

**Affidavit of Michael Klofas
Sworn on April 23, 2004**

Action No.:

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

BETWEEN:

**MASSACHUSETTS MUTUAL LIFE INSURANCE
COMPANY, MASSMUTUAL CORPORATE INVESTORS,
MASSMUTUAL PARTICIPATION INVESTORS,
MASSMUTUAL CORPORATE VALUE PARTNERS,
LIMITED AND CM EQUITY PARTNERS, L.P.**

Plaintiffs

- and -

EVANS CONSOLES INC.

Defendant

AFFIDAVIT

I, **Michael Klofas**, of the City of Springfield, in the State of Massachusetts, United States of America, **MAKE OATH AND SAY THAT:**

1. I am Vice President of both MassMutual Corporate Investors and MassMutual Participation Investors and Managing Director of David L. Babson & Company Inc., Investment Advisor to Massachusetts Mutual Life Insurance Company and under delegated authority from Massachusetts Mutual Life Insurance Company as Investment Manager, act on behalf of MassMutual Corporate Value Partners Limited. (MassMutual Corporate Investors, MassMutual Participation Investors, Massachusetts Mutual Life Insurance Company and MassMutual Corporate Value Partners Limited are individually and collectively referred to as "MassMutual"). I am authorized by all MassMutual parties to swear this affidavit. I have personal knowledge of the matters deposed to herein, except where stated to be based on information, in which case I believe such information to be true.

2. I have read the Affidavit of Robert Hopkins, sworn April 23, 2004 (the "Hopkins Affidavit"). I have personal knowledge of and know that the facts deposed to in paragraphs 3, 4, 9, 11, 12 to 22, 26, 30, 31, 32, 34 to 37 and 40 to 44 of the Hopkins Affidavit are true. I am informed by Robert Hopkins that the facts deposed to in paragraphs 2, 5 to 8, 10, 13, 23 to 25, 27 to 29, 38 and 39 of the Hopkins Affidavit are true. All capitalized terms used but not defined in this Affidavit have the meanings ascribed to them in the Hopkins Affidavit.
3. I confirm that pursuant to the Amended Securities Purchase Agreements MassMutual purchased Notes in the total principal amount of USD \$21,300,000 as more particularly described in attached Exhibit "A".

The Indebtedness

4. The total indebtedness of Evans Canada to MassMutual as at March 31, 2004 is USD \$20,880,798.56. Particulars of amounts owing to the individual MassMutual parties is as set forth in paragraphs 5 to 16 below.

MassMutual Corporate Investors

5. As at March 31, 2004, the principal amount of USD \$3,046,544.68 and accrued interest of USD \$160,712.46, totalling USD \$3,207,257.14, is due and owing to MassMutual Corporate Investors under the Tranche A, New Tranche A, and Tranche B Notes.
6. As at March 31, 2004, the principal amount of USD \$980,000.00 and interest of USD \$33,222.68, totalling USD \$1,013,222.60, is due and owing to MassMutual Corporate Investors under the Revolving Credit Notes.
7. As at March 31, 2004, the total amount due and owing to MassMutual Corporate Investors under the Tranche A, New Tranche A, Tranche B and Revolving Credit Notes is USD \$4,220,479.74.

MassMutual Participation Investors

8. As at March 31, 2004, the principal amount of USD \$1,523,772.34 and accrued interest of USD \$80,383.85, totalling USD \$1,604,156.19 is due and owing to MassMutual Participation Investors under the Tranche A, New Tranche A and Tranche B Notes.
9. As at March 31, 2004, the principal amount of USD \$490,000.00 and accrued interest of USD \$16,611.34, totalling USD \$506,611.34, is due and owing to MassMutual Participation Investors under the Revolving Credit Notes.
10. As at March 31, 2004, the total amount due and owing to MassMutual Participation Investors under the Tranche A, New Tranche A, Tranche B and Revolving Credit Notes is USD \$2,110,767.53.

MassMutual Corporate Value Partners Limited

11. As at March 31, 2004, the principal amount of USD \$2,453,976.60 and accrued interest of USD \$128,926.20, totalling USD \$2,582,902.80, is due and owing to MassMutual Corporate Value Partners Limited under the Tranche A, New Tranche A, and Tranche B Notes.
12. As at March 31, 2004, the principal amount of USD \$857,500.00 and accrued interest of USD \$29,069.84, totalling USD \$886,569.84, is due and owing to MassMutual Corporate Value Partners Limited under the Revolving Credit Notes.
13. As at March 31, 2004, the total amount due and owing to MassMutual Corporate Value Partners Limited under the Tranche A, New Tranche A, Tranche B and Revolving Credit Notes is USD \$3,469,472.64.

Massachusetts Mutual Life Insurance Company

14. As at March 31, 2004, the principal amount of USD \$7,998,429.79 and accrued interest of USD \$421,939.25, totalling USD \$8,420,369.04, is due and owing to Massachusetts Mutual Life Insurance Company under the Tranche A, New Tranche A, and Tranche B Notes.

15. As at March 31, 2004, the principal amount of USD \$2,572,500.00 and accrued interest of USD \$87,209.52, totalling USD \$2,659,709.50, is due and owing to Massachusetts Mutual Life Insurance Company under the Revolving Credit Notes.
16. As at March 31, 2004, the total amount due and owing to Massachusetts Mutual Life Insurance Company under the Tranche A, New Tranche A, Tranche B and Revolving Credit Notes is USD \$11,080,078.56.

Receivership Sought

17. The PwC Valuation clearly demonstrates that MassMutual and CM Equity will not be able to recover most of the Total Indebtedness. The anticipated shortfall is at best in the amount of CDN \$20,358,652.92, calculated as follows:

Total Indebtedness:	\$29,613,652.92
Less highest estimated value of assets (PwC Valuation):	\$7,555,000.00
Less statutory and purchase money security interest priorities:	\$1,000,000.00
Less estimated cash expenditures on operating and restructuring costs:	700,000.00
	<hr/>
Anticipated Shortfall	\$20,358,652.92

After the Security held by MassMutual and CM Equity is enforced there is no possibility that any amount will be available to subordinate creditors or to shareholders.

18. MassMutual and CM Equity are opposed to a public sale of Evans Canada's assets since:
- (a) it will not yield a recovery acceptable to them having regard to the current value of Evans Canada's assets as set forth in the PwC Valuation;
 - (b) the current market for the business of Evans Canada is recessed. It is therefore not the right time to market its business and Evans Canada does not have the working capital to continue operations;

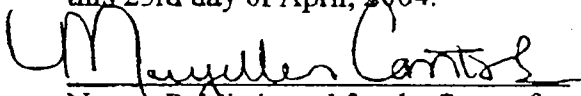
- (c) to maintain the good will of the business and the confidence of customers, it is vital that a sale be concluded quickly so that there is a seamless transition of the business to a purchaser. A public sale would delay transition of the business and jeopardize the good will of the business and confidence of customers; and
- (d) a public sale process would involve costs and delay that Evans Canada cannot afford and which would only further deteriorate the anticipated recovery of MassMutual and CM Equity.
19. MassMutual and CM Equity have determined that given the disparity between the Total Indebtedness and the estimated value of Evans, the best approach to minimize their losses is to restructure and recapitalize the business with a level of debt that is acceptable and serviceable by the business and a capital structure that is acceptable to them. MassMutual and CM Equity contemplate that the business should be acquired by a new company ("NewCo") that is owned by MassMutual, CM Equity and current management. They contemplate that NewCo would acquire Evans Canada's assets, assume many but not all of its liabilities, offer employment to substantially all of Evans Canada's employees and carry on its business. They hope that these measures will restore the business to a profitable level and facilitate its growth.
20. Even though MassMutual and CM Equity likely are the only constituents affected by the method of sale of Evans Canada's business, they may not be entitled to effect a private sale of the business to a company which they control (having regard to s. 60(11) of the *Personal Property Security Act* (Alberta) R.S.A. 2000, c. P-7).
21. Based on the facts deposed to above (and in the Hopkins Affidavit) and having regard to the inability of Evans Canada to continue in business due to its insolvency and insufficient working capital, it is just, convenient and necessary (and MassMutual requests) that a receiver and manager ("Receiver") be appointed over the assets and undertakings of Evans Canada.
22. If a Receiver is appointed, MassMutual and CM Equity will cause NewCo to present an offer to the Receiver (subject to Court approval) for the purchase of the business of Evans

Canada on terms that will include continuing the employment of substantially all employees of Evans Canada and Evans U.S. and assumption of some, but not all of Evans Canada's debt obligations.

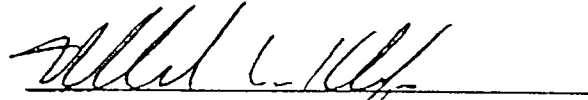
23. If the offer is acceptable to the Receiver, then an application will be brought on notice to all affected constituents for the Court's consideration and approval of the sale.

24. BDO Dunwoody LLP has agreed to act as Receiver if approved to do so by the Court.

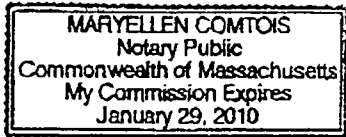
SWORN BEFORE ME at the City of)
Springfield, in the State of Massachusetts,)
this 23rd day of April, 2004.)

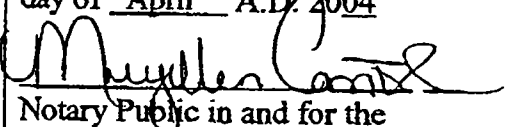


Notary Public in and for the State of)
Massachusetts _____)



Michael Klofas



This is Exhibit " A "
Referred to in the Affidavit
of MICHAEL KLOFAS
Sworn before me this 23rd
day of April A.D. 2004

Notary Public in and for the
State of Massachusetts

MARYELLEN COMTOIS
Notary Public
Commonwealth of Massachusetts
My Commission Expires
January 29, 2010

Exhibit A
(all amounts are in U.S. dollars)

	Massachusetts Mutual Life Insurance Company		MassMutual Corporate Investors		MassMutual Participation Investors		MassMutual Value Partners Limited		CM Equity Partners, L.P.		TOTAL	
	Principal (\$)	Interest (\$)	Principal (\$)	Interest (\$)	Principal (\$)	Interest (\$)	Principal (\$)	Interest (\$)	Principal (\$)	Interest (\$)	Principal (\$)	Interest (\$)
TRANCHE A												
Floating (Defer)	76,021.37*	4,229.72	28,960.52	1,611.32	14,480.26	805.66	25,340.46	1,409.91			144,802.61	8,056.61
Floating	2,537,537.50	86,702.28	974,300.00	33,029.44	487,150.00	16,514.72	852,512.50	28,900.76			4,871,500.00	165,147.20
Fixed	2,537,537.50	136,557.35	974,300.00	52,021.85	487,150.00	26,010.92	852,512.50	45,519.12			4,871,500.00	260,109.24
Fixed (Defer)	114,428.49*	9,859.53	43,591.81	3,756.01	21,795.90	1,878.01	38,142.83	3,286.51			217,959.03	18,780.06
Sub-total	5,305,524.86	237,348.88	2,021,152.33	90,418.62	1,010,576.16	45,209.31	1,768,508.29	79,116.30			10,405,761.64	452,093.11
TRANCHE B												
Fixed	1,837,500.00	130,933.83	700,000.00	49,879.56	350,000.00	24,939.78	612,500.00	43,644.61			3,500,000.00	249,397.78
Fixed (Defer)	218,904.93*	18,495.87	83,392.35	7,046.04	41,696.18	3,523.02	72,968.31	6,165.29			416,961.77	35,230.22
Sub-total	2,056,404.93	149,429.70	783,392.35	56,925.60	391,696.18	28,462.80	685,468.31	49,809.90			3,916,961.77	284,628.00
Revolving	2,572,500.00	87,209.52	980,000.00	33,222.68	490,000.00	16,611.34	857,500.00	29,069.84			4,900,000.00	166,113.38
NEW TRANCHE A	636,500.00	35,160.67	242,000.00	13,368.24	121,500.00	6,711.74			1,000,000.00	55,240.65		110,481.30
TOTAL	10,570,929.79	509,148.77	4,026,544.68	193,935.14	2,013,772.34	96,995.19	3,311,476.60	157,996.04	1,000,000.00	55,240.65	20,922,723.41	1,013,315.79

* These amounts represent capitalized interest on deferred quarterly interest payments on the Tranche A Fixed and Floating Notes and Tranche B Fixed Notes.

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CM EQUITY PARTNERS, L.P.**

Plaintiffs

- and -

EVANS CONSOLES INC.

Defendant

**AFFIDAVIT
of Michael Klofas**

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
3500, 855 - 2 Street S.W.
Calgary, AB T2P 4J8

Attention: A. Robert Anderson

Phone: 403.260.9624

Fax: 403.260.9700

File No: 67070/2