

District of Alberta
Division No: 02 - Calgary
Court/Estate No: 25-094159



MEYERS NORRIS PENNY LIMITED

**IN THE MATTER OF THE BANKRUPTCY OF
1135096 ALBERTA LTD.**

TRUSTEE'S PRELIMINARY REPORT

BACKGROUND

1. 1135096 Alberta Ltd. (the "Company") formerly operated a Days Inn & Suites and/or Holiday Inn hotel in Strathmore, Alberta.
2. The Company was adjudged bankrupt pursuant to an order granted by the Court of Queen's Bench of Alberta (the "Court") on May 12, 2011 (the "Bankruptcy Order") and Meyers Norris Penny Limited was appointed Trustee of the Estate (the "Trustee").

CONSERVATORY AND PROTECTIVE MEASURES

3. All of the assets of the Company were sold in early 2011 and therefore no conservatory or protective measures were required.
4. The Trustee will be obtaining the Company's books and records from the Company's former bookkeeper.

ASSET REALIZATION AND PROJECTED DISTRIBUTION

5. As at the date of bankruptcy the realizable assets of the Company consisted of the net proceeds (approximately \$1.5 million) realized from the sale of the Company's assets. These funds are currently held in trust by the Court and are to be released to the Trustee once the appeal period pertaining to the granting of the Bankruptcy Order has expired.
6. Due to the contingent nature of certain creditors' claims against the Company, the Trustee is not able to provide a projected distribution at this time.

SUMMARY OF CLAIMS

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

Description	Amount (\$)
Deemed Trust	21,635.03
Secured	1,305,477.22
Preferred	-
Unsecured	2,142,732.38
Contingent	1.00
	<u>3,469,845.63</u>

8. Below is a summary of proven claims as at 12:00 pm (noon) on June 1, 2011:

Description	Amount (\$)
Deemed Trust	-
Secured	-
Preferred	-
Unsecured	1,925,544.24
Contingent	-
	<u>1,925,544.24</u>

SECURED CREDITORS AND DEEMED TRUST CLAIMS

9. There are eight parties claiming as secured creditors and, if the claims are valid, would rank in priority to the claims of unsecured creditors.
10. Claims that may rank in priority to the claims of the secured creditors include claims of Canada Revenue Agency ("CRA") with respect to unremitted employee source deductions.

LEGAL

11. Subject to approval of the Inspectors (if appointed), the Trustee has retained Gowling Lafleur Henderson LLP as legal counsel.

REVIEW OF TRANSACTIONS

12. The Trustee has not obtained the Company's books and records and therefore cannot comment on whether there are any transactions that would constitute a preference or transfer at undervalue as defined under the *Bankruptcy and Insolvency Act*.

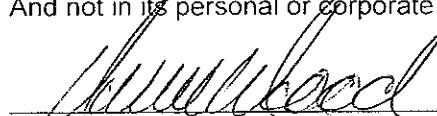
OTHER

13. Meyers Norris Penny Limited was appointed by the Court as Receiver of Squamish JV Ltd., an unsecured creditor of the Company. Any claim filed by Squamish JV Ltd. – In Receivership as against the bankrupt Estate will be subject to review by Inspectors and/or the Court.
14. In order to indemnify the Trustee's reasonable fees and disbursements, Squamish JV Ltd. by its Court appointed Receiver, Meyers Norris Penny Limited, provided a third party guarantee (the "Indemnity"). The Indemnity is not transferable in the event a substitute trustee is appointed as Trustee of the Company.

Dated at Calgary, Alberta this 1st day of June, 2011.

MEYERS NORRIS PENNY LIMITED

In its capacity as Trustee of the Estate of
1135096 Alberta Ltd., a bankrupt
And not in its personal or corporate capacity



Verne Wood, CA - CIRP
Senior Vice President