

**IN THE MATTER OF THE BANKRUPTCY OF
DELFA ENERGY CORP.
TRUSTEE'S PRELIMINARY REPORT TO CREDITORS**

Delfan Energy Corp. (“**Delfan**” or the “**Company**”) filed an assignment in bankruptcy on July 10, 2018 and KPMG Inc. was appointed as the Trustee (the “**Trustee**”) of the Estate. This report has been prepared by KPMG Inc., in its capacity as Trustee of the Estate of Delfan, to provide preliminary information to the Company’s creditors.

BACKGROUND

Delfan is located in Calgary, Alberta. The Company carried on the business of exploration and development of non-hydrocarbon resources and enhanced hydrocarbon recovery.

As a result of the sharp decline in the Alberta economy and challenges with various projects, the Company experienced significant financial difficulties starting in 2015 that it was unable to recover from. In October 2016 all operations ceased.

PRELIMINARY EVALUATION OF ASSETS

Cash

The Company had cash on hand of \$41,797 which is in possession of the Trustee.

Accounts Receivable

The Company has listed \$2,709,936.76 in accounts receivable as follows:

1411723 Alberta Ltd (related entity)	\$1,127,476.25
Jason Demers (shareholder)	\$66,488.37
Normont Energy Inc. (related entity)	<u>\$1,515,972.14</u>
TOTAL	<u>\$2,709,936.76</u>

These receivables have been long outstanding, are due from related parties and are deemed uncollectable.

Fixed assets

At the date of the bankruptcy the Company had no fixed assets. The Company had previously sold all fixed assets which included a fridge, telephone and other office furniture and fixtures. The Company sold these assets prior to the bankruptcy for \$1,500 which was included in the cash amount referenced previously that was paid over to the Trustee.

BOOKS AND RECORDS

The Receiver is in possession of the Company’s financial books and records including electronic records.

PROOFS OF CLAIM

Secured

As of the date of this report, no secured claims have been received.

Preferred

As of the date of this report, no preferred claims have been received.

Unsecured

As of the date of this report, the following proofs of claim from unsecured creditors have been received:

Creditor	Amount	Proxy
HZ Projects	\$18,959.06	

PREFERENCE PAYMENTS & TRANSFERS AT UNDERVALUE

The Trustee has not completed its review for potential Preference Payments and Transfers at Undervalue at this point.

ESTIMATED REALIZATION & DISTRIBUTION

At this time, the Trustee believes that a small distribution may be available to creditors at the conclusion of the administration of the estate. The estimated range of distribution (if any) is unknown at this point. Any dividends will be distributed in the manner and priority described by BIA section 136.

REMUNERATION OF THE TRUSTEE

The cost of the administering this bankruptcy estate including the Trustee's fees and disbursements are being funded from the estate.

KPMG INC.,

Trustee of the Estate of
Delfan Energy Corp.
and not in its personal capacity



Per: Cecil Cheveldave
Vice-President

Dated this 25th day of July, 2018