

CANADA
Province of Alberta

District of Alberta
Division of 02 - Calgary
Court No. 25-2494134
Estate No. 25-2494134

TRUSTEE'S PRELIMINARY REPORT
IN THE MATTER OF THE BANKRUPTCY OF
RAPID ROD SERVICE LTD.

Licensed Insolvency Trustee: Deloitte Restructuring Inc. ("**Deloitte**")

Section A - Background

Rapid Rod Service Ltd. ("**Rapid Rod**" or the "**Company**") is a private company that was incorporated in Alberta in January 2008. Rapid Rod was an oilfield services company providing conventional rod and coiled rod service and maintenance. The majority shareholder is a holding company wholly-owned by Pelican Energy Partners LP ("**Pelican**"), based in Houston, Texas.

Due to the continually depressed oil and gas market in Alberta, the Company experienced financial difficulties due to a lowered demand for services. The company conducted a sales process in search of a purchaser for its business. On February 25, 2019, the Company entered into a sale agreement for the assets of the business to a third party, Mantle Canada Inc. (the "**Purchaser**"), with the sale closing on March 28, 2019. The sale proceeds of \$3,311,684.00 were used to satisfy a portion of the secured debt outstanding to PNC Bank, who ultimately suffered a shortfall of approximately \$10.2M.

On April 3, 2019, the company was assigned into bankruptcy. Deloitte consented to act as Licensed Insolvency Trustee under the bankruptcy (the "**Trustee**").

Section B – Assets and Books and Records

Rapid Rod had no remaining assets as at April 3, 2019.

The Trustee has taken possession of the relevant books and records of the Company and is using them to complete its statutory duties.

Section C – Current State of Operations

The operations in relation to the assets of Rapid Rod were transferred along with the sale of its assets to the Purchaser prior to the Date of Bankruptcy.

Section D – Legal Proceedings

The Trustee is not aware of any actual legal proceedings for the Company as a plaintiff, and neither is aware of any proceedings commenced against the Company.

Section E – Provable Claims

At the time of preparing this report, several creditor claims have been filed and are being assessed by the Trustee.

Section F – Creditors

The following is a summary of Rapid Rod's known creditors as at the Date of Bankruptcy as per the Statement of Affairs:

<u>Type of Claim</u>	<u>Estimated Amount</u>
Ordinary Unsecured Claims	\$ 605,626
Total	\$ 605,626

Section G – Realization and Projected Distribution

At this time, it is expected that there will be no funds available for distribution to any of the Rapid Rod's unsecured creditors.

Section H – Transactions at Under Value

The Trustee is not aware of any potential preferences or transfers at undervalue at this time. The Trustee will be undertaking a review of the Company's financial transactions over the past twelve months to determine if any such transactions occurred.

Section I – Conflicts of interest and fee guarantees

The Trustee has determined that it is independent of the Company and no conflicts exist. A retainer for the fees of the Trustee has been provided by Pelican.

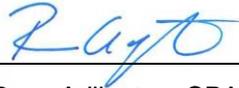
Section J – Other Matters

There are no other reportable matters at this time.

Dated at Calgary, Alberta on the 23rd day of April, 2019.

DELOITTE RESTRUCTURING INC.

In its capacity as Licensed Insolvency Trustee
of Rapid Rod Service Ltd.
and not in its personal capacity.



Ryan Adlington, CPA, CA, CIRP, LIT
Senior Vice-President