



**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY
IN BANKRUPTCY**

**IN THE MATTER OF THE RECEIVERSHIP OF
PREMIERE MANUFACTURING LTD.**

RECEIVER'S SECOND REPORT TO THE COURT

INTRODUCTION AND PURPOSE OF REPORT

1. Premiere Manufacturing Ltd. ("Premiere"), by way of its predecessors, has been operating since 1986. Premiere manufactures, distributes, sells and repairs tri-cone rock bits and poly-crystalline diamond compact rock bits throughout Western Canada for use in the oil and gas and mining industries. Premiere's head office is located in Taber, Alberta.
2. Premiere and related companies, namely The Diamond Bullet Corporation, Hat Bit Supply Ltd., R Environmental Labs Ltd., DBC International Inc., and Dunn Trucking Ltd. (collectively, the "Debtor Companies") filed a Notice of Intention to Make a Proposal on October 27, 2008 and Meyers Norris Penny Limited consented to act as Trustee.
3. Pursuant to an Order of the Court of Queen's Bench of Alberta (the "Court") granted December 4, 2008, Meyers Norris Penny Limited was appointed as Interim Receiver (the "Receiver") of all of the current and future assets, undertakings and property of Premiere (the "Property").
4. The purpose of this report is to provide an update to the Court of the Receiver's marketing and sales process to solicit offers for the purchase of the Property.
5. This report constitutes the Receiver's second report to the Court and should be read in conjunction with the Receiver's First Report to the Court dated January 8, 2009 (the "First Report").

SUMMARY OF MARKETING AND SALES PROCESS

6. As noted in the First Report, the Receiver commenced its marketing program to solicit offers for the purchase of the Property on or about December 15, 2008. The Receiver prepared the Invitation for Offers to Purchase which was distributed to 28 prospective purchasers that had expressed an interest in part or all of the Property who had been identified by a review of the Receiver's internal resources and a list provided by Premiere's management including those parties identified at paragraph 41(c) of Rick Souther's November 20, 2008 Affidavit.

7. The Receiver placed advertisements in the Calgary Herald on December 19 and 20, 2008 and the Lethbridge Herald on December 20 and 22, 2008. The Receiver posted a notice of sale on the Receiver's website.
8. The Receiver contacted all of the prospective purchasers via telephone to ensure that the prospective purchasers had received the Invitation for Offers to Purchase and to answer any questions with respect to the sales process.
9. The Receiver made arrangements to provide access to the Property to prospective purchasers who made requests to view the Property.
10. The terms and conditions of sale attached to the Invitation for Offers to Purchase required prospective purchasers to submit offers to the Receiver by 2:00 pm MST on Monday, January 12, 2009.

SUMMARY OF OFFERS TO PURCHASE AND EXPRESSIONS OF INTEREST

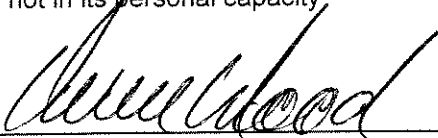
11. The Receiver received ten Offers to Purchase and/or Expressions of Interest (collectively, the "Expressions").
12. The Expressions received varied from the purchase of all assets, auction proposals for all assets, interest in the dill bit inventory and/or interest in the real property. However, none of the Expressions have materialized into any form of offer that could be accepted by the Receiver and thereby presented to the Court for its approval.
13. Although the Receiver has carried on a dialogue with a party that expressed an interest to not only purchase all of Premiere's assets but assets of certain of the other Debtor Companies, at this time it is unknown whether the current negotiations will lead to an offer to purchase that is acceptable to the Receiver or that will be in substance an offer that will permit the Debtor Companies to make viable Proposals to their creditors.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

14. The Receiver's Interim Statement of Receipts and Disbursements for the period December 4, 2008 to February 14, 2009 is attached hereto as Schedule 1.

Respectfully submitted this 19th day of February, 2009.

Meyers Norris Penny Limited
In its capacity as Interim Receiver of
Premiere Manufacturing Ltd.
And not in its personal capacity



Verne Wood, CA • CIRP
Senior Vice President

Premiere Manufacturing Ltd. - In Receivership ("Premiere")
Interim Statement of Receipts and Disbursements
For the Period December 4, 2008 to February 14, 2009

	\$	\$
Receipts		
Cash on Hand		34,712.34
Collection of Accounts Receivable		
Pre-Receivership Accounts Receivable	356,957.66	
Post-Receivership Accounts Receivable	13,230.00	370,187.66
Total Receipts		<u>404,900.00</u>
Disbursements		
Filing Fees (Note 1)		-
Stocktaking and Possession		504.50
Advertising		667.60
Bank Charges		10.00
Operating Expenses		
Rent	11,428.56	
Payroll	80,495.03	
Commissions	97,665.90	
Insurance	16,671.37	
Telephone	4,311.03	
Utilities	126.18	
Courier	105.53	
Computer Services	261.40	
General Operating Expenses	13,391.47	
Maintenance and Repair	2,500.00	
Materials and Supplies	16,685.52	243,641.99
GST Paid (Net)		8,924.96
Professional Fees (Note 2)		
Notice of Intention to Make a Proposal		
Legal Fees and Disbursements	45,000.00	
Trustee's Fees and Disbursements	7,762.64	
Receivership		
Receiver's Fees and Disbursements (Note 3)	37,237.36	90,000.00
Total Disbursements		<u>343,749.05</u>
Excess of Receipts over Disbursements Represented by Cash on Hand		<u><u>61,150.95</u></u>

NOTES**1. Filing Fees**

Filing fees were paid to the Official Receiver and the Court pursuant to Premiere's Notice of Intention to Make a Proposal ("NOI").

2. Professional Fees

Professional fees include the fees and disbursements of Meyers Norris Penny Limited ("MNP") as Trustee under the NOI, Gowling Lafleur Hendersen LLP as Premiere's legal counsel under the NOI, MNP as Receiver and McCarthy Tetrault LLP as the Receiver's legal counsel.

3. Receiver's Fees and Disbursements

The Receiver's fees and disbursements represent the professional services rendered by the Receiver for the period ended January 13, 2009. A schedule of the Receiver's invoices is attached as Schedule 1(a).

Premiere Manufacturing Ltd. - In Receivership
Summary of Interim Receiver's Fees and Disbursements
For the Period December 4, 2008 to February 14, 2009

Invoice #	Invoice Date	Fees \$	Disbursements \$	Subtotal \$	GST \$	Total \$
5802103	15-Dec-08	21,270.00	1,416.90	22,686.90	1,134.34	23,821.24
5809834	14-Jan-09	13,604.00	946.46	14,550.46	727.52	15,277.98
		<u>34,874.00</u>	<u>2,363.36</u>	<u>37,237.36</u>	<u>1,861.86</u>	<u>39,099.22</u>



Court/Estate No. 25-1124515 A.D. 2009
(Consolidated Estate)

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RECEIVER'S SECOND REPORT
TO THE COURT

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