



IN THE MATTER OF THE BANKRUPTCY OF

PROLINK FABRICATION LTD.

OF THE CITY OF CALGARY,
IN THE PROVINCE OF ALBERTA

REPORT ON THE TRUSTEE'S
PRELIMINARY ADMINISTRATION

ESTATE NO. 25-094719

Background

On November 21, 2016, Prolink Fabrication Ltd. (“Prolink” or the “Company”) filed a voluntary assignment into bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act* (“BIA”) and Alvarez & Marsal Canada Inc. was appointed as trustee in bankruptcy (“A&M” or “Trustee”) by the official receiver, subject to affirmation by the creditors of the trustee’s appointment or substitution of another trustee by the creditors.

Prolink was incorporated April, 2010 in the Province of Alberta after being purchased from Tarpon Energy Services. Prolink specialized in fabricating oil & gas processing equipment for operations between the wellhead and pipeline.

The company housed its operations in Calgary, Alberta at a leased premise with equipped shop and office space located at 5550, 55th Street S.E. Calgary, AB (the “facility”).

At the date of bankruptcy, the sole remaining Director of the Company was Wade Fleury, who has now resigned.

Prolink noted a slowdown within the industry in 2015 as it began losing contracts to low price providers and the Company struggled with competing on price alone. As the industry continued to slow the Company saw fewer opportunities arise on the bid front and decided that if no new work presented itself by September 2016 it would consider shutting down operations. Little new work was secured by that time and consequently a plan was developed to wind up the Company by end of October, 2016. In order to resolve outstanding claims against the Company in a fair and orderly manner the Company made an assignment into bankruptcy. At the date of the bankruptcy, all employees had been terminated and the landlord had terminated the lease for nonpayment of rent. Additionally, prior to the bankruptcy substantially all of the capital assets

of the Company were sold and accounts receivable collected. The proceeds were paid to the Company's secured and other creditors

Conservatory & Protective Measures and Preliminary Evaluation of Assets

Immediately following the date of appointment the Trustee inventoried all remaining assets that may have value and the Trustee noted that the assets appeared safe, but cost to relocate outweighs benefit of doing so. These items include bulk inventory and old equipment used in the fabrication business. There are two main locations that these items are being held. Firstly, the landlord had moved all equipment and inventory left by the bankrupt at the leased site to a third party location; Kootenay Industries Ltd. at 5914 – 86 Avenue S.E. Calgary, AB. Second, there were approximately 3 sea cans filled with various tools and equipment used by Prolink and transported to a site south of Okotoks, Alberta. The Trustee inspected both locations and talked with the property owners to ensure the material and equipment will be stored until a course of action can be decided at the First Meeting of Creditors (“FMOC”) or first inspectors meeting.

Prolink maintained a bank account with ATB Financial. The Trustee has taken measures to ensure that the bank account of Prolink has been frozen for “deposit only” and any balances in its accounts transferred to the Trustee’s trust account.

At the time of bankruptcy, the Company has indicated on their Statement of Affairs (“SOA”) that they are currently due approximately \$177,000 in accounts receivables (the “receivables”) from various parties. At the time that this report was written approximately \$170,000 of the receivables have been collected and deposited in the Trustees trust account.

Books and Records

The Trustee has taken possession of the books and records of Prolink.

Provable Claims and Secured Claim

At the date of bankruptcy, the Trustee was aware of approximately \$4.33 million of indebtedness owed to various creditors of Prolink the most significant of which is the landlords claim for accelerated rent under the lease.

Legal Proceedings

The Personal Property Registry indicates that an Attachment Order exists between 751534 Alberta Ltd. as Plaintiff and Prolink as Defendant. Calgary Action No. 1601-14720, granted on November 4, 2016 in



the amount of \$3,940,401.75. This garnishment order is now stayed due to Prolink's assignment into bankruptcy.

Reviewable Transactions and Preference Payments

The Personal Property Registry indicates that there is one party (ATB) with registered security. The Trustee has not reviewed the validity of the security and will be taking the proper steps to ensure the secured claim is valid prior to making any distributions to creditors. A preliminary review of the books and records has been made and no reviewable transactions or preference payments noted.

Trustee's Intention to Act

A&M has not acted for any secured creditors, as set out in subsection 13.4(1.1) of the BIA.

A&M has accepted this engagement to act as Trustee, subject to affirmation by the creditors of the trustee's appointment at the first meeting of creditors. It is normal course that the Trustee is compensated based on its standard hourly rates for time hours actually ensured during the administration of the estate. A&M will be seeking approval from the creditors that its fees and costs will be paid on this basis.

Anticipated Realization and Projected Distribution

The Trustee is in the process of seeking a third party appraisal on the inventory and equipment that was discussed above. If the inventory and equipment has any value, the Trustee recommends selling it to an auction company. The Trustee attempts to collect the outstanding receivables of approximately \$7,000. In addition, there may be outstanding tax losses available to recover income taxes that may have been paid in prior years. The Trustee is investigating that potential recovery with the Company's previous tax accountant and if recoveries are available will take appropriate action.

Assets potentially recoverable by the estate and their value are uncertain at this time. Additionally, the validity of the secured creditors security needs to be determined. Consequently, the Trustee is not in a position to determine if any distributions will be available to unsecured creditors at this time.



ALVAREZ & MARSAL CANADA INC.
*In its capacity as the Trustee in Bankruptcy of
Prolink Fabrication Ltd.
and not in it's personal capacity*

Tim Reid, LIT, CIRP, CA
Senior Vice President

