

COURT / ESTATE FILE 25-3131451
NUMBERS

COURT COURT OF KING'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 AVILA ENERGY
CORPORATION

DOCUMENT **AFFIDAVIT OF MARC GIROUARD (MARC
GIROUARD INVESTMENTS INC.)**

ADDRESS FOR SERVICE Marc Girouard
AND CONTACT President and Director of Marc Girouard Investments Inc.
INFORMATION OF PARTY 27 Westshore Drive,
FILING THIS DOCUMENT Pointe-du-Chêne, N.B., E4P 5J6
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**AFFIDAVIT OF MARC GIROUARD
SOLEMNLY AFFIRMED ON NOVEMBER 25th, 2024**

I, Marc Girouard, of 27 Westshore Drive, in Pointe-du-Chêne, Province of New Brunswick,
SOLEMNLY AFFIRM:

1. I am Marc Girouard, the President and Director of Marc Girouard Investments Inc. (hereinafter "MGI"), being a secured creditor involved in this matter. As such, I have personal knowledge of the matters contained in my affidavit unless otherwise stated.

MGI's loan to Avila Energy Corporation

2. MGI is an incorporated company based in New Brunswick through which I make private loans using my and my wife's retirement funds. On July 14th, 2023, MGI made a \$3,000,000 loan to Avila Energy Corporation ("Avila"). Avila has not made a payment since June 14th, 2024, and its current loan balance is \$3,500,000, with a further \$55,000 accruing per month.
3. The loan was secured mainly on gas and oil processing facilities and an extensive gathering system of pipelines and government mineral rights. The debenture also provided for security

on “all present and future acquired assets” of Avila Energy Corporation. The security for the loan was registered in the Alberta Personal Registry and in the Alberta Energy corporate records registry.

The requested extension will not permit Avila to make a viable proposal

4. I travelled to Calgary, Alberta at the end of July 2024 to meet with then Avila CEO Leonard Van Buten and FTI Consulting after Avila missed its July 2024 interest payment to MGI.
5. In an attempt to show some flexibility and work with Avila, MGI did release some assets it held as security in Vermillion, Alberta to allow Avila to sell them and obtain a \$300,000 injection of cash in early September 2024 (shortly before the period covered by the first cash flow statement) to pay employees and fund the preparation of its NOI.
6. In the four months since Avila first missed its interest payment, it has not shared with MGI any concrete plan on how it would actually repay the MGI loan on which it defaulted.
7. Avila has already been granted a first extension to December 2nd, 2024, and was unable to communicate a concrete proposal to MGI of how it was going to repay the full +\$3,500,000 by that date.
8. I do not believe a further 45-day extension will permit Avila to find a viable solution it could not already have explored with MGI and/or other creditors between its July 2024 insolvency and today.

MGI will be materially prejudiced by the granting of a further extension

9. MGI has already released its security from a portion of the assets it held and will thus have to recover the amount owed to it from a smaller pool of assets.
10. Given Avila has ceased all payments to MGI for five months now (since June 14th, 2024), the amount that will need to be recovered from this smaller pool of secured assets continues to increase with each passing day.
11. Moreover, I believe the net value of the secured assets from which this recovery could occur continues to decrease with each passing day as it is my understanding based on documents shared to me by Avila that they currently owe over \$1,000,000 in unpaid property taxes and that this amount is accruing by approximately \$60,000 per month.
12. It is also my understanding that Avila has stopped paying other ongoing costs in relation to the assets on which MGI has a security, such as lease fees for the land on which the facilities and pipelines sit and ongoing decommissioning dues.

13. A further extension freezing MGI's ability to immediately realize on its security increases the risk MGI will be unable to fully recover the amount owed to it and causes a material prejudice to its position as a secured creditor of Avila.

MGI opposes Avila's request for a second extension of time to make a proposal

14. Given the above factors, MGI submits this affidavit to the Court to support its opposition to Avila's request for a second extension of time to make its proposal to its creditors.

SOLEMNLY AFFIRMED BEFORE ME)

THIS 25 DAY OF November,)

2024 AT Moncton, N.B.)

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Commissioner of Oaths Michel Arsenault)

Solicitor



Marc Girouard

