



Form 49

[Rule 13.19]

Clerk's Stamp

COURT FILE NUMBER 1201-06934
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 THE BUSINESS CORPORATIONS ACT, R.S.A. 2000, c. B-9
AND IN THE MATTER OF 1252064 ALBERTA LTD., 1330075 ALBERTA LTD. and HARVEST CAPITAL MANAGEMENT INC.

DOCUMENT **AFFIDAVIT OF RONALD AITKENS**
(Stay Extension)

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Attention: Howard A. Gorman/Randal S. Van de Mosselaer

File No. 284891

I, **RONALD AITKENS**, of the City of Lethbridge, in the Province of Alberta, Businessman,
SWEAR AND SAY THAT:

- 1 I am the sole director and shareholder of each of 1252064 Alberta Ltd., 1330075 Alberta Ltd., and Harvest Capital Management Inc. (collectively the "**Applicants**"), and I have been a director of these corporations since their inception. As such, I have personal knowledge of the matters and facts deposed to herein except where it is stated to be based on information and belief and where it is so stated I do verily believe the same to be true.
- 2 I swear this affidavit supplemental to my affidavits sworn June 5, 2012 and July 3, 2012 in the present proceedings (the "**Harvest Proceedings**"), as well as supplemental to the various affidavits I have sworn in Court of Queen's Bench of Alberta Action number 1101-17318 (the "**Legacy Proceedings**"). I swear this affidavit in support of an application by the Applicants for an Order extending the stay of proceedings previously granted by this Honourable Court in the Harvest Proceedings pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-

36, as amended, ("**CCAA**"). Capitalized terms used in this Affidavit and not otherwise defined shall have the same meanings as those terms have been given in the affidavits I have previously sworn in the Harvest Proceedings and the Legacy Proceedings.

Stay Extension

- 3 The Applicants seek an extension of the stay period which was granted on July 5, 2012 (the "**Stay Extension Order**"), which extended the stay period granted in the June 7, 2012 CCAA Initial Order (the "**Initial Order**"). The Applicants believe that circumstances exist that make an extension of the stay period appropriate, and the Applicants have acted and are acting in good faith and with due diligence.
- 4 From the date of the Initial Order, the Applicants have cooperated with the Monitor.
- 5 From the date of the Initial Order the Applicants have, in consultation with the Monitor, been taking steps:
 - (a) to determine which of the Applicants' assets might be liquidated for fair market value to free up cash for use on the remaining assets to the benefit of the Applicants' stakeholders;
 - (b) to obtain appraisals which can be used to determine which assets have equity; and
 - (c) to develop a realization and development strategy which would include the orderly realization of certain assets rather than a sales on a forced liquidation basis, and development of a plan to be put to the Applicants' creditors for consideration.
- 6 In paragraph 7 of the affidavit I swore in these proceedings on July 3, 2012 I detailed a number of steps which I anticipated could be completed over the following 45 days. In addition, the Applicants have continued to work to provide the Monitor with the various documents which it has requested in order to fulfil its duties granted pursuant to the Orders granted in the Harvest Proceedings and the Legacy Proceedings.
- 7 Unfortunately, and for a number of reasons, the Applicants have made less progress on these matters than I had hoped would be the case when I swore my Affidavit in these proceedings on July 3, 2012. This is due to a number of factors:
 - (a) As indicated in my July 3, 2012 Affidavit, the Applicants recently laid off one of three employees, and reduced another employee to part-time status. As a result, the bulk of the responsibility for taking the necessary steps has fallen to me;

- (b) It appears that I underestimated the amount of work necessary to complete the matters detailed in paragraph 7. Moreover, meeting the Monitor's requests for document production has proven to be a very considerable amount of work, particularly given that most of the requested documents are in Lethbridge and therefore need to be transported to Calgary. In order to attempt to fulfil the Applicants' duties and answer the Monitor's requests, I have had to work extremely long days - often working late into the night with very little sleep - and have worked myself to the point of exhaustion;
 - (c) I have been required to spend time addressing other pressing matters affecting me and the Applicants;
 - (d) In addition, my mother-in-law recently fell ill, and recently passed away.
- 8 As a result, I understand that the Monitor is not in a position to support a lengthy stay of proceedings in this action, and will not be unless and until it first sees progress by the Applicants in answering some of the Monitor's requests for documents and information. In view of this, it is the Applicants' intention to seek a very brief extension of the stay of proceedings, during which time I will work with the Monitor to ensure that all of its outstanding document and information requests are met, in order to ensure that the Monitor will then be in a position to support a lengthier extension of the stay, during which the Applicants can continue to finalize the realization strategy.

Expansion of Monitor's Powers

- 9 There have been a large number of inter-company transactions between the Related Parties (as that term is defined in my July 3, 2012 Affidavit) which have resulted in various accounts receivable and accounts payable between these Related Parties. While the Monitor was granted investigative powers (in the July 5, 2012 Order in the within Action) in respect of the Related Parties and these transactions, the Monitor has expressed concern about the fact that I ultimately control all of the Related Parties, and there is at least the risk of a perception amongst the stakeholders that I may not be willing to take the steps necessary to realize on those accounts receivable for the benefit of the ultimate stakeholders.
- 10 Accordingly, the Applicants believe that the interests of the Applicants and their stakeholders will be best served by expanding the Monitor's powers so as to give the Monitor the power and authority to assume sole conduct and management, in the place and stead of the Applicants, of any and all inter-company accounts receivable and payable as may exist between the Related Parties, including the power to take such steps as the Monitor may deems necessary or advisable to realize on such accounts receivable or effect payment of such accounts payable..

- 11 I make this Affidavit in support of an application by The Applicants for an Order for the extension of the stay period in this matter.

SWORN BEFORE ME at Calgary, Alberta, this)
16th day of August, 2012.)

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

RANDAL S. VAN de MOSSELAER
Barrister & Solicitor

RONALD AITKENS