

**IN THE MATTER OF THE BANKRUPTCY OF**

**MANITOK ENERGY INC.**

**OF THE CITY OF CALGARY,  
IN THE PROVINCE OF ALBERTA**

**REPORT ON THE TRUSTEE'S  
PRELIMINARY ADMINISTRATION**

**ESTATE NO. 25-2332583**

On January 10, 2018, Manitok Energy Inc. (“Manitok”) filed a Notice of Intention to File a Proposal (“NOI”) pursuant to Part III, Division I of the Bankruptcy and Insolvency Act (“BIA”). On February 20, 2018, an Order from the Court of Queen’s Bench of Alberta (the “Court”) was granted terminating the NOI proceeding and Manitok was deemed bankrupt. Alvarez & Marsal Canada Inc. (“A&M” or “Trustee”) was appointed as the trustee in bankruptcy of Manitok in the bankruptcy proceeding under estate number 25-2332583.

**Background**

Manitok was incorporated on July 8, 2010, in the Province of Alberta. Manitok is a public company based in Calgary, Alberta, whose outstanding shares of common stock are listed on the TSX Venture Exchange under the symbol “MEI”. Manitok also has two wholly-owned subsidiary corporations called Raimount Energy Corp. (“Raimount”) and Corinthian Oil Corp. (“Corinthian”).

On January 10, 2018 (the “Bankruptcy Event”), Manitok sought protection from its creditors through filing a NOI pursuant to the BIA and a stay of proceedings was obtained on that date. FTI Consulting Canada Inc. (“FTI”) (the “Proposal Trustee”) was named as Proposal Trustee under the NOI. On February 20, 2018, the Court ordered that the time within which Manitok may file a proposal to their creditors was immediately terminated in accordance with section 50.4(11) of the BIA. As a result, Manitok was deemed bankrupt on the Bankruptcy Date and A&M was substituted, in place of FTI, as the trustee in bankruptcy of Manitok and its subsidiary companies, Raimount and Corinthian, in the bankruptcy proceedings.

Simultaneously with the Manitok bankruptcy, on February 20, 2018, A&M was appointed by the Court as the Receiver and Manager (the “Receiver”) of Manitok and Raimount pursuant to a receivership order (the “Order”) granted by the Court.

The receivership and bankruptcy occurred as Manitok was unable to meet its obligations as they generally came due and its assets were less than its liabilities.

Details on the causes and events leading up to Manitok's insolvency can be found on the Receiver's and Trustee's website located at [www.alvarezandmarsal.com/manitok](http://www.alvarezandmarsal.com/manitok) (the "Website")

### **Conservatory & Protective Measures and Preliminary Evaluation of Assets and Details of Security Interests**

Since the Bankruptcy Date, the Receiver has taken possession and control of all the assets of Manitok and took all necessary conservatory measures. The Receiver continues to operate the Company while it develops a plan to sell and/or disclaim assets. The operations and administrative employees have been retained to assist the Receiver with the ongoing operations.

As discussed below, the National Bank of Canada ("NBC"), Stream Asset Financial Management ("Stream") and the Collateralized Exchange Listed Notes ("CEL Notes") have a security interest in the assets of Manitok.

The Trustee's preliminary review of the process and value of the assets indicates that realizations from Manitok's assets will not likely be sufficient to satisfy the secured debt in full.

### **Books and records**

The Receiver has taken possession of the books and records of Manitok and the Trustee will have access as required to complete the administration of the bankruptcy estate. The records of the Company are currently being held at Manitok's office in Calgary, AB.

### **Provable Claims and Secured Claims**

NBC has filed security in the bankruptcy proceedings claiming a security interest in Manitok's real and personal property. The proof of claim indicates that the secured amount required to satisfy Manitok's obligation to NBC is \$36,765,083.44. NBC valued its security at \$36,764,083.44, and as a result, has filed an unsecured claim of \$1,000.00 in the bankruptcy proceedings.

A proof of claim has been filed by Stream and valued its claim at a secured amount of \$58,446,235.

No proof of claim has yet been received by the CEL Notes.

The Trustee has received a number of proof of claims and while there are differences from that noted in the statement of affairs, differences are not material individually or in aggregate.

### **Legal Proceedings**

No legal proceedings have been instituted by the Trustee to date.

The Trustee is not aware of any legal proceedings by or against the Company.

### **Reviewable Transactions and Preference Payments**

The Trustee has conducted a preliminary review of the books and records of Manitok with respect to reviewable transactions and preference payments and has not noted any transactions of significance.

### **Trustee's Intention to Act and Possible Conflict of Interest**

On February 20, 2018, A&M became the Receiver, without security, of all of Manitok's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated, including the proceeds thereof. A copy of the Receivership Order and Notice and Statement of Receiver can be found on the Website. The Receiver had an independent legal opinion of the security of NBC and Stream which indicates both are valid and enforceable against the assets of Manitok. Consequently, the Trustee believes there is no conflict of interest.

### **Anticipated Realization and Projected Distribution**

All of the assets of Manitok are subject to a security interest and as noted above, the Trustee's preliminary review of the realizable value of the assets indicates that realizations will not be sufficient to satisfy the secured debt.

Consequently, it does not appear that there will be any distributions to unsecured creditors or creditors.

**ALVAREZ & MARSAL CANADA INC.**  
**Trustee for the Estate of**  
**Manitok Energy Inc.**



Tim Reid, CPA, CA, CIRP, LIT  
Senior Vice-President

March 20, 2018