

Estate No.: 25-093734
Court No.: 25-093734



MEYERS NORRIS PENNY LIMITED

PREMIERE MANUFACTURING LTD. – IN RECEIVERSHIP

NOTICE AND STATEMENT OF RECEIVER AND MANAGER
(Subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*)

TAKE NOTICE THAT:

Pursuant to an Order of the Court of Queen's Bench of Alberta 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 properties of Premiere Manufacturing Ltd. (the "Company"). A copy of the Order is attached hereto as Appendix 1.

BACKGROUND

The Company manufactures, distributes, sells and repairs tri-cone rock bits and poly-crystalline diamond compact rock bits for use in the oil and gas industry throughout Western Canada. The Company's head office is located at 6210 - 64 Street, Taber, Alberta T1G 1Z5.

On October 27, 2008, the Company filed a Notice of Intention to Make a Proposal and Meyers Norris Penny consented to act as Trustee.

ASSETS

On December 5, 2008, the Receiver took possession and control of the Company's assets. A list of assets and the net book values are summarized below.

Description (Note 1)	Net Book Value
	\$
Cash on Hand	44,432
Accounts Receivable	454,112
Prepays and Deposits	45,710
Inventory	2,462,201
Land and Building	75,899
Equipment	1,710,342
Vehicles	55,799
Computer Hardware and Software	6,434
Furniture and Fixtures	628
Investment in Related Company (Note 2)	1,490,245
	<u>6,345,802</u>

NOTES:

1. The source of information is the Company's internally prepared, unaudited balance sheet as at November 30, 2008.
2. The investment in related company represents the Company's investment in Hat Bit Supply Ltd. The operations of Hat Bit Supply Ltd. were wound up into the Company.

All of the Company's assets are subject to various lease agreements and a general security agreement held by HSBC Bank Canada. The Receiver has not yet obtained a legal opinion as to the validity and enforceability of these security agreements.

The Receiver will decide on an appropriate and orderly method of liquidating and realizing upon the assets. Once the assets have been disposed of, the receivership of the Company will be summarily wound up.

CREDITORS

Attached as Appendix 2 is a listing of the Company's known creditors, the amount owed to each creditor and the total amount owed, including secured, unsecured and contingent creditors.

OTHER

For the purpose of an orderly liquidation of the Company's assets, the Receiver's intended plan of action during the receivership, to the extent that such a plan has been determined, is as follows:

- The Receiver is continuing operations for a period of time; and
- The Receiver is in the process of soliciting offers to purchase the Company's assets.

The contact person for the Receiver is as follows:

Meyers Norris Penny Limited
300, 622 – 5 Avenue SW
Calgary, AB T2P 0M6

Katherine Bujold, CIRP
Tel: (403) 537-7622
Fax: (403) 537-8437

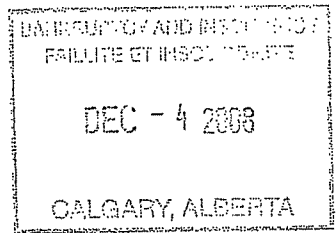
Further information with respect to the receivership proceedings will be posted to the Receiver's website (www.mnpdebt.ca) under the "Corporate Engagements" heading as it becomes available. Should creditors not have access to the internet, copies of other filed materials may be requested by contacting the undersigned at katherine.bujold@mnp.ca or at (403) 537-7622.

Dated at Calgary, Alberta, this 12th day of December 2008.

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



Katherine Bujold, CIRP
Vice President



Court No. 25-1124515
Estate No. 25-1124515

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

IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF AN APPLICATION UNDER SECTION 47.1 OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED**

IN THE MATTER OF THE PROPOSAL OF

**THE DIAMOND BULLET CORPORATION,
PREMIERE MANUFACTURING LTD., HAT BIT SUPPLY LTD.,
DBC INTERNATIONAL INC., DUNN TRUCKING LTD. AND
R ENVIRONMENTAL LABS LTD.**

OF THE TOWN OF TABER, IN THE PROVINCE OF ALBERTA

BEFORE THE HONOURABLE)
JUSTICE J.D.B. McDONALD)
IN CHAMBERS)

At the Calgary Courts Centre, in the City of Calgary,
in the Province of Alberta, on Thursday, the 4th day
of December, 2008.

ORDER

UPON THE application of THE DIAMOND BULLET CORPORATION, PREMIERE MANUFACTURING LTD., HAT BIT SUPPLY LTD., DBC INTERNATIONAL INC., DUNN TRUCKING LTD. and R ENVIRONMENTAL LABS LTD. (the "Debtor Companies"); AND UPON reading the consent of Meyers Norris Penny Limited to act as interim receiver ("Receiver") of PREMIERE MANUFACTURING LTD. (the "Debtor"); AND UPON hearing the submission for counsel for the Debtor Companies, counsel for HSBC Bank Canada, counsel for Loma Moores and Three Cloud Properties Ltd.; AND ALSO hearing from Meyers Norris Penny Limited (the "Trustee");

IT IS HEREBY ORDERED AND DECLARED THAT:

I hereby certify this to be a true copy of the original Order of which it purports to be a copy.

Dated this 4 day of Dec 2008

for Registrar of Calgary
Bankruptcy Division of the
Court of Queen's Bench of Alberta McDonald

APPOINTMENT

1. Pursuant to section 47.1 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("BIA"), Meyers Norris Penny Limited is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

2. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court;
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court and HSBC Bank of Canada ("HSBC") in respect of any transaction not exceeding \$25,000, provided that the aggregate consideration for all such transactions does not exceed \$100,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 shall not be required;

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with HSBC and such affected Persons (as defined below), as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property; and
- (p) to take any steps reasonably incidental to the exercise of these powers;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.

4. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such

information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

5. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

6. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO EXERCISE OF RIGHTS OF REMEDIES

7. All rights and remedies (including, without limitation, set-off rights) against the Receiver or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver to carry on any business which the Debtor is not lawfully entitled to carry

on, (ii) exempt the Receiver from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

RECEIVER TO HOLD FUNDS

8. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court, provided however, that if the Receiver is in receipt of funds, monies, cheques, instruments, and other forms of payments together with a security opinion validating the HSBC security, the Receiver may distribute funds directly to HSBC without further Order of this Court.

EMPLOYEES

9. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.

10. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the

use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

11. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
 - (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
 - (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
 - A. complies with the order, or

- B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Nothing in this Order shall derogate from the protection afforded to the Receiver by Section 14.06 of the BIA or any other applicable legislation.

RECEIVER'S ACCOUNTS

12. Any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Receiver's Charge").
13. The Receiver and its legal counsel shall pass their accounts from time to time.
14. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the

Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

ALLOCATION

15. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge amongst the various assets comprising the Property.

GENERAL

16. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

17. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

18. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

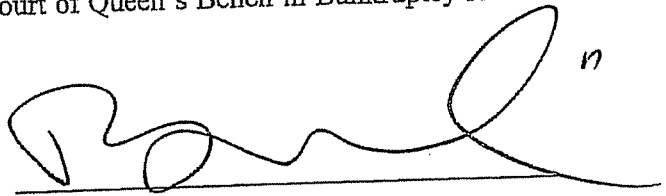
19. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

20. The Applicant shall have its costs of this motion to appoint a Receiver, up to and including entry and service of this Order, on a substantial indemnity basis, which costs shall not exceed \$11,000.00 plus goods and services taxes thereon, to be paid from the Debtor's estate with such priority to be determined by further Order of this Court.

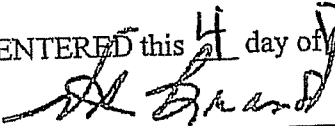

21. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.


FILING

22. This Order is issued and shall be filed in Court of Queen's Bench in Bankruptcy Action
No. 25-1124515.

✓  n

J.C.C.Q.B.A.

ENTERED this 4 day of Dec, 2008
 

CLERK OF THE COURT 

Court No. 25-1124515
Estate No. 25-1124515

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

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF
THE PROPOSAL OF

THE DIAMOND BULLET
CORPORATION,
PREMIERE MANUFACTURING LTD.,
HAT BIT SUPPLY LTD.,
DBC INTERNATIONAL INC.,
DUNN TRUCKING LTD. AND
R ENVIRONMENTAL LABS LTD.

OF THE TOWN OF TABER, IN THE
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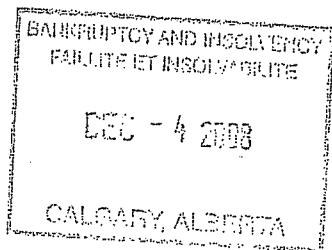
RECEIVERSHIP ORDER

GOWLING LAFLEUR HENDERSON LLP
Barristers & Solicitors
1400, 700 - 2nd Street S.W.
Calgary, Alberta T2P 4V5

Responsible Solicitor:
Craig McMahon

Telephone: (403) 298-1874
Facsimile: (403) 695-3584

File No.: A114525



Premiere Manufacturing Ltd. - In Receivership
List of Known Creditors as at December 4, 2008

Classification	Creditor Name	Amount	Sub Total
		\$	\$
Secured	HSBC Bank Canada	3,050,000	
Secured	Meyers Norris Penny Limited	50,441	
Secured	Gowling Lafleur Hendersen LLP	75,000	
Secured	Dunn Trucking Ltd.	13,175,156	
Secured	R Environmental Labs Ltd.	9,355,633	
Secured	Citicorp Vendor Finance, Ltd.	Unknown	
Secured	General Motors Acceptance Corporation of Canada	Unknown	25,706,229
Unsecured	ADT Security Services	228	
Unsecured	Alberta Health Care Insurance Plan	748	
Unsecured	Artec Alloys	5,581	
Unsecured	AWC	131	
Unsecured	AXA Insurance	2,209	
Unsecured	B&S Publications	300	
Unsecured	BDO Dunwoody LLP	113,052	
Unsecured	BFI Canada	1,233	
Unsecured	Calgary Provincial Court	70	
Unsecured	Canada Revenue Agency (GST)	12,983	
Unsecured	Canada Revenue Agency (Source Deductions)	45,430	
Unsecured	City of Red Deer	50	
Unsecured	Dennis Mobile Glass	420	
Unsecured	Devonia Holdings	731	
Unsecured	Direct Energy	599	
Unsecured	Enmax	4,813	
Unsecured	Globalstar	895	
Unsecured	Hi Tech Seals	110	
Unsecured	HSBC Mastercard	12,044	
Unsecured	INS Software	867	
Unsecured	Josie Pitre	2,495	
Unsecured	Kost Fire Safety	294	
Unsecured	Lethbridge Mobile Shred	117	
Unsecured	London Life	5,850	
Unsecured	Midwest Communications	368	
Unsecured	Minister of Finance	132	
Unsecured	Nickles Energy	1,649	
Unsecured	Overhead Door	303	
Unsecured	Pitney Bowes	145	
Unsecured	Pitney Works	248	
Unsecured	Purolator Courier	64	
Unsecured	R Environmental Labs Ltd.	162,977	
Unsecured	Richard Low	730	
Unsecured	Rick Souther	13,439	
Unsecured	Rogers	106	
Unsecured	Rosenau Transport	207	
Unsecured	Saskatchewan Finance	1,232	
Unsecured	Shell Canada	20,995	
Unsecured	Superior Propance	1,000	
Unsecured	Taber License and Registry	148	
Unsecured	Taber Temp	279	
Unsecured	Telus Communications	5,716	
Unsecured	Telus Mobility	10,755	

Premiere Manufacturing Ltd. - In Receivership
List of Known Creditors as at December 4, 2008

Classification	Creditor Name	Amount	Sub Total
		\$	\$
Unsecured	TNS Business Centre	1,476	
Unsecured	Town of Taber	6,394	
Unsecured	TSG Insurance	4,634	
Unsecured	UFA Co-op	6,014	
Unsecured	Unifirst Canada	485	
Unsecured	Water Pure & Simple	557	
Unsecured	Western Canada Welding	5,090	
Unsecured	Workers' Compensation Board	3,785	
Unsecured	Worksafe BC	53	
Unsecured	Xerox Canada	3,118	463,347
Contingent	Jacqueline Koebel	26,640	
Contingent	Lorna Moores/Three Cloud Properties Ltd.	4,900,000	4,926,640
			<u>31,096,216</u>