

COURT FILE NUMBER 25-2681862
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *BANKRUPTCY
AND INSOLVENCY ACT*, RSC 1985, C. B-3,
AS AMENDED

AND IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF
NEWSCO INTERNATIONAL ENERGY
SERVICES INC.

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
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Calgary, Alberta T2P 4K7

Attention: Chris Simard / Dylan Gibbs
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Client File No.: 88912.3

AFFIDAVIT NO. 2 OF WILLIAM MELVILLE

Sworn on December 7, 2020

I, William Melville, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the Chief Executive Officer of Newsco International Energy Services Inc. ("**Newsco**") and, as such, I have personal knowledge of the matters hereinafter deposed to except where stated to be based on information and belief, in which case I believe those matters to be

true. On November 9, 2020, I swore my first Affidavit in these proceedings (the "**Melville Affidavit No. 1**"). Where I use capitalized terms but do not define them in this Affidavit, I intend them to bear their meanings as defined in the Melville Affidavit No. 1.

2. Newsco filed a Notice of Intention to make a Proposal ("**NOI**") pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* on October 20, 2020. The NOI appointed BDO Canada Limited as the trustee of the proceedings (the "**Proposal Trustee**").
3. On November 19, 2020, this Honourable Court granted an Order:
 - (a) extending the time within which Newsco must file a proposal to its creditors, to and including December 23, 2020;
 - (b) granting an Administrative Charge in the amount of \$150,000; and
 - (c) authorizing Newsco to pay certain Critical Suppliers, and employees and contractors, including for arrears pre-dating the NOI.

Update on Newsco's Business and Operations

4. Since November 9, 2020, the date on which I swore the Melville Affidavit No. 1, although it has not been able to run at full capacity due to COVID-19 restrictions, maintaining the Indian Operations. Newsco continues to have no active jobs in Canada.
5. Attached as **Exhibit "1"** to this Affidavit is a true copy of Newsco's current 13-week cash flow statement, which has been prepared with the assistance of the Proposal Trustee.

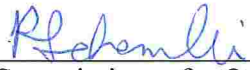
Newsco's Efforts to Prepare a Proposal

6. Since filing the NOI, Newsco has worked diligently and in good faith with a view to ultimately presenting a proposal to its creditors. Newsco has fully cooperated with the Proposal Trustee and has diligently complied with the Proposal Trustee's requests. Newsco has, among other things:
 - (a) worked with the Proposal Trustee on the updated 13-week cash-flow statement attached as Exhibit "1" to this Affidavit;

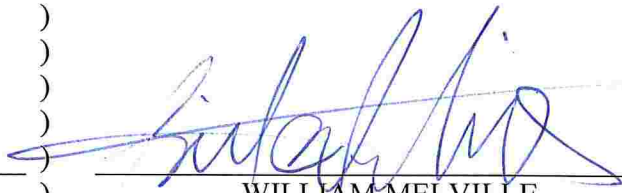
- (b) begun coordinating with the Proposal Trustee to obtain a confidential independent third-party appraisal of Newsco's assets;
 - (c) co-operated promptly with the Canada Revenue Agency ("CRA") to allow it to complete the necessary fieldwork for a payroll audit. I am informed by the Proposal Trustee and believe that this is an ordinary course procedure during restructuring processes like these NOI proceedings;
 - (d) kept the Proposal Trustee apprised of Newsco's activities;
 - (e) communicating with its suppliers to ensure the uninterrupted provision by them of goods and services for the Indian Operation;
 - (f) progressed its confidential discussions with the same arm's length third party referred to in the Melville Affidavit No. 1, regarding a transaction that could form the basis for a proposal to Newsco's creditors. More specifically:
 - (i) pursuant to a fully-executed non-binding Term Sheet, Newsco has continued to negotiate with the third party;
 - (ii) facilitated the third party's ongoing due diligence efforts; and
 - (iii) Newsco's legal counsel and the third party's legal counsel have held numerous discussions and drafts of definitive agreements have been exchanged, and are in the process of being negotiated; and
 - (g) on November 23, 2020, Newsco's US subsidiary received conditional approval for its Disclosure Statement and Chapter 11 Plan from the US Bankruptcy Court. On December 22, 2020, a hearing will be held for final approval of its Disclosure Statement and confirmation of its Chapter 11 Plan.
7. Newsco is seeking an extension of the time period in which to make its proposal, to February 1, 2021. The requested extension of time is necessary for Newsco to be able to generate a proposal to its creditors that is viable and practical from an economic standpoint.

8. I believe that Newsco is acting in good faith and with due diligence. I do not believe that the proposed extension will materially prejudice any of Newsco's creditors. The extension is necessary and, without such extension, Newsco will lose the opportunity to maximize value for its creditors.
9. I am advised by Newsco's counsel that the Proposal Trustee supports the proposed extension.
10. I make this Affidavit in support of Newsco's Application to extend the time for filing a Proposal, and for no other or improper purpose.

SWORN BEFORE ME
at Calgary, Alberta, this
7th day of December, 2020.



A Commissioner for Oaths
in and for Alberta

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WILLIAM MELVILLE

Patrick B. Schembri
Student-at-Law

THIS IS **EXHIBIT "1"** REFERRED TO
IN THE AFFIDAVIT NO. 2 OF WILLIAM
MELVILLE SWORN THE 7TH DAY OF
DECEMBER, 2020.



Patrick B. Schembri
Student-at-Law

NEWSCO CANADA
Cash Flow forecast
For the 13 week period Nov 30 to Feb 19
(Unaudited - prepared by management)
CAD

	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
	Week of Nov 30 - Dec 4	Week of Dec 7 - Dec 11	Week of Dec 14 - Dec 18	Week of Dec 21 - Dec 25	Week of Dec 28 - Jan 1	Week of Jan 4 - Jan 8	Week of Jan 11 - Jan 15	Week of Jan 18 - Jan 22	Week of Jan 25 - Jan 29	Week of Feb 1 - Feb 5	Week of Feb 8 - Feb 12	Week of Feb 15 - Feb 19	Week of Feb 22 - Feb 26	
Receipts														
Intercompany shared services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	168,900	28,000	-	-	97,800	117,400	-	-	-	110,800	26,100	-	596,600
Interco interim loan	-	-	-	-	-	-	-	-	47,600	-	-	-	-	-
Miscellaneous/ Wage Subsidy	8,700	-	-	-	8,700	-	-	-	8,700	-	-	-	-	26,100
	8,700	168,900	28,000	-	8,700	97,800	117,400	-	56,300	-	110,800	26,100	-	622,700
Disbursements														
Wages (gross)	8,500	126,500	8,200	-	8,500	60,000	68,700	-	8,700	-	67,800	8,700	-	365,600
Benefits RWAM	-	2,600	5,300	-	-	2,600	5,300	-	-	-	2,600	2,700	-	21,100
Rent	4,200	5,100	9,600	-	-	5,100	9,600	-	-	5,100	9,600	-	-	48,300
Operating and Admin	10,500	23,500	7,800	6,200	300	22,500	32,500	300	38,900	300	26,400	16,400	6,300	191,800
Repayment of Interco interim loan	-	6,500	-	-	-	3,000	3,900	-	-	-	-	-	-	13,400
Restructuring fees/ Asset Appraisal	-	5,000	-	5,000	-	-	-	-	-	-	-	-	-	10,000
Net cash flow for period	(14,500)	(300)	(2,900)	(11,200)	(100)	4,800	(2,600)	(300)	8,700	(5,400)	4,400	(1,700)	(6,300)	650,300
Cash/Operating line - beginning	30,900	16,400	16,100	13,200	2,000	1,900	6,500	3,900	3,600	12,300	6,900	11,300	9,600	30,900
Cash/Operating line - closing	16,400	16,100	13,200	2,000	1,900	6,500	3,900	3,600	12,300	6,900	11,300	9,600	3,300	3,300

NEWSCO INTERNATIONAL SERVICES ENERGY INC.


 Per: BISWAJIT MISHRA
 PRESIDENT & CFO

December 7, 2020
 CALGARY, ALBERTA

ASSUMPTIONS AND NOTES

- Explanatory note in respect of each financial line item utilized above should be set out on a separate word document attachment.

Notes

1. Intercompany- Some costs like IT Services, Insurance are shared between entities and there is reimbursement expected from those entities
2. India division has active jobs with long term contracts from where collection is expected
3. Wage subsidy- assumed at the applicable rates for the Canada division. We are already receiving it
4. Wages- include Canada and India
5. Benefits- Existing employee benefits will continue to be paid for both divisions
6. Rent- Rent included for Canada office, yard, India office and workshop
7. General & Administrative services include IT services provided by external service provider, insurance, utilities etc
8. It is assumed that 70% of available cash will be transferred from India division to Canada to fund operating expenses