

District of Alberta
Division No. Calgary
Estate No. 25-2491629

**IN THE MATTER OF THE BANKRUPTCY OF
CASTOR UGS LIMITED PARTNERSHIP**

TRUSTEE'S PRELIMINARY REPORT

BACKGROUND

1. On March 27, 2019, Castor UGS Limited Partnership. ("Castor UGS" or the "Bankrupt") filed an assignment in bankruptcy, which was accepted by the Office of the Superintendent of Bankruptcy on March 28th, 2019. MNP Ltd. was named as Licensed Insolvency Trustee (the "Trustee").
2. Castor UGS is a subsidiary of Dundee Energy Limited and Castor GP Ltd. ("Castor GP") is its general partner. The main line of business of the partnership had been to participate in the acquisition, development, construction, operation and administration of facilities for the treatment, collection, storage, delivery and sales of petroleum, natural gas and related hydrocarbons.
3. Castor UGS ceased operations in 2014, when the primary overseas project which Castor UGS was a part of was relinquished.
4. The Trustee has been advised that the abandonment of this project and subsequent bankruptcy was caused by the low commodity price environment in the oil and gas sector and the inability to sustain business operations.

CONSERVATORY AND PROTECTIVE MEASURES

5. Until 2014 when operations ceased, Castor UGS had operated out of space leased by Dundee located at Unit 200, 435 4th Avenue SW, Calgary Alberta.
6. The Trustee has requested and taken possession of the books and records it requires in order to administer the bankruptcy estate.

ASSET REALIZATION AND PROJECTED DISTRIBUTION

7. The Company's assets and their estimated realizable value according to its sworn Statement of Affairs ("SOA") are as follows:

| Description | Estimated Realizable Value |
|--------------------|-----------------------------------|
| Cash in Bank | \$ 9,911 |

Cash in Bank

Castor UGS maintained bank accounts at Bank of Nova Scotia ("BNS"). Upon the bankruptcy, the Trustee directed correspondence to BNS requesting it freeze the bank accounts and forward the funds to the Trustee. As of the date of this report, a representative from BNS has confirmed the account has been frozen and funds will be forwarded, however the Trustee has not yet received

these funds.

8. The Trustee was advised by the Directing Officer of the following assets:

Seismic Data Records

Castor UGS LP stores boxes of seismic data in a third party storage facility. These boxes contain, among other items, certain seismic data records related to the overseas underground gas storage project in Spain.

Castor UGS's Designated Officer advises the Trustee that, in his opinion, there is no economic value to the seismic data

The Trustee completed a preliminary investigation into the value of this data, and has been advised by an independent third party energy consulting firm that the data owned by Castor UGS has no value, as the seismic field relating to this data has been suspended due to the earthquakes in the region.

9. Given the foregoing the Trustee does not anticipate any other realizations in the estate, and therefore there will be no distributions to Castor UGS's creditors in this proceeding.

SUMMARY OF CLAIMS

10. Below is a summary of claims contained in the Company's Statement of Affairs:

| <u>Description</u> | <u>Amount</u> |
|--------------------|---------------|
| Unsecured | \$99, 778 |

11. As of 4:00 pm on Monday, April 15, 2019, no claims have been received.
12. The Trustee is not aware of any first ranking secured claims pursuant to subsection 81.3(1) of the *Bankruptcy and Insolvency Act*.
13. The Trustee is not aware of any deemed trust claims at this time.

REVIEW OF TRANSFERS AT UNDERVALUE

14. The Trustee is required to undertake a review for any transactions that occurred prior to the date of bankruptcy that would constitute a transfer at undervalue or a fraudulent preference as defined by subsections 95 and 96 of the *Bankruptcy and Insolvency Act*.
15. The Trustee has completed its review and determined there were no transactions which would indicate a transfer at undervalue or fraudulent preference.

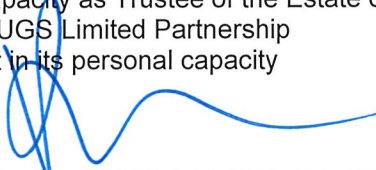
OTHER MATTERS

16. The Trustee has been provided with a third-party guarantee with respect to its fees and disbursements to the extent of its statutory obligations.

17. The Trustee has been advised that Castor UGS did not have any employees eligible for the Wage Earner Protection Program.
18. Further information with respect to these proceedings will be made available on the Trustee's website (www.mnpdebt.ca/castorgp) as it becomes available.

Dated at Calgary, Alberta this 15th day of April, 2019

MNP Ltd.
In its capacity as Trustee of the Estate of
Castor UGS Limited Partnership
And not in its personal capacity



Victor Kroeger, CIRP, LIT, CPA, CA, CFE
Senior Vice President