

District of Alberta
Division 01 - Edmonton
Court No. 24-2473449
Estate No. 24-2473449



TRUSTEE'S PRELIMINARY REPORT
IN THE MATTER OF THE BANKRUPTCY OF
B.W. RIG SUPPLY INC.

Formerly carrying on business in the City of Leduc, Province of Alberta

Background

On February 8, 2019 (the "**NOI Date**"), B.W. Rig Supply Inc. (the "**Company**") filed a Notice of Intention to Make a Proposal (the "**NOI**"), pursuant to the *Bankruptcy and Insolvency Act* (the "**Act**"), under which all proceedings against the Company were stayed for a period of 30 days from the NOI Date.

The Company applied to the Court on March 7, 2019 (the "**First Extension Date**"), for its first extension of time for the Company to file a proposal to creditors. The Order provided for an extension to April 24, 2019 (the "**First Extension Deadline**"), and the stay of proceedings remained in place.

The Company applied to the Court on April 17, 2019 (the "**Second Extension Date**"), for its second extension of time for the Company to file a proposal to creditors. The Order provided for an extension to June 7, 2019 (the "**Second Extension Deadline**"), and the stay of proceedings remained in place.

The Company failed to file a proposal with the Official Receiver prior to the Second Extension Deadline and the Company was deemed bankrupt on June 8, 2019 (the "**Date of Bankruptcy**") and Deloitte Restructuring Inc. (the "**Trustee**") was appointed Licensed Insolvency Trustee.

Prior to its bankruptcy, the Company operated as an equipment supplier for the oil and gas industry, with locations in Leduc and Lloydminster, Alberta. The Company's sole director is Mr. Patrick Ross.

Section A - Assets

Class I - Inventory

Prior to the Date of Bankruptcy, the Company obtained an appraisal of its inventory with an estimated value of \$627,183 on the Statement of Affairs. It is the Trustee's belief that the value noted on the Statement of Affairs may be significantly overstated as much of the inventory was co-mingled with inventory of a related corporation which is not in an insolvency proceeding. Therefore, the Trustee cautions creditors that the realizable value of the inventory may be significantly less. The Company's inventory is located in Leduc as well as Lloydminster. The Trustee has attended at both the Leduc and Lloydminster locations to secure and count the inventory.

The Trustee intends to move the inventory from both the Leduc and Lloydminster locations to reduce tenancy risk and secure the assets in one supervised location. The cost of moving the assets from both locations to one combined location is estimated to be less than, or comparable to that of the occupation rent.

The Trustee has requested proposals from various auction companies for the purpose of disposing of the Company's inventory and this proposed auction process (the "**Sale Process**") is subject to approval by the estate inspectors..

Class II - Plant, Machinery and Equipment and Office Equipment

Section D – Provable Claims

There are unpaid wages owed to former employees of the Company, which represent a priority claim, pursuant to s. 81.3 of the *Act*. The employees have been notified of the requirement to file a proof of claim and have been provided information regarding the Wage Earner Protection Program (the "WEPP").

Claims of unsecured ordinary creditors appear to correspond with the Statement of Affairs.

Section F – Realization and Projected Distribution

Due to the uncertainty of realization of the Company's assets, the Trustee is unable to provide estimated realization and recovery to unsecured creditors at this time.

Section G – Reviewable Transactions and Preference Payments

The Trustee will conduct a review for preference payments and transfers at under value.

Section H – Other Matters

None.

Dated at the city of Edmonton, in the Province of Alberta, this 26th day of June, 2019.

DELOITTE RESTRUCTURING INC.

In its capacity as Licensed Insolvency Trustee of the Estate of
B.W. Rig Supply Inc., in bankruptcy,
And not in its personal capacity.



Darren Crocker, CPA, CGA, CIRP, LIT
Senior Vice-President