

**COURT FILE NUMBER**

24-2473449

**COURT**

COURT OF QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY

**JUDICIAL CENTRE**

EDMONTON

**DOCUMENT**

SECOND REPORT OF THE TRUSTEE  
IN THE MATTER OF S. 50.4(9) OF THE  
BANKRUPTCY AND INSOLVENCY ACT,  
R.S.C. 1985 C. B-7

AND IN THE MATTER OF  
THE NOTICE INTENTION TO MAKE A PROPOSAL  
OF B.W. RIG SUPPLY INC.

DATED APRIL 9, 2019

**ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT**

Counsel:

Duncan Craig LLP  
Suite 2800  
10060 Jasper Avenue  
Edmonton, Alberta T5J 3V9

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Trustee:

Deloitte Restructuring Inc.  
1500 Manulife Place  
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Edmonton, Alberta T5J 4K1

Attention: Darren M. Crocker

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# Introduction

1. On February 8, 2019 (the "**NOI Date**"), B.W. Rig Supply Inc. (the "**Company**") filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant s. 50.4(1) of the *Bankruptcy and Insolvency Act* ("**BIA**"). Deloitte Restructuring Inc. (the "**Trustee**") was appointed Licensed Insolvency Trustee.
2. The Company is a wholly owned subsidiary of Hyduke Energy Services Inc. (the "**Parent Company**"), and is a company incorporated under the laws of Alberta. Mr. Patrick Ross is the sole director of the Company.
3. The Company operates as a supplier to the oil and gas industry out of two leased locations at 6580 – 71 Street, Red Deer, Alberta, and at 5006 - 60 Street, Lloydminster, Alberta. The Company also carries on operations at a third location owned by a sister company, Hyduke Drilling Solutions Inc. ("**HDS**"), at 2107 - 6 Street Nisku, Alberta (the "**HDS Location**").
4. On February 26, 2019, the Company made an application to Court for an Order extending the time for filing a proposal, altering the service protocol for Company initiated applications in these proceedings, and for an administration charge to secure the fees and disbursements of the Trustee, the Trustee's legal counsel, and the Company's legal counsel.
5. On March 7, 2019, the Court made an Order (the "**First Extension Order**"), which, *inter alia*:
  - 5.1. extended the time for the Company to file a proposal until Wednesday, April 24, 2019;

- 5.2. granted an administrative charge (the "**Administrative Charge**") in the amount of \$150,000 over the property of the Company, as security for the fees and disbursements incurred by the Trustee, the Trustee's legal counsel, and the Company's legal Counsel, both before and after the making of the First Extension Order;
  - 5.3. set out the service protocol (the "**Service Protocol**") for these proceedings wherein:
    - 5.3.1. parties other than the Trustee only be required to serve all future materials or applications upon creditors that provide the Company's legal counsel with an email address for service within 21 days of the date of the First Extension Order and that have claims exceeding \$20,000; and
    - 5.3.2. service of all materials or applications upon creditors that do not provide the Company's legal counsel with an email address, and with claims less than \$20,000, be deemed effective by posting the materials on the Trustee's Website.
  - 5.4. directed the Trustee to send an explanatory notice to all creditors of the Company notifying them of the Service Protocol.
6. Information on the NOI proceedings can be accessed on Deloitte's website (the "**Trustee's Website**") at [www.insolvencies.deloitte.ca](http://www.insolvencies.deloitte.ca) under the link "B.W. Rig Supply Inc."

*Notice to reader*

7. In preparing this report, the Trustee has relied on unaudited financial information, the books and records of the Company, and discussions with the Company's management ("**Management**"), interested parties, and stakeholders. The Trustee has not performed an independent review or audit of the information provided.
8. Certain of the information referred to herein consists of financial forecasts and/or projections. The financial forecasts included in this report are the responsibility of Management. Management's responsibility extends beyond ensuring that the individual assumptions used to prepare the financial forecasts are appropriate in the circumstances and to ensure that the assumptions as a whole are appropriate. While the Trustee has reviewed the information, the Trustee has not performed an audit or other verification of such information. The Trustee expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in the financial forecasts, or relied upon by it in reporting on the financial forecasts. Future oriented financial information included in this report is based upon Management's assumptions regarding future events. Actual results achieved may vary and these variations may be material.
9. The Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.
10. All amounts included herein are in Canadian dollars unless otherwise stated.

### *Purpose of this report*

11. The purpose of this second report of the Trustee (the "**Second Report**") is to provide the Court with:

- 11.1. information regarding the Trustee's activities to date;
- 11.2. information regarding the Company's cash-flow and monitoring by the Trustee;
- 11.3. information regarding the Company's activities to date; and
- 11.4. the Trustee's position with respect to the Company's application for an extension of time to make a proposal.

## Trustee's activities

12. Since the First Report, the Trustee has performed the following activities:

- 12.1. pursuant to the First Extension Order, the Trustee sent an explanatory notice to all of the Company's creditors on March 12, 2019 detailing the Service Protocol;
- 12.2. posted information on the NOI proceedings on the Trustee's Website;
- 12.3. responded to various inquiries from the Company's creditors;
- 12.4. attended various meetings and made inquiries with Management and the Company's legal counsel to discuss the Trustee's monitoring program and the progress of the Company's restructuring;
- 12.5. reviewed the Company's cash-flow on a biweekly basis and compared the actual cash-flow to Management's projections; and
- 12.6. made inquiries and requested certain records of the Company pertaining to its assets and monitoring reports.

# Cash-flow and monitoring

13. As discussed in the First Report, the Trustee established a monitoring program to monitor the affairs of the Company on a biweekly basis during these NOI proceedings.
14. On March 11, 2019, the Trustee amended the monitoring program for the Company to provide source documents of expenditures paid by the Parent Company on behalf of the Company in lieu of intercompany reconciliations, while the Parent Company is in the midst of completing its year-end audit.
15. The Company's actual cash-flow for the period of February 8, 2019, to March 22, 2019, together with the Company's initial estimates over the same time period and variance thereto is attached as Appendix "A" to this report. A summary of the cash-flow follows below:
  - 15.1. The Company has collected a higher amount of receipts from operations than originally projected. Over the period, the actual receipts totaled \$191,693, which is \$32,693 more than the \$159,000 originally projected. This surplus is attributable to higher than anticipated collections of accounts receivable and miscellaneous other receipts.
  - 15.2. Total cash disbursements during the period were \$136,242, which is \$43,126 less than the \$179,368 originally projected. The variance is primarily attributable to timing of professional fees incurred, but not yet paid by the Company.

- 15.3. For the overall period, the Company had a net cash inflow of \$55,451 compared to an estimated net cash outflow of \$20,368. The Parent Company continues to support the operations of the Company by paying the operating disbursements of the Company.
16. The Company has outstanding deliverables due to the Trustee, but largely continues to adhere to the monitoring program. The Trustee is unaware of any material adverse change at this time.
17. The Company has provided the Trustee with updated cash-flow projections covering the period of April 8, 2019, to July 7, 2019, and the cash-flow together with the reports of the Trustee and Company on the cash-flow are collectively attached to this report as Appendix "B".

## Company's restructuring activities

18. As discussed in the First Report, the only remaining major secured creditor of the Company is BDC with an outstanding approximate debt of \$4,200,000, plus accruing interest. The Company is a guarantor of its Parent Company, the principal debtor of BDC, in relation to the BDC debt, which is secured by way of mortgage over the HDS Location.
19. The Trustee has been advised that the anticipated sale of the HDS location is proceeding and will close on April 16, 2019, which will result in the BDC debt being paid in full.
20. Prior to being in a position to file the proposal, the Company previously advised the Court and the Trustee at the application for the First

Extension Order that the Company needed to complete the following actions:

- 20.1. comply with the requirements of its annual year-end audit;
- 20.2. obtain appraisals on its assets; and
- 20.3. evaluate its restructuring alternatives.

21. Management has since advised the Trustee that:

- 21.1. activities for the Company's year-end audit continue and are expected to conclude by April 30, 2019;
- 21.2. the Company expects to complete consolidating its assets by April 12, 2019, following which it has arranged for an appraisal to be completed by April 30, 2019.
- 21.3. the Company has substantially formulated the terms of its proposal, and, following the completion of an appraisal of the Company's assets and year-end audit, the Company will be in a position to ensure the terms of its proposal are fair and reasonable.

22. The Company has advised the Trustee that its obligations with Canada Revenue Agency for GST, payroll source deductions, as well as wages to its employees remain current.

# Extension of time to make proposal

23. The Company is seeking an extension of time to make its proposal. The Trustee agrees that an extension for a further 45 days is appropriate for the following reasons:

23.1. the Company has the continued support of its parent company to fund operations;

23.2. an appraisal of the Company's assets is required to understand their valuation, and to formulate a proposal to creditors;

23.3. the Company believes it will be able to formulate a viable proposal once the appraisal of its assets is complete and the Company's year-end audit is completed;

23.4. the Company has acted, and is acting, in good faith; and with due diligence; and

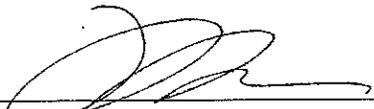
23.5. no creditor would be materially prejudiced if the requested extension is granted.

# Conclusion and recommendations

24. The Trustee respectfully recommends that this Honourable Court approve an Order extending the time for the Company to make a proposal to June 8, 2019, or such other date as may be directed by the Court.

All of which is respectfully submitted this 9<sup>th</sup> day of April, 2019.

**DELOITTE RESTRUCTURING INC.,**  
In its capacity as Licensed Insolvency Trustee  
in re the Proposal of  
B.W. Rig Supply Inc.  
And not in its personal capacity



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

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

## Appendix "A"

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
 B.W. RIG SUPPLY INC.

VARIANCE ANALYSIS OF CUMULATIVE CASH-FLOWS FOR THE PERIOD OF  
 FEBRUARY 8, 2019 TO MARCH 22, 2019

Receipts and Disbursements (\$CAD)	Projected Cash-Flow	Actual Cash-Flow	Variance
<b>Receipts</b>			
Collections from accounts receivable Pre NOI	65,000	85,286	20,286
Collections from accounts receivable Post NOI	35,000	25,144	(9,856)
Recovery of garnisheed funds	59,000	59,918	918
Other receipts	-	21,346	21,346
<b>Total Receipts</b>	<b>159,000</b>	<b>191,693</b>	<b>32,693</b>
<b>Operating Disbursements</b>			
Wages (gross payroll)	90,000	85,837	(4,163)
Rent	14,539	14,539	-
Utilities	3,000	2,900	(100)
Insurance	2,000	-	(2,000)
Office supplies	200	-	(200)
Cost of sales	31,500	32,927	1,427
Legal fees	3,500	-	(3,500)
Trustee fees	14,500	-	(14,500)
Bank Fees	-	39	39
Contingency - 10%	15,924	-	(15,924)
<b>Total Operating Disbursements</b>	<b>175,163</b>	<b>136,242</b>	<b>(38,921)</b>
<b>Financing Disbursements</b>			
Vehicle lease	4,205	-	(4,205)
<b>Total Financing Disbursements</b>	<b>4,205</b>	<b>-</b>	<b>(4,205)</b>
<b>Total Disbursements</b>	<b>179,368</b>	<b>136,242</b>	<b>(43,126)</b>
<b>Net Cash-Flow</b>	<b>(20,368)</b>	<b>55,451</b>	<b>75,818</b>

**Notes:**

1. In the preparation of the Variance Analysis of Cumulative Cash-Flows, the Trustee has relied on unaudited financial information, the books and records of the Company, and discussions with the Company's management, interested parties, and stakeholders. The Trustee has not performed an independent review or audit of the information provided.
2. Management has provided incomplete reporting for the period of February 23, 2019 to March 8, 2019. In preparation of this analysis, the Trustee reviewed banking information provided by the Company to compile the receipts and operating disbursements for the period of February 23, 2019 to March 8, 2019 to the extent that management has provided information.
3. This analysis should be read in conjunction with the probable and hypothetical assumptions made by the Company on the Report of Cash-Flow Statement by the Person Making the Proposal and the Trustee's Report on Cash-Flow Statement dated February 15, 2019.

# Appendix "B"

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

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
 IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
 B.W. RIG SUPPLY INC.

STATEMENT OF PROJECTED CASH-FLOW  
 FOR THE PERIOD OF APRIL 5, 2019, TO JULY 12, 2019

Week #	8	9	10	11	12	13	14	15	16	17	18	19	20	21	Totals
Week Ending	12-Apr-19	19-Apr-19	26-Apr-19	3-May-19	10-May-19	17-May-19	24-May-19	31-May-19	7-Jun-19	14-Jun-19	21-Jun-19	28-Jun-19	5-Jul-19	12-Jul-19	
Receipts															
Collections from accounts receivable Pre NOI	10,000	10,000	10,000	15,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	150,000
Collections from accounts receivable Post NOI	10,000	5,000	10,000	5,000	10,000	5,000	10,000	10,000	10,000	5,000	10,000	5,000	10,000	5,000	105,000
Total Receipts	20,000	15,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	15,000	20,000	15,000	20,000	15,000	255,000
Operating Disbursements:															
Wages (gross payroll)	-	30,000	-	30,000	-	30,000	-	30,000	-	30,000	-	30,000	-	30,000	210,000
Rent	-	-	-	8,659	-	-	-	2,000	-	2,000	-	-	-	-	17,318
Utilities	-	-	-	3,000	-	-	-	2,000	-	2,000	-	-	-	-	5,000
Insurance	-	-	-	2,000	-	-	-	2,000	-	2,000	-	-	-	-	4,000
Office supplies	-	-	-	200	-	-	-	200	-	200	-	-	-	-	400
Cost of sales	9,000	4,500	9,000	4,500	9,000	4,500	9,000	4,500	9,000	4,500	9,000	4,500	9,000	4,500	94,500
Legal fees	-	2,500	-	3,500	-	2,500	-	2,500	-	2,500	-	2,500	-	2,500	14,500
Trustees fees	-	2,500	-	5,000	-	2,500	-	2,500	-	2,500	-	2,500	-	2,500	17,500
Contingency - 10%	300	3,950	900	5,424	1,750	3,950	900	5,424	1,750	3,950	900	5,424	1,750	3,950	37,588
Total Operating Disbursements	9,300	43,450	9,900	53,783	19,250	37,950	9,900	43,450	9,900	57,783	19,250	37,950	9,900	43,450	400,816
Financing Disbursements:															
Vehicle lease	-	-	-	4,205	-	-	-	4,205	-	-	-	4,205	-	-	12,615
Total Financing Disbursements	-	-	-	4,205	-	-	-	4,205	-	-	-	4,205	-	-	12,615
Total Disbursements	9,300	43,450	9,900	57,988	19,250	37,950	9,900	47,655	9,900	57,783	19,250	42,155	9,900	43,450	413,431
<b>Net Cash-Flow</b>	<b>10,700</b>	<b>(28,450)</b>	<b>10,100</b>	<b>(37,988)</b>	<b>750</b>	<b>(17,950)</b>	<b>30,100</b>	<b>(27,655)</b>	<b>(9,900)</b>	<b>(42,783)</b>	<b>750</b>	<b>(27,655)</b>	<b>10,100</b>	<b>(28,450)</b>	<b>(158,424)</b>
Beginning cash	(46,736)	(36,636)	(65,086)	(54,086)	(92,974)	(92,974)	(110,174)	(100,074)	(132,729)	(122,629)	(160,412)	(159,662)	(186,817)	(176,717)	(46,736)
Net cash-flow	10,100	(28,450)	10,100	(37,988)	750	(17,950)	30,100	(27,655)	(9,900)	(42,783)	750	(27,655)	10,100	(28,450)	(158,424)
Ending cash	(36,636)	(65,086)	(54,986)	(92,974)	(92,224)	(110,174)	(100,074)	(132,729)	(122,629)	(160,412)	(159,662)	(186,817)	(176,717)	(205,167)	(205,167)

This Statement of Projected Cash-Flow is prepared in accordance with Subsection 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on Cash-Flow Statement.

Dated this 9th day of April, 2019

DELOTTE RESTRUCTURING INC.  
 In its capacity as Trustee acting in re the proposal of  
 B.W. RIG SUPPLY INC.  
 and not in its personal capacity

Per:  
 Darren M. Crocker, CPA, CGA, CFP, LIT  
 Senior Vice-President

B.W. RIG SUPPLY INC.

Per:  
 Pat Ross  
 Director

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

-- FORM 29 --  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
B.W. Rig Supply Inc.  
of the City of Nisku, in the Province of Alberta

The attached statement of projected cash flow of B.W. Rig Supply Inc., as of the 9th day of April 2019, consisting of weekly projections for the period of April 5, 2019 to July 12, 2019, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:  management or  the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Edmonton in the Province of Alberta, this 9th day of April 2019.

Deloitte Restructuring Inc. - Licensed Insolvency Trustee

  
1500 Manulife Place, 10180 - 101 Street  
Edmonton AB T5J 4K1  
Phone: (780) 401-3913 Fax: (780) 421-3782

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

FORM 29 - Attachment  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
B.W. Rig Supply Inc.  
of the City of Nisku, in the Province of Alberta

Purpose:

Cash-flow statement is being prepared solely to comply with subsection 50.4(2) of the Bankruptcy and Insolvency Act.

Projection Notes:

1. Estimated revenues are based on historical results and actual results may be materially different.
2. Aged Accounts Receivable and comments on collections and timing:
  - a) Accounts Receivable is usually collected between 30 to 45 days.
  - b) There are a number of Accounts Receivable that have a corresponding Accounts Payable, and a set-off may be applicable.
5. Back up for other sources of funds:
  - a) Funding during the short term will be through sale of real property.
  - b) All of the Nisku B.W. Rig Supply Inc. operations were moved into the main building on December 31, 2018. The allocation of costs and overhead need to adjusted.
  - c) Previously the B.W. Rig Supply Inc. Nisku operations were run out of the 407 22nd Avenue, Nisku, Alberta.
  - d) There are two other locations Red Deer and Lloydminster leases (short term).

Assumptions:

Probable assumptions:

1. Aged Accounts Receivable remain collectable by the Company between 30 to 45 days.

Hypothetical assumptions:

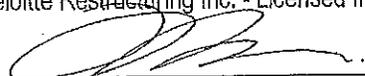
1. The Company is able to maintain relationships with its customers, stabilize its revenue stream, and maintain profit margins.
2. The Company's parent company provides working capital for any cash shortfall incurred in continuing the Company's operations.
3. The Company's creditors do not take steps to terminate the stay of proceedings.

Important assumptions to the projections:

1. Payroll is paid by Hyduke Energy Services ATB account.
2. Rent is paid from Hyduke Energy Services ATB account.
3. Most expenses are paid through common accounts (internet, cell phones, insurance etc).
4. Purchases are made using the Hyduke Energy Services ATB credit card as the Company does not have any terms with suppliers.

Dated at the City of Edmonton in the Province of Alberta, this 9th day of April 2019.

Deloitte Restructuring Inc. - Licensed Insolvency Trustee



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1500 Manulife Place, 10180 - 101 Street

Edmonton AB T5J 4K1

Phone: (780) 401-3913 Fax: (780) 421-3782

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

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
B.W. Rig Supply Inc.  
of the City of Nisku, in the Province of Alberta

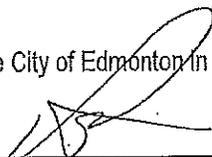
The Management of B.W. Rig Supply Inc., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 9th day of April 2019, consisting of weekly projections for the period of April 5, 2019 to July 12, 2019.

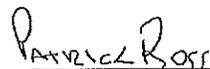
The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Edmonton in the Province of Alberta, this 9th day of April 2019.

  
\_\_\_\_\_  
B.W. Rig Supply Inc.  
Debtor

 Patrick Ross President / CEO  
\_\_\_\_\_  
Name and title of signing officer

\_\_\_\_\_  
Name and title of signing officer

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

FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
B.W. Rig Supply Inc.  
of the City of Nisku, in the Province of Alberta

Purpose:

Cash-flow statement is being prepared solely to comply with subsection 50.4(2) of the Bankruptcy and Insolvency Act.

Projection Notes:

1. Estimated revenues are based on historical results and actual results may be materially different.
2. Aged Accounts Receivable and comments on collections and timing:
  - a) Accounts Receivable is usually collected between 30 to 45 days.
  - b) There are a number of Accounts Receivable that have a corresponding Accounts Payable, and a set-off may be applicable.
5. Back up for other sources of funds:
  - a) Funding during the short term will be through sale of real property.
  - b) All of the Nisku B.W. Rig Supply Inc. operations were moved into the main building on December 31, 2018. The allocation of costs and overhead need to adjusted.
  - c) Previously the B.W. Rig Supply Inc. Nisku operations were run out of the 407 22nd Avenue, Nisku, Alberta.
  - d) There are two other locations Red Deer and Lloydminster leases (short term).

Assumptions:

Probable assumptions:

1. Aged Accounts Receivable remain collectable by the Company between 30 to 45 days.

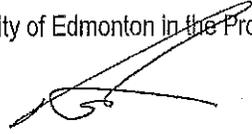
Hypothetical assumptions:

1. The Company is able to maintain relationships with its customers, stabilize its revenue stream, and maintain profit margins.
2. The Company's parent company provides working capital for any cash shortfall incurred in continuing the Company's operations.
3. The Company's creditors do not take steps to terminate the stay of proceedings.

Important assumptions to the projections:

1. Payroll is paid by Hyduke Energy Services ATB account.
2. Rent is paid from Hyduke Energy Services ATB account.
3. Most expenses are paid through common accounts (internet, cell phones, insurance etc).
4. Purchases are made using the Hyduke Energy Services ATB credit card as the Company does not have any terms with suppliers.

Dated at the City of Edmonton in the Province of Alberta, this 9th day of April 2019.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

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B.W. Rig Supply Inc.