

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

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

AND IN THE MATTER OF **BUDGET WASTE INC.**

AFFIDAVIT

I, JIM CAN, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY AS FOLLOWS:

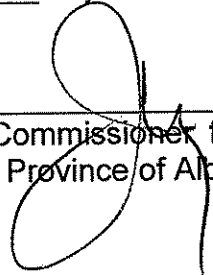
1. That I am President of Budget Waste Inc. (hereafter "BWI", the "Company"), and such have personal knowledge of the matters hereinafter deposed to except where stated to be based on information and belief and whereso stated I do verily believe the same to be true.
2. That as the result of an application by BWI, this Court granted an Order on Wednesday, March 4th, 2009, granting CCAA protection to the Company (the "Order").
3. That I am advised by counsel and do verily believe that the Initial Order contemplated Debtor in Possession Financing ("DIP Financing"). At the application made before Madam Justice Horner, Justice Horner refused the DIP Financing in the Initial Order, granting the Company leave to return if it could demonstrate the immediate and pressing need for the DIP Financing.
4. That since the March 4th Order, the Company has been required to change banks, and has new banking arrangements with the Bank of Montreal. The original Bank, CIBC, advised the Company it no longer wished to deal with BWI. As a result, a new account was opened by the Company at the Bank of Montreal, Chinook Mall branch.

5. That the Company has collected \$99,806.34 of its receivables since March 4th. This amount is sufficient to allow the Company to pay its payroll and meet its obligations for the next week, and forms part of the Cash Flow Analysis provided by the Company as Exhibit "C" to my Affidavit of March 4th.
6. That unfortunately, the Bank of Montreal has advised the Company that it is holding deposits made by the Company for five (5) days, to allow those cheques to clear. This means that effectively there is a five day lag between the time the Company receives a cheque and deposits it, and has the opportunity to utilize these funds. The result of this lag is that as of Wednesday, March 11th, while the Company has sufficient receivables in the Bank of Montreal account, it is not able to access these funds to meet its payroll.
7. That the Company requires DIP Financing, and I do believe that this is one of the emergency situations which Justice Horner granted leave to return and seek DIP Financing.
8. That attached hereto marked **Exhibit "A"** to this my affidavit is a true copy of page 22, paragraphs 36 through 38 of the Original Order. These sections were removed by Madam Justice Horner.
9. That the Company now requires a TWO HUNDRED THOUSAND (\$200,000.00) DOLLAR DIP loan to meet payroll.
10. That in my March 4th affidavit, I advised this Court that there were no secured creditors of the Company who would be affected by the granting of DIP Financing security and a DIP Charge against the assets. Any secured creditors of the Company are specifically secured by Capital Leases. The balance of the creditors are unsecured, save and except where Revenue Canada may hold a Statutory Priority.

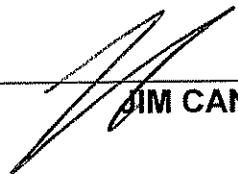
11. That without this DIP Financing, I do not believe that the Company will be in a position to go forward, and I consider this an emergency situation which requires an amendment to the Initial Order.
12. That in the Initial Cash Flow's filed in my affidavit dated March 4th, I anticipated that the cash flow of this Company would be sufficient to allow it to operate on cash received. I continue to believe this is the case, and it is the intention of the Company to repay this DIP Financing by the end of the Initial Cash Flow period. This, of course, assumes the collection of receivables, but I do believe that the Company will be in a position to repay the DIP Financing, and the DIP Facility will only be outstanding for thirty (30) days.
13. That I would seek an amendment of the Initial Order adding back into that Order paragraphs 36, 37,38 and 41 in the form of Order attached as **Exhibit "B"** to this affidavit.
14. That as of the date of this affidavit, no creditor has requested of the Company or the Monitor any notice of any court proceedings.
15. That I make this affidavit in support of an Order in the form attached.

SWORN BEFORE ME at the City of)
 Calgary, in the Province of Alberta, this)
9 day of March, 2009.)

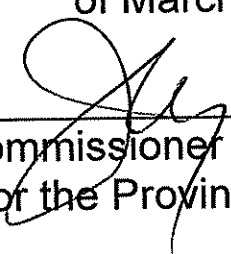
 A Commissioner for Oaths in and for)
 the Province of Alberta)



JAMES G. HANLEY
 Barrister & Solicitor


 JIM CAN

This is **Exhibit "A"** referred to in the
Affidavit of
JIM CAN
Sworn before me this 9th day
of March, 2009.



A Commissioner for Oaths in and
for the Province of Alberta

JAMES G. HANLEY
Barrister & Solicitor

Property (the "Administration Charge"), having the priority established by paragraphs 41 and 42 of this Order.

Company Borrowing Powers

"KH" 36. ~~The Debtor is hereby authorized and empowered to borrow such monies from time to time from Matco Capital Inc. or such other third party who may be prepared to advance such loan (the "DIP Lender") as the Debtor may consider necessary or desirable up to the principal sum of \$300,000 (the "DIP Loan") on terms and conditions satisfactory to the Debtor and the Monitor.~~ *"KH"*

"KH" 37. ~~The Applicant shall pay when due all principal and interest, and fees and expenses, including, without limiting the generality of the foregoing, all fees and disbursements of counsel, on a full indemnity basis, of the DIP Lender in accordance with the DIP Loan (or such other similar agreement or agreements).~~ *"KH"*

"KH" 38. ~~The DIP Lender is hereby granted a lien on, mortgage and hypothec of, and security interest in the Property to secure the repayment of all amounts owing by the Applicant, including principal, interest and expenses under the DIP Loan (or such other similar agreement or agreements) (the "DIP Charge"). The DIP Charge shall have the priority established in paragraphs 42 and 43 of this Order.~~ *"KH"*

Payment of Trade Creditors

39. THIS COURT ORDERS that the obligations incurred by the Debtor to trade creditors for the supply of goods services and/or services after the date of the making of this Order ("Post-Petition Trade Creditors") shall be paid in accordance with the terms of credit or other arrangements with the Debtor. For greater clarity:

- (a) if a trade creditor has a claim in respect of goods and/or services supplied over a period beginning before **March 4, 2009** and continuing to or after the date of this Order, such creditor is a Post-Petition Trade Creditor only

for the portion of such claim which relates to goods and/or services supplied on or after **March 4, 2009**; and

- (b) no trade creditor is a Post-Petition Trade Creditor for goods and/or services supplied before **March 4, 2009** solely because payment for such goods and/or services was due on or after **March 4, 2009** of any pre-existing agreement, contract, lease or other arrangement of whatever kind, between such creditor and the Debtor.
40. Post-Petition Trade Creditors shall be entitled to the benefit of and are hereby granted a lien on, mortgage and hypothec of, and security interest in the Property and are hereby granted a charge in the aggregate and maximum amount of Five Hundred Thousand (\$500,000) Dollars (the "Post-Petition Trade Creditors' Charge") as security for indebtedness incurred by them on or after **March 4, 2009** up to and including the Stay Date, having the priority established by paragraph 42 hereof.

Priorities and General Provisions Relating to CCAA Charges

41. THIS COURT ORDERS that the priorities of the Administration Charge and the D & O Charge (collectively, the "CCAA Priority Charges"), as between them with respect to any Property to which they apply, shall be as follows:
- (a) first, the Administration Charge, to a maximum of ~~\$300,000~~;
 - (b) second, the D & O Charge.
42. The Post-Petition Trade Creditors' Charge, shall rank subsequent to the Administration Charge and the D & O Charge and to the claims of all secured creditors of the Debtor but in priority to the claims of unsecured creditors.
43. The Administration Charge, the D & O Charge and the Post-Petition Trade Creditors' Charge are hereinafter collectively referred to as the "CCAA Charges".

This is **Exhibit "B"** referred to in the
Affidavit of

JIM CAN

Sworn before me this 9th day
of March, 2009.



A Commissioner for Oaths in and
for the Province of Alberta

JAMES G. HANLEY
Barrister & Solicitor

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

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

AND IN THE MATTER OF **BUDGET WASTE INC.**

BEFORE THE HONOURABLE) At the Court House, in the City of Calgary,
IN CHAMBERS) in the Province of Alberta, on ____ day
the ____ day of March, 2009.

ORDER

UPON the application of BUDGET WASTE INC., (the "Applicant"); AND UPON reading the Affidavit of Jim Can, sworn March 9, 2009, filed, the Affidavit of Jim Can, sworn March 4th, and the Initial Order; AND UPON hearing counsel for Budget Waste Inc.; IT IS HEREBY ORDERED:

1. That the Initial Order in these proceedings, granted March 4, 2009, is hereby amended by adding:

"Company Borrowing Powers

36. The Debtor is hereby authorized and empowered to borrow such monies from time to time from Ecco Merchant Fund or such other third party who may be prepared to advance such loan (the "DIP Lender") as the Debtor may consider necessary or desirable up to the principal sum of \$200,000.00 (the "DIP Loan") on terms and conditions satisfactory to the Debtor and the Monitor.
37. The Applicant shall pay when due all principal and interest, and fees and expenses, including, without limiting the generality of the foregoing, all fees

and disbursements of counsel, on a full indemnity basis, of the DIP Lender in accordance with the DIP Loan (or such other similar agreement or agreements).

38. The DIP Lender is hereby granted a lien on, mortgage and hypothec of, and security interest in the Property to secure the repayment of all amounts owing by the Applicant, including principal, interest and expenses under the DIP Loan (or such other similar agreement or agreements) (the "DIP Charge"). The DIP Charge shall have the priority established in paragraphs 42 and 43 of this Order."

2. That paragraph 41 of the Initial Order shall be amended to read:

"41. THIS COURT ORDERS that the priorities of the Administration Charge and the D & O Charge (collectively, the "CCAA Priority Charges"), as between them with respect to any Property to which they apply, shall be as follows:

- a. first, the Administration Charge, to a maximum of \$300,000.00;
- b. second, the DIP Charge, for any outstanding indebtedness, under the DIP Loan, to a maximum of \$200,000.00, plus costs, plus interest;
- c. third, the D & O Charge."

J.C.C.Q.B.A.

ENTERED this ____ day of
March, 2009.

CLERK OF THE COURT

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AND IN THE MATTER OF
BUDGET WASTE INC.

ORDER

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File # 53249-001

Action No: 0901-03296

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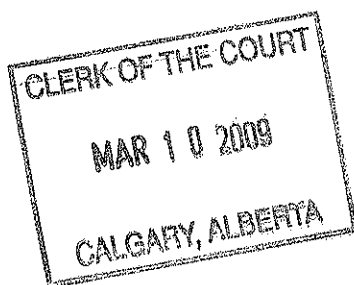
AFFIDAVIT

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