

District of Alberta
 Division No. Calgary
 Estate No. 25-095053

**IN THE MATTER OF THE BANKRUPTCY OF
 SIKSIKA ENERGY RESOURCES CORPORATION
 TRUSTEE'S PRELIMINARY REPORT**

BACKGROUND

1. Effective December 4, 2019, Siksika Energy Resources Corporation ("SERC" or the "Company") filed an assignment in bankruptcy and MNP Ltd. was appointed as Trustee of the Bankrupt Estate (the "Trustee").
2. SERC was incorporated in Alberta on December 18, 1995 for the purpose of having a Siksika Nation owned and managed oil and gas company. SERC is the general partner of SELP and Siksika Energy Resources Trust, by its trustee 1036258 Alberta Ltd., is the sole limited partner of SELP. SERC is wholly owned by Siksika Resource Development Ltd. ("SRDL").
3. The Company's financial difficulties resulted from market declines in the price of oil and gas.

BOOKS AND RECORDS

4. The Company's books and records were delivered to the Trustee's office on December 18, 2019 and were inventoried by the Trustee.

CONSERVATORY AND PROTECTIVE MEASURES

5. The Company operated out of the same address as its sole shareholder, Siksika Resource Development Ltd. in Siksika, AB. The Company did not have separate office space and has not entered into any real property leases. SERC did not have any employees at the date of bankruptcy and the day-to-day operations of the Company have been managed by consultants.
6. SERC operated one well in southern Alberta (the "Well"), which was abandoned in March 2017. The Well was beneficially owned by SELP. The Trustee has notified and will be discussing next steps regarding reclamation costs with the Alberta Energy Regulator and the Orphan Well Association. In addition, the Trustee has received correspondence from Indian Oil and Gas Canada confirming that they will be submitting a claim for oil and gas royalties and annual rent obligations and will require that any fund available in SERC's bankrupt estate be used to satisfy the end-of-life obligations associated with the Well.

ASSET REALIZATION AND PROJECTED DISTRIBUTION

7. The Company's Statement of Affairs (the "SOA") listed the following assets:

Asset	Amount
Interest in Siksika Energy Limited Partnership	\$ 1
Alberta Energy Regulator Deposit	1
Cash	143,623
Accounts Receivable	4,187,457
	<u>\$ 4,331,082</u>

8. The Trustee has collected approximately \$217,000 in cash and has sent collection letters with respect to the accounts receivable. The collectability of the accounts receivable is uncertain due to the age of the receivables.
9. SERC's interest in SELP is determined to have no value as SELP also filed an assignment in bankruptcy on December 4, 2019.
10. At this time, the recovery to unsecured creditors is uncertain.

SUMMARY OF CLAIMS

11. The Company's SOA shows unsecured creditors totalling \$35,002. The Trustee notes that certain creditors listed on SELP's SOA have indicated that they are creditors of SERC. The Trustee will be examining this issue as part of the overall claims review.
12. Below is a summary of claims received as at 3:00pm on Monday, January 13, 2020:

Description	# of Claims	Amount
Secured	1	\$ 1
Unsecured	2	387,094
	<u>3</u>	<u>\$ 387,095</u>

13. The Trustee is not aware of any deemed trust claims against SERC.

LEGAL

14. The Trustee is seeking approval to retain Caron & Partners LLP as its legal counsel to assist in its review of creditor claims as required.

REVIEW OF TRANSFERS AT UNDERVALUE

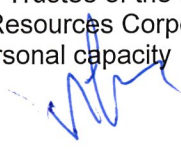
15. The Trustee is required to undertake a review of any transactions that occurred prior to the date of bankruptcy that would constitute a transfer at undervalue or a fraudulent preference as defined by subsections 95 and 96 of the *Bankruptcy and Insolvency Act*.
16. The Trustee has not yet completed its review for transfers at undervalue or fraudulent preferences.

OTHER

19. The Trustee has received a \$30,000 plus GST retainer from Siksika Resource Development Ltd. to indemnify it with respect to professional fees and disbursements associated with the administration of the estate.
20. Further information with respect to these proceedings will be made available on the Trustee's website (mnpdebt.ca/en/corporate/Engagements/siksika-energy-limited-partnership) as it becomes available.

Dated at Calgary, Alberta this 14th day of January, 2020

MNP Ltd.
In its capacity as Trustee of the Estate of
Siksika Energy Resources Corporation
And not in its personal capacity



Vanessa Allen, B. Comm, CIRP, LIT
Senior Vice President