

COURT FILE NUMBER

24-2472470

COURT

COURT OF QUEEN'S BENCH OF ALBERTA IN
BANKRUPTCY

JUDICIAL CENTRE

EDMONTON

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

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF S7
VENTURES LTD.

DOCUMENT

AFFIDAVIT OF GEORGE DEVLIN

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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AFFIDAVIT OF GEORGE DEVLIN

Sworn February 28th, 2019

I, GEORGE DEVLIN, of the City of Edmonton, in the Province of Alberta, SWEAR AND SAY
THAT:

1. I am the sole director of the Applicant, S7 Ventures Ltd. ("S7"), 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 verily believe the same to be true.
2. I have reviewed the business records maintained by S7 in respect of the matters at issue in these proceedings, which I believe were made in the ordinary and usual course of business,

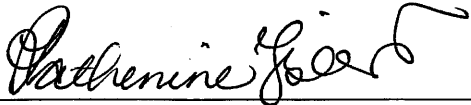
and where I do not have direct knowledge of matters deposed to herein, my knowledge is derived from my general knowledge of the business and operations of S7, as well as a review of business records.

3. S7 is a holding company and has no employees. S7 is a shareholder of Devlin Construction Ltd. ("**Devlin**"), of which I am also an officer and director. S7 granted certain guarantees (the "**Guarantees**") in favour of ATB Financial ("**ATB**"), guaranteeing certain outstanding loans from ATB to Devlin, which I understand to total approximately \$5.6 million.
4. Devlin carries on business in and around Edmonton, Alberta and specializes in many areas of heavy construction, including excavation, base construction, concrete construction, landscaping, asphalt paving and snow removal. Devlin was founded in 2003 and currently employs 60 employees.
5. Devlin ran into financial difficulty with the downturn of the Alberta economy, as the number of jobs and margins on those jobs decreased. As a result, Devlin ran into working capital shortfalls.
6. On January 30, 2019, ATB issued a Notice of Intention to Enforce Security against Devlin, as well as against S7 pursuant to the Guarantees. As a result, on February 7, 2019, S7 filed a Notice of Intention to make a Proposal (the "**NOI**") pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*. The NOI appointed The Bowra Group Inc. as Proposal Trustee (the "**Proposal Trustee**"). I understand that Devlin has also filed a Notice of Intention to make a Proposal.
7. Since filing the NOI, S7 has worked diligently and in good faith with the Proposal Trustee with a view to presenting a Proposal. S7 has prepared an extended forecasted cash flow to May 24, 2019, which includes actuals to February 22, 2019. S7's cash flow consists of continued loan payments from Devlin to S7, related to payments for vehicles and equipment leases, life insurance, bank charges and professional fees.
8. The Proposal will depend, to some extent, on the proposal formulated by Devlin, as S7 is a shareholder of Devlin and guarantor of Devlin's ATB loans. I understand that Devlin is currently seeking an Order for an extension of time to file a proposal and corresponding stay of proceedings from March 9, 2019 to April 23, 2019.
9. If S7 is granted a similar extension of time to file a Proposal, I expect that S7 will have a better opportunity to fully assess its circumstances and to make a viable Proposal to its creditors.
10. I believe that the proposed extension of the stay and the granting of additional time to file a Proposal will not materially prejudice any of the creditors of S7. The additional time

requested will provide S7 time to determine what proposal is formulated by Devlin, and will enable S7 to better assess its own circumstances in order that S7 may present a viable Proposal of its own that maximizes value to its creditors.

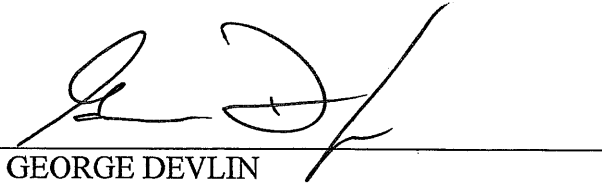
- 11. I make this Affidavit in support of the Application of S7 Ventures Ltd. to extend the time to file a Proposal and for a corresponding extension of the stay of proceedings.

SWORN BEFORE ME at Edmonton,)
Alberta this 28th day of February, 2019.)



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

KATHERINE J. FISHER
BARRISTER & SOLICITOR


GEORGE DEVLIN