

COURT FILE NUMBER 1301-04364  
COURT COURT OF QUEEN'S BENCH  
OF ALBERTA  
JUDICIAL CENTRE CALGARY

Clerk's Stamp

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

APPLICANTS **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 May 29, 2013  
(Restricted Court Access Order and Sale  
Approval and Vesting Order)**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF PARTY  
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Attention: Howard A. Gorman  
File No. 01024527-0002

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 hereinafter be referred to collectively as "the Applicants" or "Poseidon".) 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. Capitalized terms not defined herein are as defined in the Originating Application filed April 9, 2013 herein or in the CCAA Initial Order granted April 9, 2013 herein.

## RESTRICTED COURT ACCESS ORDER

3. The Applicants sought and obtained creditor protection under the *Companies' Creditors Arrangement Act* (the "CCAA") pursuant to the CCAA Initial Order (the "Initial Order"). Among other things, the Initial Order approved the engagement by the Applicants of EYO to act as financial advisor to the Applicants, approved the Solicitation Process, and authorized the Applicants to carry out the Solicitation Process to canvass opportunities to sell, restructure or recapitalize the Applicant's business subject to final Court approval.
4. On May 8, 2013 this Honourable Court amended various of the milestone dates in the Solicitation Process, including changing the date for providing final bids from 6:00 p.m. MDT on May 15, 2013 to 6:00 p.m. MDT on May 23, 2013 (the "Bid Deadline").
5. Following the passage of the Bid Deadline, the Applicants and EYO, in consultation with the Monitor and the Lending Syndicate, reviewed the bids which had been received. The bid provided by Rockwater Energy Solutions, Inc., MWS Tanks, LLC and Rockwater Energy Solutions Canada, Inc. (collectively the "Purchaser") was selected by the Applicants (in consultation with EYO, the Monitor, and the Lending Syndicate) as the best bid which was received by the Bid Deadline.
6. A form of Asset Purchase Agreement (the "Poseidon APA") for the sale by the Applicants and the purchase by the Purchaser of the Purchased Assets (as that term is defined in the Poseidon APA) was negotiated between the Applicants and the Purchaser, and was executed by the Applicants and the Purchaser on May 24, 2013. A copy of the Poseidon APA will be attached to the Confidential Report of the Monitor (the "Confidential Report") which will be filed concurrent with this Affidavit in support of an application by Poseidon for a Sale Approval and Vesting Order.
7. The Applicants, EYO, the Purchaser, the Monitor, and the Lending Syndicate have expended significant time, energy, and resources on the Solicitation Process and on the negotiation and preparation of the Poseidon APA. The Poseidon APA is subject to a number of conditions, including approval of this Honourable Court.
8. The Poseidon APA, the documents related thereto, and the other documents attached to the Confidential Report concerning the other bids which had been received through the Solicitation Process contain and discuss matters of a highly sensitive commercial nature, and their publication prior to the contemplated approval application in respect of same and the closing of the Poseidon APA transaction has the risk of causing serious commercial damage to Poseidon and the Purchaser and could unduly impact on public markets and negatively impact on the Poseidon's stakeholders.
9. In order to be able to bring the necessary sale approval and vesting application for the Poseidon APA and the transaction it contemplates, Poseidon will be required to file its motion materials with this

Honourable Court in advance of the hearing of that application. For the reasons described above, Poseidon believes it is critically important to limit the dissemination of the information contained in the Confidential Report and the availability of this information to the public. Poseidon therefore seeks a Restricted Court Access Order permitting the filing of the Confidential Report to be held in accordance with the terms of the Restricted Court Access Order which is attached to the Application for which this Affidavit is filed.

10. For the reasons set out above, it is my view that the relief requested by the Applicants herein is fair, reasonable and in the best interests of the Applicants, their stakeholders and the within ongoing CCAA restructuring process.

#### **SALE APPROVAL AND VESTING ORDER**

11. In accordance with the requirements of the Solicitation Process (as amended) EYO contacted 213 parties who were considered to be potentially interested in submitting a bid. Of these, 78 of the potentially interested parties executed confidentiality agreements which provided them with access to the data room. Of the prospective bidders who executed confidentiality agreements, between May 8 and May 15, EYO and Poseidon's management met with 19 prospective bidders to provide presentations with respect to Poseidon's business.
12. As a result of the foregoing, by the 6:00 p.m., May 23, 2013 bid deadline, EYO received 16 bids from 14 parties for some or all of Poseidon's assets. A summary of the bids received, prepared by EYO, is attached to the Confidential Report. The bid which was received from the Purchaser, and which is being recommended by Poseidon, is likewise discussed in the Confidential Report.
13. After evaluating the bids which were received pursuant to the Solicitation Process, and in consultation with EYO and the Monitor, as well as the Lending Syndicate, Poseidon concluded that the bid from the Purchaser was the best bid received in terms of financial return to Poseidon's stakeholders, and also contained the fewest closing risks.
14. Following receipt of the Purchaser's bid, Poseidon (in conjunction with EYO, the Monitor, and the Lending Syndicate) negotiated and entered into the Poseidon APA for the purchase by the Purchaser and the sale by Poseidon of the various assets covered by the Purchaser's bid. Pursuant to the Poseidon APA, the Purchaser has agreed, on the terms and conditions of the Poseidon APA (including approval of this Honourable Court) to purchase Poseidon's interest in the Purchased Assets (as that term is defined in the Poseidon APA). A true copy of the Poseidon APA is attached to the Confidential Report.
15. Given the process described above in which Poseidon has been engaged for the last several months soliciting offers for its assets, and given the discussions in which Poseidon has been engaged with

various potentially interested bidders throughout that time, it is Poseidon's view that the market has been fully canvassed and that Poseidon APA represents the best available option for Poseidon's stakeholders to maximize the value of Poseidon's interest in its assets.

16. The Poseidon APA represents a greater recovery to Poseidon's stakeholders than would be realized as a result of any of the other bids which were received pursuant to the solicitation process. However, the net recovery to Poseidon out of the Poseidon APA will still be insufficient to pay out both the Interim Lender and the Lending Syndicate in full, and it is anticipated that the Lending Syndicate will still realize a shortfall following closing of the transaction contemplated by the Poseidon APA.
17. For all of the foregoing reasons, Poseidon recommends that the Poseidon APA be approved by this Honourable Court. Poseidon has discussed this matter with the Monitor, and understands that the Monitor supports this recommendation.

#### RELIEF REQUESTED

18. I make this Affidavit in support of an Application by the Applicants for a Restricted Court Access Order, and for an Order approving the Poseidon APA obtained pursuant to the Solicitation Process.

**SWORN** before me at the City of Calgary, in )  
the Province of Alberta, this 29th day of May, )  
2013 )

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

**RANDAL S. VAN de MOSSELAER**  
Barrister & Solicitor

Leigh Cassidy