

September 13, 2023

To the Creditors of Cabo Drilling Corp., Cabo Drilling (Pacific) Corp., Cabo Drilling (Ontario) Corp., Cabo Drilling (Atlantic) Corp.

Dear Sirs/Mesdames:

Re: In the Matter of the Consolidated Bankruptcies of Cabo Drilling Corp., Cabo Drilling (Pacific) Corp., Cabo Drilling (Ontario) Corp., Cabo Drilling (Atlantic) Corp. ("Cabo Companies")

Please be advised that of Cabo Drilling Corp., Cabo Drilling (Pacific) Corp., Cabo Drilling (Ontario) Corp. filed assignments in bankruptcy on August 17, 2023 and Cabo Drilling (Atlantic) Corp. filed an assignment in bankruptcy on August 16, 2023. McEown and Associates Ltd. was appointed as Trustee.

Following the assignments in bankruptcy, the Trustee made an application to Court to consolidate the estates of the Cabo Companies.

Please find enclosed the Creditor Package with the following documents:

1. Notice of Bankruptcy and First Meeting of Creditors (Form 68)
2. Certificate of Appointment
3. Consolidation Order
4. Statement of Affairs (Summary) and List of Creditors
5. Proof of Claim, Proxy and Instructions

The Meeting of Creditors will be held via video conference, and we advise the creditors of the location and date of the meeting as follows:

Date and Time:	Monday, September 25, 2023, at 2:00 pm (PST)
Place:	Via video conference call
Meeting ID:	270 479 846 867
Passcode:	jQuLje

Please be reminded that in order to be entitled to vote at the meeting, a creditor must file with the Trustee, before the meeting, a proof of claim and, where necessary a proxy. Please send your proof of claim and proxy via mail, email (dr@mceownassociates.ca) or facsimile (604-558-8021) to the Trustee prior to the meeting.

Should you have any questions please contact Daria Roi at (604) 558-8016 or by email at dr@mceownassociates.ca.

Yours very truly,

McEown and Associates Ltd.

Trustee in the Matter of the Consolidated Bankruptcies of
Cabo Drilling Corp., Cabo Drilling (Pacific) Corp.,
Cabo Drilling (Ontario) Corp., Cabo Drilling (Atlantic) Corp.

Per:  John McEown, CPA, CA, CRRP, LIT

District of: British Columbia
Division No. 03 - Vancouver
Court No. B230368
Estate No. 11-2976467

FORM 68
Notice of Bankruptcy, First Meeting of Creditors
(Subsection 102(1) of the Act)

Original Amended


In the Matter of the Bankruptcy of
CABO DRILLING (ONTARIO) CORP.
of the city of New Westminster
in the Province of British Columbia

Take notice that:

1. CABO DRILLING (ONTARIO) CORP. filed (or was deemed to have filed) an assignment (or a bankruptcy order was made against CABO DRILLING (ONTARIO) CORP.) on the 17th day of August 2023 and the undersigned, McEown and Associates Ltd., was appointed as trustee of the estate of the bankrupt by the official receiver (or the Court); subject to affirmation by the creditors of the trustee's appointment or substitution of another trustee by the creditors.
2. The first meeting of creditors of the bankrupt will be held on the 25th day of September 2023 at 2:00 PM at via video conference, Meeting ID: 270 479 846 867, Passcode: jQuLje.
3. To be entitled to vote at the meeting, a creditor must file with the trustee, before the meeting, a proof of claim and, where necessary, a proxy.
4. Enclosed with this notice are a proof of claim form, proxy form and list of creditors with claims amounting to \$25 or more showing the amounts of their claims.
5. Creditors must prove their claims against the estate of the bankrupt to share in any distribution of the proceeds realized from the estate.

Dated at the city of Vancouver in the Province of British Columbia, this 13th day of September 2023.

McEown and Associates Ltd. - Licensed Insolvency Trustee
Per:



John McEown - Licensed Insolvency Trustee
110 - 744 West Hastings Street
Vancouver BC V6C 1A5
Phone: (604) 558-8020 Fax: (604) 558-8021



Industry Canada

Industrie Canada

Office of the Superintendent
of Bankruptcy Canada

Bureau du surintendant
des faillites Canada

District of: BRITISH COLUMBIA

Division No.: 03 - Vancouver

Court No.: B-230371

Estate No.: 11-2976597, 11-2976488, 11-2976467, 11-2976291

In the Matter of the Bankruptcy of:
Cabo Drilling Corp., Cabo Drilling (Pacific) CorpCabo Drilling
(Ontario) Corp., Cabo Drilling (Atlantic) Corp.
Debtor

MCEOWN AND ASSOCIATES LTD.

Licensed Insolvency Trustee

ORDINARY ADMINISTRATION
Security: \$*,***

Date and time of bankruptcy: August 17, 2023, 11:40

Date of trustee appointment: August 17, 2023

Meeting of creditors: September 25, 2023, 14:00
Via Video Conference
Meeting ID: 270 479 846 867 PC: jQuLje
Vancouver, BRITISH COLUMBIA

Chair: Official Receiver

CERTIFICATE OF APPOINTMENT Section 49 of the Act; Rule 85

I, the undersigned, official receiver in and for this bankruptcy district, do hereby certify that:

- the aforementioned debtor filed an assignment under section 49 of the Bankruptcy and Insolvency Act;
- the aforementioned trustee was duly appointed trustee of the estate of the debtor.

The said trustee is required:

- to provide to me, without delay, security in the aforementioned amount;
- to send to all creditors, within five days after the date of the trustee's appointment, a notice of the bankruptcy; and
- when applicable, to call in the prescribed manner a first meeting of creditors, to be held at the aforementioned time and place or at any other time and place that may be later requested by the official receiver.

E-File / Dépôt électronique

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, BRITISH COLUMBIA, V6B 6E1, 877/376-9902





Court No. B-230371
Estate No. 11-2976597
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE BANKRUPTCY AND INSOLVENCY**

IN THE MATTER OF THE BANKRUPTCY OF CABO DRILLING CORP.

ORDER MADE AFTER APPLICATION

BEFORE **JUSTICE FRANCIS**) THE 7th DAY OF SEPTEMBER 2023
)
)

ON THE APPLICATION of McEown & Associates Ltd., in its capacity as Trustee in Bankruptcy of Cabo Drilling Corp. ("Cabo"), Cabo Drilling (Pacific) Corp. ("Cabo Pacific"), Cabo Drilling (Ontario) Corp. ("Cabo Ontario"), and Cabo Drilling (Atlantic) Corp. ("Cabo Atlantic") (together hereinafter referred to as the "Cabo Companies"), coming on for hearing at the Courthouse at 800 Smithe Street, Vancouver, British Columbia on the 7th day of September, 2023 and on hearing Jeremy West, counsel for Cabo Companies, and those other counsel listed on Schedule "A" hereto, AND UPON READING the materials filed herein; AND PURSUANT TO the *Bankruptcy and Insolvency Act*, R.S.C. 1983 c. 8-3 (the "BIA") and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS that:

1. The time for service of this Notice of Application is abridged and service upon any interested party other than those parties identified on the Service List is hereby dispensed with.
2. The estates in bankruptcy of the following companies are procedurally consolidated:
 - a. Cabo Drilling Corp., Court No. B-230371 and Estate No. 11-2976597, Vancouver Registry;
 - b. Cabo Drilling (Pacific) Corp., Court No. B-230370 and Estate No. 11-2976488, Vancouver Registry;
 - c. Cabo Drilling (Ontario) Corp., Court No. B-230368 and Estate No. 11-2976467, Vancouver Registry; and

- d. Cabo Drilling (Atlantic) Corp., Court No. B-230369 and Estate No 11-2976291, Vancouver Registry.

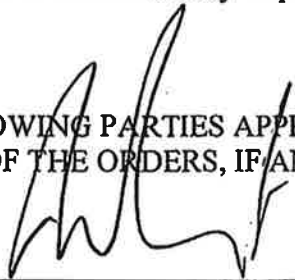
(the "Consolidated Estate")

3. The Consolidated Estate is assigned a single Court file number of B-230371 and the title of proceeding shall be "*In the Matter of the Bankruptcy of Cabo Drilling Corp., Cabo Drilling (Pacific) Corp., Cabo Drilling (Ontario) Corp., and Cabo Drilling (Atlantic) Corp.*".
4. McEown & Associates Ltd. (the "Trustee") is authorized to administer the bankrupt estates of the Cabo Companies as if such estates were a single bankrupt estate for the purpose of carrying out its duties and responsibilities as trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") with respect to the administration of the bankrupt estates generally, including without limitation:
 - a. allowing meetings of creditors and inspectors in the bankrupt estates of the Cabo Companies to be convened through one combined advertisement and conducted jointly, provided that the results of any creditors' vote shall be separately tabulated for each such bankrupt estate;
 - b. authorizing the use of a consolidated form of proof of claim which directs creditors to identify the bankrupt estate in which a claim is made for voting and distribution purposes;
 - c. authorizing the Trustee to issue consolidated reports in respect of the bankrupt estates of the Cabo Companies;
 - d. authorizing a consolidated making, filing, advertising and distribution of all filings and notices in the bankrupt estates of the Cabo Companies required under the BIA;
 - e. providing for the election of a single group of inspectors for the consolidated bankrupt estates of the Cabo Companies, unless an objection is raised at the first meeting of creditors in which case separate groups of inspectors shall be elected for the bankrupt estate(s) in which an objection was raised;
 - f. authorizing the Trustee to open a single consolidated estate bank account for the Cabo Companies;
 - g. authorizing the Trustee to conduct all such other administrative duties and responsibilities to be carried out by a trustee in the administration of a bankrupt estate.
5. The Trustee is authorized and directed to file all documents in any of the Cabo Companies' bankrupt estates in the Court file number B-230371, and to file separately a

copy of this order in the original Court file for each of the Cabo Companies' bankrupt estates.

- 6. Endorsement of this Order by counsel appearing on this application other than counsel for the Trustee is hereby dispensed with.

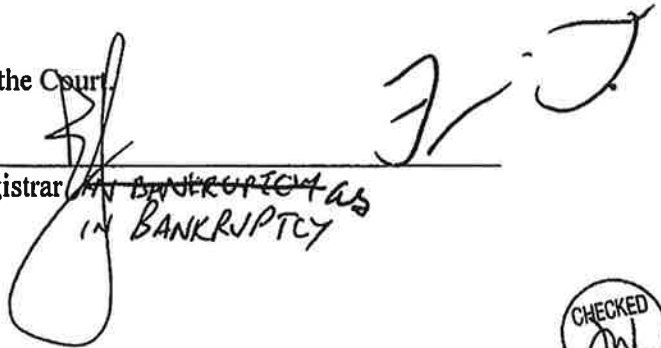
THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of Jeremy D West
 Counsel for McEown & Associates Ltd.,
 in its capacity as Trustee in Bankruptcy of
 Cabo Drilling Corp,
 Cabo Drilling (Pacific) Corp.,
 Cabo Drilling (Ontario) Corp, and
 Cabo Drilling (Atlantic) Corp.

By the Court.

Registrar ~~AT BANKRUPTCY AS~~
 IN BANKRUPTCY




Schedule "A"- List of Counsel Appearing

Jeremy D. West	Counsel for McEown & Associates, in its capacity as Trustee in Bankruptcy of Cabo Drilling Corp, Cabo Drilling (Pacific) Corp., Cabo Drilling (Ontario) Corp, and Cabo Drilling (Atlantic) Corp.

Court No. B-230371
Estate No. 11-2976597
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH
COLUMBIA
IN THE BANKRUPTCY AND INSOLVENCY**

IN THE MATTER OF THE BANKRUPTCY OF CABO
DRILLING CORP.

ORDER MADE AFTER APPLICATION

File No.: 231891-0010
Initials: JDW:cc

WATSON GOEPEL LLP
Lawyers
Suite 1200 - 1075 West Georgia Street
VANCOUVER, B.C.
V6E 3C9

Tel: (604) 688 1301
Fax: (604) 688 8193
Email: litigationservice@watsongoepel.com

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2976467

Original Amended

-- Form 78 --

B-230368

Statement of Affairs (Business Bankruptcy) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the Matter of the Bankruptcy of
 CABO DRILLING (ONTARIO) CORP.
 of the city of New Westminster
 in the Province of British Columbia



To the bankrupt:

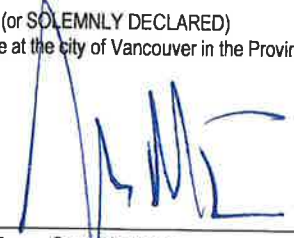
You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the bankruptcy, on the 16th day of August 2023. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

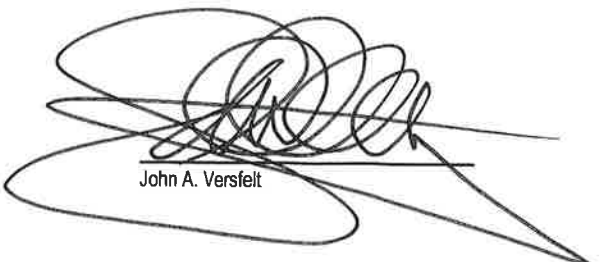
LIABILITIES (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A"	6,594,225.61
Balance of secured claims as per list "B"	717,979.93
Total unsecured creditors	7,312,205.54
2. Secured creditors as per list "B"	908,140.35
3. Preferred creditors as per list "C"	0.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for	0.00
Total liabilities	8,220,345.89
Surplus	NIL

ASSETS (as stated and estimated by the officer)	
1. Inventory	20,000.00
2. Trade fixtures, etc.	0.00
3. Accounts receivable and other receivables, as per list "E"	
Good	13,140.35
Doubtful	0.00
Bad	4,440,865.76
Estimated to produce	13,140.35
4. Bills of exchange, promissory note, etc., as per list "F"	0.00
5. Deposits in financial institutions	0.00
6. Cash	0.00
7. Livestock	0.00
8. Machinery, equipment and plant	100,000.00
9. Real property or immovable as per list "G"	775,000.00
10. Furniture	0.00
11. RRSPs, RRIFs, life insurance, etc.	0.00
12. Securities (shares, bonds, debentures, etc.)	0.00
13. Interests under wills	0.00
14. Vehicles	0.00
15. Other property, as per list "H"	0.00
If bankrupt is a corporation, add:	
Amount of subscribed capital	0.00
Amount paid on capital	0.00
Balance subscribed and unpaid	0.00
Estimated to produce	0.00
Total assets	908,140.35
Deficiency	7,312,205.54

I, John A. Versfelt, of the city of Maple Ridge in the Province of British Columbia, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of the affairs of the Corporation on the 16th day of August 2023 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
 before me at the city of Vancouver in the Province of British Columbia, on this 16th day of August 2023.


 John McEown, Commissioner for Taking Affidavits
 For the Province of British Columbia
 McEown and Associates Ltd.
 Expires May 31, 2025


 John A. Versfelt

John D. McEown
 A Commissioner for taking Affidavits for the
 Province of British Columbia
 My Commission Expires on May 31, 2025

Creditor Mailing List

In the Matter of the Bankruptcy of
CABO DRILLING (ONTARIO) CORP.
of the city of New Westminster
in the Province of British Columbia

Creditor Type	Name	Attention	Address	Claim \$
Secured	CRA - Tax - Pacific		Payroll Source Deductions	626,120.28
	National Bank of Canada - MasterCard c/o		Bank Loan	282,020.07
	FCT Default Solutions			
Unsecured	Cabo Drilling (Atlantic)			690,026.32
	Cabo Drilling (Pacific) Corp.			685,012.26
	Cabo Drilling Corp.			1,426,988.23
	Cabo Drilling International			508,163.91
	Cabo Drilling Labrador			110,490.11
	CRA - Canada Revenue Agency - Tax - Northern Ontario Regional	Collections/Compliance Centre	Revenue Quebec	76,696.00
	CRA - Tax - Pacific		Payroll Source Deductions	643,568.13
	CRA - Tax - Pacific		GST/HST	592,688.00
	Enbridge Gas (489404)			10,108.58
	Epiroc			73,848.31
	Forages Cabo			1,393,830.52
	Hydro One Networks Inc.			7,193.08
	INFOSAT Telecommunications			5,548.14
	Linde Canada Limited			25,131.74
	Minister of Revenue of Quebec			75,704.70
	National Bank of Canada - MasterCard c/o		Bank Loan	717,979.93
	FCT Default Solutions			
	Northern Telephone Limited			991.47
	Reflex Instrument North America			94,419.69
	The Town of Kirkland Lake			21,208.65
Workplace Safety and Insurance Board	Eric Kupka		152,346.77	
Xplornet Internet Services			261.00	

District of: British Columbia
Division No. 03 - Vancouver
Court No. B230368
Estate No. 11-2976467

- FORM 31 -

Proof of Claim

(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the Matter of the Bankruptcy of
CABO DRILLING (ONTARIO) CORP.
of the city of New Westminster
in the Province of British Columbia

All notices or correspondence regarding this claim must be forwarded to the following address:

In the matter of the bankruptcy of CABO DRILLING (ONTARIO) CORP. of the city of New Westminster in the Province of British Columbia and the claim of _____, creditor.

I, _____ (name of creditor or representative of the creditor), of the city of _____ in the province of _____, do hereby certify:

1. That I am a creditor of the above named debtor (or I am _____ (position/title) of _____ creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of bankruptcy, namely the 16th day of August 2023, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ _____

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)

Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
(Attach a copy of sales agreement and delivery receipts.)

District of British Columbia
Division No. 03 - Vancouver
Court No. B230368
Estate No. 11-2976467

FORM 31 --- Concluded

In the Matter of the Bankruptcy of
CABO DRILLING (ONTARIO) CORP.
of the city of New Westminster
in the Province of British Columbia

- E. CLAIM BY WAGE EARNER OF \$ _____
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____.
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____.
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____.
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ _____.
- G. CLAIM AGAINST DIRECTOR \$ _____

(To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I _____ (am/am not) (or the above-named creditor _____ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____.

Witness

Creditor

Phone Number: _____
Fax Number : _____
E-mail Address : _____

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

District of: British Columbia
Division No. 03 - Vancouver
Court No. B230368
Estate No. 11-2976467

FORM 36
Proxy
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the Matter of the Bankruptcy of
CABO DRILLING (ONTARIO) CORP.
of the city of New Westminster
in the Province of British Columbia

I, _____, of _____, a creditor in the above matter, hereby
appoint _____, of _____, to be
my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without)
power to appoint another proxyholder in his or her place.

Dated at _____, this _____ day of _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:

McEown and Associates Ltd. - Licensed Insolvency Trustee

110 - 744 West Hastings Street
Vancouver BC V6C 1A5
Fax: (604) 558-8021
E-mail: mt@mceownassociates.ca

INSTRUCTIONS FOR COMPLETING PROOFS OF CLAIM

This checklist is provided to assist you in preparing a proof of claim form, and where required, proxy form in a complete and accurate manner. Please specifically check each requirement. **CLAIMS NOT COMPLETED CORRECTLY IN EVERY RESPECT WILL BE RETURNED.**

GENERAL

- * The signature of a witness is required.
- * The claim must be signed personally by the **individual** completing this declaration.
- * Give the complete address where all notices or correspondence is to be forwarded.
- * The amount on the Statement of Account must correspond to the amount on the proof of claim.

PARAGRAPH (1)

- * The creditor must state full and complete legal name of company or firm.
- * If the individual completing the proof of claim is not the creditor himself, he must state his position or title.

PARAGRAPH (3)

- * **A detailed statement of account must be attached.** If the claim is for a guarantee, a copy of the guarantee must be attached.
- * The Schedule A or Statement of Account must be complete and detailed and must show the date, the number and the amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments. A statement of account is **not** complete if it begins with an amount brought forward.

PARAGRAPH (4)

- * An unsecured creditor must strike out sub-paragraphs B, C, D and E.
- * A preferred creditor (as allowed by section 136 of the *Bankruptcy and Insolvency Act*) must strike out sub-paragraphs B, C, D and E and must complete sub-paragraph A by checking the appropriate description.
- * A secured creditor must strike out sub-paragraphs A, B, D and E and must complete sub-paragraph C and provide a certified true copy of the security instrument as registered.
- * A farmer, fisherman or aquaculturist must strike out sub-paragraphs A, B, C and E. A claim by a farmer, fisherman or aquaculturist must attach a copy of the sales agreement and delivery documents.

PARAGRAPH (5)

- * All claimants must indicate if he or she is related or not to the debtor, as defined in Section 4 of the *Bankruptcy and Insolvency Act*, by striking out "AM" or "AM NOT".

PARAGRAPH (6)

- * All claimants must attach a detailed list of all payments or credits received or granted, as follows:
 - (a) within the three (3) months preceding the bankruptcy or the proposal, in the case where the claimant and the debtor are not related.
 - (b) within the twelve (12) months preceding the bankruptcy or the proposal, in the case where the claimant and the debtor are related.

Excerpt from the *Bankruptcy and Insolvency Act*

**PREFERRED CLAIMS
SECTION 136 (CONDENSED)**

ORDER OF DISTRIBUTION (Subject to secured creditors)

- (1) The cost of administration of the estate.
 - (a) The expenses and fees of the Trustee
 - (b) Legal costs of the estate
- (2) Wages, salaries and commissions for services rendered in the six months preceding the bankruptcy, to a maximum of \$2,000 per person, together with expenses of a traveling salesman incurred in this same period to a maximum of \$1,000.
- (3) Municipal taxes assessed within two years preceding the bankruptcy which do not constitute a charge on real property, restricted to the value of the bankrupt's interest in the property.
- (4) The Landlord for arrears of rent for a period of three months preceding the bankruptcy, and accelerated rent for a period not exceeding three months subsequent to the bankruptcy, if provision is made in the lease. The Landlord's preferred claim is limited to the proceeds from the sale of the assets on the premises under lease at the date of the bankruptcy and any payments made by the Trustee on account of accelerated rent shall be credited by the Landlord against the amount payable by the Trustee for occupation rent.
- (5) One solicitor's bill of costs, including sheriff's fees and land registration fees, shall be payable to the creditor who has first attached by way of garnishment or lodged with the sheriff an attachment, execution or other process against the property of the Bankrupt.
- (6) Claims resulting from injuries to employees of the Bankrupt to which the provision of Workers' Compensation Act do not apply, but only to the extent of monies received from persons or companies guaranteeing the Bankrupt against damages resulting from such injuries, such as liability insurance policies.

A creditor whose rights are restricted by this Section is entitled to rank as an unsecured creditor for any balance of his claim.