

Court No. 25-1124515
Estate No. 25-1124515
Affidavit of Rick Souther
Sworn February 19, 2009

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

IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF AN APPLICATION UNDER SECTION 50.4(9) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED**

**IN THE MATTER OF THE PROPOSAL OF
THE DIAMOND BULLET CORPORATION, PREMIERE MANUFACTURING LTD.,
HAT BIT SUPPLY LTD., DBC INTERNATIONAL INC., DUNN TRUCKING LTD. AND
R ENVIRONMENTAL LABS LTD.**

OF THE TOWN OF TABER, IN THE PROVINCE OF ALBERTA

AFFIDAVIT

I, Rick Souther, of the Town of Taber, Businessman, MAKE OATH AND SAY:

1. I am the President and sole director of The Diamond Bullet Corporation ("**Diamond**"), Premiere Manufacturing Ltd. ("**Premiere**"), Hat Bit Supply Ltd. ("**Hat Bit**"), Dunn Trucking Ltd. ("**Dunn**"), DBC International Inc. ("**DBC**"), R Environmental Labs Ltd. ("**Labs**") (collectively referred to as the "**Debtor Companies**") and as such have personal knowledge of the matters to which I depose in this Affidavit, except where such matters are stated to be based on information and belief, in which case I verily believe such information to be true.
2. This Affidavit is made in support of an application by the Debtor Companies for an Order extending the time for the Debtor Companies to file the proposal to their creditors to Monday, February 23, 2009 pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**").

A. Since Order Granted Extending Time to Make a Proposal

3. On November 25, 2008, Justice J.D.B. McDonald granted orders in the Estates of the Debtor Companies extending the time to make a proposal under the BIA to January 9, 2009.
4. On December 4, 2008, Justice J.D.B. McDonald granted an order appointing Meyers Norris Penny Limited as interim receiver (the "**Receiver**") over Premiere for the purposes of providing for an orderly disposition of the assets of Premiere, to maximize recovery for the benefit of the HSBC Bank of Canada and the rest of the Debtor Companies' creditors, secured and unsecured, in the course of developing a viable proposal and continuing to operate Premiere until the Receiver finds it is not commercially reasonable to continue operations.
5. On January 9, 2009, Justice J.D.B. McDonald granted orders in the Estates of the Debtor Companies extending the time to make a proposal under the BIA to February 23, 2009 (the "**Orders**").
6. Since January 9, 2009, the following has transpired with respect to Premiere and the Debtor Companies:
 - (a) I am informed by Mr. Craig McMahon, lawyer at Gowling Lafleur Henderson LLP ("**Gowlings**"), solicitors to the Debtor Companies, and do verily believe that in response to the sales packages sent out by the Receiver to 25 parties who communicated their interest in Premiere's drill bit inventory, 9 offers to purchase and expressions of interest were received by the Receiver from auction houses, other drill bit companies and other interested parties;
 - (b) I have been involved in discussions with a company interested in purchasing all of the Debtor Companies as a going concern, Duratech Group Inc. ("**Duratech**"), and have been advised by its representative, Peter VanHierden that Duratech intends to make a formal offer to purchase the Debtor Companies (the "**Duratech Offer**") within the next few days;

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AFFIDAVIT OF RICK SOUTHER

Sworn: February ^{19th}, 2009

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