affairs, usually by way of a plan of arrangement or compromise with creditors."

14. The initial order will also appoint a monitor for the debtor. The monitor is an independent third party appointed by the court to monitor the company's ongoing operations and assist with the filing and voting on the Plan of Arrangement. The monitor's duties also include reporting to the Court on any major events that may impact the viability of the company and notifying creditors of any meetings relating to the CCAA proceedings.

15. On April 9, 2013, the PC Debtors instituted the Canadian Proceedings by filing applications for the commencement of reorganization proceedings pursuant to the CCAA in the Court of Queen's Bench of Alberta, Judicial Centre of Calgary (the "Canadian Court"). On April 9, 2013, the Canadian Court granted an initial order (the "CCAA Order") for relief in the Canadian Proceedings, a certified copy of which is attached hereto as Exhibit 1.

16. Pursuant to the CCAA Order, a stay is in place in Canada which prohibits (with certain limited exceptions) any proceeding or enforcement process against the PC Debtors or their assets. (Exhibit 1, ¶ 13). Further, all rights and remedies of any entity, whether judicial or extra-judicial, are stayed and suspended against the PC Debtors and their assets. (*Id.* at ¶ 14).

17. Also, on April 9, 2013, the Canadian Court appointed PWC as the Monitor of the Canadian Proceedings under the CCAA Order. (Exhibit 1, ¶ 23). The Monitor's role in the Canadian Proceedings is to supervise the property and business affairs of the PC Debtors, and the PC Debtors are obligated to cooperate with the Monitor in this respect. (*Id.* at ¶¶ 23, 24).

18. The CCAA Order also requests "the aid and recognition of any court . . . to give effect to this Order and to assist [the PC Debtors], the Monitor and their respective agents in carrying out the terms of this Order." (Exhibit 1, ¶ 55). The CCAA Order also allows for "[e]ach of [the PC Debtors] and the Monitor be at liberty and is hereby authorized and empowered to apply to any court . . . , wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order." (Exhibit 1, ¶ 56).

V. PC's Intended Actions for Reorganization

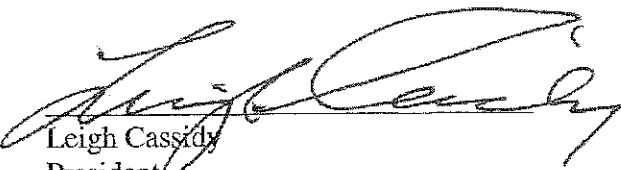
19. The PC Debtors believe the ability to carry on their operations will add value in restructuring and/or selling the business as a going concern. Although this process is still in the developmental stage, the PC Debtors expect over the coming weeks to pursue the recapitalization or sale of their assets.

VI. The Injury, Loss and Harm That Could Occur If the Application Is Not Granted.

20. The injunctive relief requested in the Application is critical to the success of the PC Debtors' restructuring efforts. The PC Debtors have numerous creditors and millions of dollars of assets in the United States. The PC Debtors fear that creditors may take actions against them and their substantial U.S. assets if the creditors are not enjoined from doing so.

21. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on April __, 2013



Leigh Cassidy
President
Whitewater Inc.

EXHIBIT 3

CCAA Initial Order

COURT FILE NUMBER 1301-04364

Clerk's Stamp

COURT COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANTS **IN THE MATTER OF THE
COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985,
c. C-36, AS AMENDED**

**AND IN THE MATTER OF
POSEIDON CONCEPTS CORP.,
POSEIDON CONCEPTS LTD.,
POSEIDON CONCEPTS LIMITED
PARTNERSHIP AND POSEIDON
CONCEPTS INC.**

DOCUMENT **CCAA INITIAL ORDER**

ADDRESS FOR SERVICE
AND
CONTACT INFORMATION
OF
PARTY FILING THIS
DOCUMENT
Norton Rose Canada LLP
3700 Devon Tower
400 Third Avenue SW
Calgary, Alberta T2P 4H2
Phone: 403-267-8222
Fax: 403-264-5973
Attention: Howard A. Gorman
File No. 01024529-0001

I hereby certify this to be a true copy of
the original ORDER
Dated this 9 day of APRIL 2013
[Signature]
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: April 9, 2013

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Mr. Justice K.D.
Yamauchi

LOCATION OF HEARING: Calgary

UPON the application of Poseidon Concepts Corp., Poseidon Concepts Ltd., Poseidon Concepts Limited Partnership, and Poseidon Concepts Inc. (the "Applicants"); AND UPON having read the Originating Application and the Affidavit of Leigh Cassidy, filed: AND UPON reading the consent of PricewaterhouseCoopers Inc. ("PwC") to act as Monitor and upon noting

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that the secured creditors who are likely to be affected by the charges created herein have been provided notice of this application and either do not oppose or alternatively consent to the within Order; **AND UPON** hearing counsel for the Applicants and counsel for the Applicants' secured lenders (the "Lending Syndicate"); **AND UPON HEARING** that The Toronto-Dominion Bank, as agent for itself and HSBC Bank Canada, The Bank of Nova Scotia, and National Bank of Canada (the "Lending Syndicate"), has provided the Applicants with their primary credit facility, a first charge loan facility currently owed approximately \$80 million pursuant to a Credit Agreement among the Lending Syndicate and the Applicants dated June 29, 2012: **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and deemed good and sufficient and this application is properly returnable today.

APPLICATION

2. The Applicants, other than Poseidon Concepts Limited Partnership (the "Partnership") are companies to which the CCAA applies, with offices in Alberta or the United States, with assets or holdings in Alberta, British Columbia and the United States and/or are affiliates of such companies, all of whom have their directing mind in Calgary, Alberta.
- 2(a) The Partnership is also a proper party and included as an Applicant to these proceedings and entitled to the relief set out herein.

PLAN OF ARRANGEMENT

3. The Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. The Applicants shall:

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- (a) remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property");
 - (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the "Business") and Property;
 - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order; and
 - (d) be authorized to make inter-company transfers and advances to pay costs, expenses and amounts otherwise authorized herein.
5. To the extent permitted by law, the Applicants shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:
- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
 - (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.
6. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

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- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

7. The Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of:

- (i) employment insurance,
- (ii) Canada Pension Plan, and
- (iv) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

- (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. Until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and

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realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order ("Rent"), but shall not pay any rent in arrears.

9. Except as specifically permitted in this Order, the Applicants are hereby directed, until further order of this Court:

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of its creditors as of the date of this Order;
- (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and
- (c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. The Applicants shall subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined in paragraph 33), have the right to:

- (a) subject to the prior approval of the Lending Syndicate, permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding \$500,000 in any one transaction or \$2,000,000 in the aggregate, provided that any sale that is either (i) in excess of the above thresholds, or (ii) in favour of a person related to the Applicants (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as they deem appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan; and

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- (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "Restructuring").

11. The Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants disclaim or resiliate the lease governing such leased premises in accordance with section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in section 32(5) of the CCAA) and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.
12. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:
 - (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and
 - (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to

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notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

13. Until and including May 9, 2013, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:
- (a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on;
 - (b) affect such investigations, actions, suits or proceedings by (i) a regulatory body as are permitted by section 11.1 of the CCAA or (ii) by the Lending Syndicate;
 - (c) prevent the filing of any registration to preserve or perfect a security interest; or
 - (d) prevent the registration of a claim for lien.

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15. Nothing in this Order shall prevent any party from taking an action against the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

16. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. During the Stay Period, all persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicants

are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order.

NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT

18. Notwithstanding anything else contained in this Order, no creditor of the Applicants shall be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 15 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. The Applicants shall indemnify its directors and officers against obligations and liabilities that they may incur as directors and or officers of the Applicants after the commencement of the within proceedings except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or willful misconduct.
21. The directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$1,000,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 43 and 45 herein. For greater certainty, payments under the New KERP are included under the Directors' Charge.

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22. Notwithstanding any language in any applicable insurance policy to the contrary:
- (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and
 - (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

APPOINTMENT OF MONITOR

23. PwC is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business and financial affairs and the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
24. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
- (a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property and approve all expenditures that are greater than \$10,000 or in relation to the movement of tanks;
 - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;
 - (c) assist the Applicants, to the extent required by the Applicants, in its dissemination to the Interim Lender and its counsel on a regular basis of financial and other

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information as agreed to between the Applicants and the Interim Lender which may be used in these proceedings, including reporting on a basis as reasonably required by the Interim Lender;

- (d) advise the Applicants in its preparation of the Applicants' cash flow statements and reporting required by the Interim Lender, which information shall be reviewed with the Monitor and delivered to the Interim Lender and its counsel on a periodic basis;
- (e) advise the Applicants in its development of the Plan and any amendments to the Plan;
- (f) advise the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, things, records, papers, data, including data in electronic form, CD, DVDs, discs, computer records, hard drives, USB storage devices, cloud storage or any other medium that may contain information (collectively "Information") and other financial documents of the Applicants to the extent that is necessary to adequately assess the Applicants' Property, Business and financial affairs or to perform its duties arising under this Order and to ensure that the Information is preserved and maintained;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person;
- (j) report to, and respond to inquiries of the Lending Syndicate with respect to the CCAA proceedings but not any ongoing or future litigation involving the Lending Syndicate with or without the presence or the consent of the Applicants, however copies of any written reports shall be provided to the Applicants;

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- (k) apply, or assist the Applicants in applying to have the Order and these proceedings recognized in the United States with all necessary amendments; and
 - (l) perform such other duties as are required by this Order or by this Court from time to time.
25. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation.
26. The Monitor shall provide any creditor of the Applicants and the Interim Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants are confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.
27. The Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

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28. The Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a regular basis.
29. The Monitor and its legal counsel shall pass their accounts from time to time.
30. The Monitor, counsel to the Monitor, if any, and the Applicants' counsel, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$1,000,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor, Whitewater Inc., TWM, EYO and the Monitor's and the Applicant's counsel, both before and after the making of this order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 43 and 45 hereof.

INTERIM FINANCING

31. The Applicants are hereby authorized and empowered to obtain and borrow under a interim financing facility from Century Services LP (the "Interim Lender") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$6,000,000 unless permitted by further order of this Court of which not more than the principal of \$3,000,000 may be borrowed by the Applicants without the approval of the Lending Syndicate.
32. Such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between PSN and the Interim Lender dated as of April 9, 2013 (the "Commitment Letter"), filed.
33. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other

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definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

34. The Interim Lender shall be entitled to the benefits of and is hereby granted a charge (the "Interim Lender's Charge") on the Property to secure all obligations under the Commitment Letter and the Definitive Documents incurred on or after the date of this Order which charge shall not exceed the aggregate amount advanced on or after the date of this Order plus any costs, fees or interest under the Commitment Letter or under the Definitive Documents. The Interim Lender's Charge shall have the priority set out in paragraphs 43 and 45 hereof.
35. Notwithstanding any other provision of this Order:
 - (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;
 - (b) upon the occurrence of an event of default under the Commitment Letter, the Definitive Documents or the Interim Lender's Charge, the Interim Lender may, in its sole discretion, immediately cease making advances to the Applicants, and upon two days' notice to the Applicants, the Lending Syndicate and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Commitment Letter, Definitive Documents and the Interim Lender's Charge, including without limitation, to set off and/or consolidate any amounts owing by the Interim Lender to the Applicants against the obligations of the Applicants to the Interim Lender under the Commitment Letter, the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for

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the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

- (c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

36. The Interim Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

KEY EMPLOYEE RETENTION PLAN

- 37. The New Key Employee Retention Plan ("New KERP"), as more fully described in the Originating Application, and the amounts of the retention bonus payments under the New KERP as described in the Originating Application are hereby approved and ratified and the Applicant is hereby authorized and directed to implement and perform its obligations under the New KERP in accordance with the terms of the New KERP and as same may be modified by this Order, and to execute and deliver such additional or auxiliary documents as may be necessary to give effect to the New KERP.
- 38. The employees of the Applicant entitled to participate in the New KERP shall be entitled to the benefit of the Directors' Charge.

TOTAL WATER MANAGEMENT LLC ("TWM")

- 39. The entering into of the TWM Services Agreement as more fully described in and attached to the Originating Application be and is hereby authorized and approved. The applicants are directed to carry out and perform their obligations thereunder (including payment of amounts due to be paid) and the TWM Services Agreement shall be binding upon the applicants.
- 40. Payments to be paid to TWM under the TWM Services Agreement shall be included in and served by the Administration Charge.

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SOLICITATION PROCESS

41. The entering into of the engagement letter ("Engagement Letter") with Ernst & Young Orenda Corporate Finance Inc. ("EYO") as more fully described in the Originating Application be and is hereby authorized, *nunc pro tunc*. The Applicants' are directed to carry out and perform their obligations thereunder (including payment of amounts due to be paid pursuant to the terms of the Engagement Letter) and the Engagement Letter shall be binding upon the Applicants.
42. The Applicants are authorized to undertake the Solicitation Process (as defined and more fully described in the Originating Application) to fully canvass opportunities to sell, restructure or recapitalize the Applicants' business subject to final Court approval.

VALIDITY AND PRIORITY OF CHARGES

43. The priorities of the Directors' Charge, the Administration Charge and the Interim Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$1,000,000); and

Second – Directors' Charge (to the maximum of \$1,000,000)

Third – Interim Lender's Charge.
44. The filing, registration or perfection of the Directors' Charge, the Administration Charge or the Interim Lender's Charge (collectively, the "Charges") shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
45. Each of the Directors' Charge, the Administration Charge and the Interim Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and subject always to section 34(11) of the CCAA such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

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46. Notwithstanding anything to the contrary in this Order, the Property that is subject to the Charges shall not comprise any securities, insurance (other than property insurance related to specific chattels), or litigation claims that the Applicants, or parties claiming through the Applicants, may have as against third parties.
47. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge or the Interim Lender's Charge, unless the Applicants also obtain the prior written consent of the Monitor, the Interim Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further order of this Court.
48. The Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the Interim Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the Interim Lender thereunder shall not otherwise be limited or impaired in any way by:
- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
 - (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
 - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
 - (d) the provisions of any federal or provincial statutes; or
 - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement;

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- (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Commitment Letter or the Definitive Documents, shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which they are a party;
- (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, or the Applicants entering into the Commitment Letter, or execution, delivery or performance of the Definitive Documents; and
- (iii) the payments made by the Applicants pursuant to this order, including the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

ALLOCATION

49. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Administration Charge, the Interim Lender's Charge and the Directors' Charge amongst the various assets comprising the Property.

SERVICE AND NOTICE

50. The Monitor shall (i) without delay, publish in the Calgary Herald a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.

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51. The Applicants and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants' creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. The Monitor shall establish and maintain a website in respect of these proceedings at www.pwc.com/car-poseidon and shall post there as soon as practicable:

- (a) all materials prescribed by statute or regulation to be made publically available; and
- (b) all applications, reports, affidavits, orders or other materials filed in these proceedings by or behalf of the Monitor, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

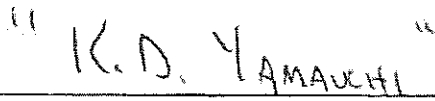
GENERAL

52. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
53. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.
54. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.
55. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in

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carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

56. Each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
57. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
58. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Daylight Time on the date of this Order.


Justice of the Court of Queen's Bench of Alberta

COURT FILE NUMBER

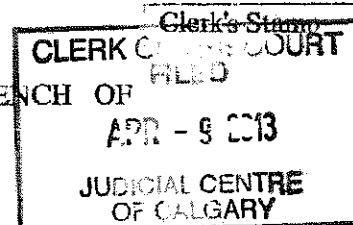
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COURT

COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE

CALGARY



APPLICANTS

IN THE MATTER OF THE
COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985,
c. C-36, AS AMENDED

AND IN THE MATTER OF
POSEIDON CONCEPTS CORP.,
POSEIDON CONCEPTS LTD.,
POSEIDON CONCEPTS LIMITED
PARTNERSHIP AND POSEIDON
CONCEPTS INC.

DOCUMENT

AFFIDAVIT OF LEIGH CASSIDY
sworn April 9, 2013
(Initial CCAA Order)

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

Norton Rose Canada LLP
3700 Devon Tower
400 Third Avenue SW
Calgary, Alberta T2P 4H2
Phone: 403-267-8222
Fax: 403-264-5973
Attention: Howard A. Gorman
File No. 01024529-0001

I, Leigh Cassidy, of the Municipal District of Rocky View, in the Province of Alberta, consultant, MAKE OATH AND SAY THAT:

1. I am an employee of Whitewater Inc. ("Whitewater") which is a third party providing financial consulting to Poseidon Concepts Corp. ("PSN"), which is the 100% parent of Poseidon Concepts Ltd., ("Poseidon Ltd."), which is in turn the 100% parent of Poseidon Concepts Inc. ("Poseidon USA"). Poseidon Concepts Limited Partnership (the "Partnership") whose partners are PSN and Poseidon Ltd., is a wholly-owned direct and indirect subsidiary of PSN (PSN, Poseidon Ltd., Poseidon USA and the Partnership shall

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hereinafter be referred to collectively as "the Applicants".) As such I have personal knowledge of the facts and matters deposed to herein except where stated to be based on information and belief, and where so stated I do verily believe the same to be true.

2. My initial involvement with the Applicants arose with the retainer of my employer, Whitewater, which performs financial consulting services for the Applicants as of February 14, 2013.

ASSETS AND LIABILITIES

3. The Applicants' unaudited first, second and third quarter 2012 financial statements as filed on the Canadian Securities Administrator's website www.sedar.com ("SEDAR") (collectively, the "Financial Statements") are attached as Schedules "J", "K" and "L" respectively to the Originating Application.
4. As disclosed on February 14, 2013 in the press release filed on SEDAR and attached as Schedule "M" to the Originating Application, the Board of Directors of PSN determined, on a preliminary basis, based on the interim report of the Special Committee and its advisors, that, primarily related to the long term take-or-pay agreements:
 - approximately \$95 to \$106 million (subject to detailed quantification by the Applicants) of the Applicants' \$148.1 million in revenue for the 9 months ended September 30, 2012 should not have been recorded as revenue in the Applicants' financial statements; and
 - as a result of recording the foregoing revenues, approximately \$94 to \$102 million (subject to detailed quantification by the Applicants) of the Applicants' \$125.5 million accounts receivable as at September 30, 2012 should not have been recorded in the Applicants' financial statements as accounts receivable.

As a result of the foregoing, PSN disclosed that the Financial Statements would need to be restated and PSN advised investors that they should no longer rely on the Financial Statements as well as the corresponding Management's Discussion & Analysis. Further, PSN advised that all previous guidance with respect to the Applicants' business should no longer be relied upon.

5. Attached as Schedule "N" to the Originating Application are the Applicants' audited financial statements for the period ending December 31, 2011 ("2011 Annual Financials") filed on SEDAR on March 22, 2012. Attached as Schedule "O" to the Originating Application is a draft press release to be filed on SEDAR on April 9, 2013 indicating that "based upon the investigation by the Poseidon Special Committee, questions have arisen with respect to the recorded revenues in the 2011 Annual Financials. At this time, it is uncertain whether or not a restatement of the 2011 Annual Financials is required."
6. To my knowledge, the above referenced financial statements represent all of the Applicants' completed and published financial statements for the last year prior to today's date.
7. In light of the matters set out and attached to the Originating Application, the Applicants:
 - (a) have indebtedness greatly in excess of \$5,000,000; and
 - (b) are insolvent in that they are unable to meet their indebtedness generally as it becomes due and their assets based upon an independent appraisal obtained, would not, at a fair valuation if disposed in a fairly conducted sale under legal process, be sufficient for the Applicants to pay all of their obligations due and accruing due.

INTERIM FINANCING

8. Century Services LP (the "Interim Lender") has agreed to provide the Applicants with interim-financing (the "Interim Financing") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures in the maximum amount of \$6,000,000. The terms and conditions of the Interim Financing are set forth in the commitment letter ("Commitment Letter") between the Applicants and the Interim Lender dated as of April 9, 2013 attached as Schedule "V" to the Originating Application.
9. The key terms of the Interim Financing are as follows:
 - (a) the maximum amount of available under the Interim Financing is \$6,000,000 payable on a draw basis with a minimum first draw amount of \$3,000,000 ("First Draw") and a subsequent draw of up to a further \$3,000,000 ("Subsequent Draw") upon

completion of satisfactory due diligence as determined by the Interim Lender in its sole discretion which due diligence must be satisfied within 7 days of the Borrower's request for a subsequent draw and payment of a processing fee;

- (b) interest is calculated at the rate of 16% per annum and is payable monthly on the principal due on maturity;
- (c) the Interim Financing facility is to be repaid on the earliest of the following:
 - (i) 4 month term following the date of closing with a minimum term of 3 months;
 - (ii) the date on which the Applicants complete all requirements of a Plan of Arrangement in the CCAA Proceedings;
 - (iii) the date on which the Stay Period in CCAA Proceedings is lifted or terminated;
- (d) The Applicants' liability under the Interim Financing facility shall be secured by way of a loan agreement, a promissory note, guarantees, general security agreements, a demand collateral mortgage against PSN's commercial property located in Edson, Alberta and assignments and other security;
- (e) The Applicants' must secure a first ranking charge in favour of the Interim Lender (subject only to the requested Administration Charge and a Directors and Officers Charge requested herein) over the entirety of the Applicants' present and after acquired property (subject to the exceptions outlined in the Commitment Letter) in order to secure repayment of the Interim Financing Facility; and
- (f) The Applicants' are to pay to the Interim Lender a non-refundable facility fee of 2% of the First Draw of the Interim Financing facility upon acceptance of the Commitment Letter and a further 2% fee if the Subsequent Draw is made. A further fee of 2% of the outstanding amount will be payable if a renewal is made after the initial term. In addition, the Applicants are required to pay a monthly monitoring fee of \$10,000 (plus out of pocket costs) due on the last day of each month and PSN has

paid a non-refundable processing fee of \$30,000 when it accepted the Commitment Letter, and a further non-refundable processing fee of \$20,000 if a request for a subsequent draw is made.

CASH FLOW PROJECTIONS

10. Attached as Schedule "W" to the Originating Application are the cash flow projections for the Applicants (the "Cash Flow Projections") for the period ending July 28, 2013.
11. Management of the Applicants has worked with PricewaterhouseCoopers Inc. ("PwC") to prepare the Cash Flow Projections. PwC has made certain suggestions about the Cash Flow Projects, which have been incorporated therein, and PwC has not expressed any concern over the reasonableness of the Cash Flow Projections.

KEY EMPLOYEE RETENTION PROGRAM

12. The Applicants have implemented a key employee retention program ("KERP") for certain of its key employees in part to help restore the confidence of the Applicants' customers, suppliers and, most importantly, the Applicants' employees. Agreements will be entered into with certain key employees of the Applicants, generally in the form as described in the form attached as Schedule "X" to the Originating Application (the "Old KERP").
13. In light of the Poseidon CCAA proceedings, Poseidon proposes a revised KERP Program for its employees (the "New KERP") to be secured by the Directors and Officers Charge, on the following terms:
 - (a) Eligible employees will receive payment under the Old KERP (as defined in the Originating Application) on the earlier of July 31, 2013 or the conclusion of a transaction involving Poseidon or substantially all of its assets; plus
 - (b) Eligible employees will also participate in an incentive pool (the "IP"), whereby TWM receives 2/3 and Eligible Employees 1/3 (up to an amount equal to their entitlement from April 9, 2013 onward under the Old KERP).

TOTAL WATER MANAGEMENT LLC ("TWM")

14. TWM is a US limited liability corporation in which Neil Richardson, a director of the Applicants, maintains a significant managing interest.
15. TWM has provided services to the Applicants over the last several months.
16. PSN has entered into an advice, management and consultancy agreement for TWM to provide services to the Applicants through the CCAA proceedings pursuant to an agreement dated April 9, 2013, a copy of which is attached as Schedule "Y" to the Originating Application, (the "TWM Services Agreement").

SOLICITATION PROCESS

17. On April 8, 2013 the Applicants entered into an engagement letter subject to Court Approval ("Engagement Letter") with Ernst & Young Orenda Corporate Finance Inc. ("EYO") whereby EYO will (subject to approval of this Honourable Court) act as exclusive financial advisor to the Applicants. As financial advisor, EYO will conduct a process (the "Solicitation Process"), as outlined in Schedule "Z" to the Originating Application to solicit offers from interest parties for a possible transaction involving the business of the Applicants, including but not limited to a sale of all or some of the Applicants' assets, a reorganization, a recapitalization, or the restructuring of existing loans. A copy of the Engagement Letter is attached as Schedule "AA" to the Originating Application.
18. The steps outlined in the Solicitation Process will provide the Applicants with a reasonable procedure to fully canvass opportunities to sell, restructure or recapitalize the Applicants' business. Provided that the Solicitation Process results in one or more offers that Applicants consider acceptable, it would be the Applicants intention to accept the most favourable such offer, subject to Court approval, and bring that offer to this Honourable Court for approval.
19. The Applicants are requesting the Approval of EYO as financial advisor to the Applicants pursuant to the Engagement Letter and be authorized, *nunc pro tunc*, to enter into the Engagement Letter and are directed to carry out and perform their obligations thereunder (including payment of amounts due to be paid pursuant to the terms of the Engagement Letter) and to carry out the Court directed Solicitation Process.

OTHER CHARGES

20. As are typical in CCAA proceedings in this jurisdiction, the Applicants request an Administration Charge and a Directors and Officers Charge, each in the sum of up to \$1,000,000.
21. The Administration Charge shall include protection for the fees of Poseidon's counsel, the Monitor, its counsel, EYO, Whitewater and TMW.
22. The Director and Officers Charge shall include protection for employees accrued and accruing salaries and vacation pay, including under the Old KERP and the New KERP.

MONITOR

23. I believe that PwC is qualified and competent to act as Monitor under the CCAA proceedings. Attached as Schedule "DD" to the Originating Application is a copy of the Consent to Act.

CONCLUSION

24. In conclusion, I do verily believe as follows:
 - (a) the Applicants are, or are necessary affiliates, or companies to which the CCAA applies;
 - (b) the Applicants and their stakeholders will benefit by the CCAA proceedings and the proposed Initial Order;
 - (c) the requested CCAA changes are necessary and appropriate; and
 - (d) the appointment of the Monitor, the Interim Financing, the EYO Engagement Letter, the Solicitation Process, the New KERP and the TMW Services Agreement are all necessary and appropriate components of the proposed Initial CCAA Order.

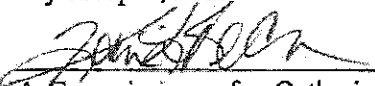


RELIEF REQUESTED

25. This affidavit is made in support of an application by the Applicants for the Initial Order pursuant to the *Companies' Creditor's Arrangement Act*, R.C.A. 1985, c. C-36, as amended (the "CCAA"), among other things:

- (a) Declaring that the Applicants are one to which the CCAA applies;
- (b) Staying all proceedings and remedies taken or that might be taken in respect of the Applicants or any of their property, except as otherwise set forth in the Initial Order or otherwise permitted by law;
- (c) Authorizing the Applicants to carry on business in a manner consistent with the preservation of their property and business;
- (d) Appointing PwC as monitor of the Company in these proceedings;
- (e) Approving certain charges as set out therein;
- (f) Approving certain agreements as set out therein; and
- (g) Deeming service of the Application for the Initial Order to be good and sufficient.

SWORN before me at the City of)
Calgary, in the Province of Alberta, this 9)
day of April, 2013)


A Commissioner for Oaths in and for the)
Province of Alberta)

KARI L. BECKER
Barrister & Solicitor


Leigh Cassidy