

# Community Newsletter

August 30, 2020



## PTEI CONSTRUCTION AND LOGGING OPERATIONS FOR IMMEDIATE RELEASE

As of August 30, 2020, Peerless Trout Enterprise Inc. (PTEI) has ceased operations of its construction and logging operations and has undertaken a business review of the assets, liabilities and circumstances leading this unavoidable decision. Further, the review will develop a plan going forward that will protect PTFN resources and create future opportunities.

### Construction Operations

Around 2013 the price of oil Canadian oil (WCS) was over \$90/barrel and Alberta was booming. Companies were making money- lots of money. Then in early 2014 the oil price began to collapsed to around \$30 a barrel.

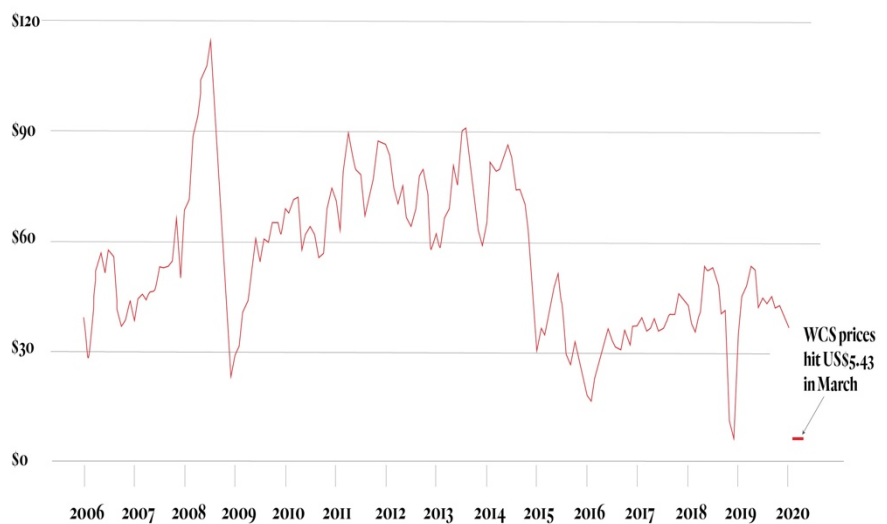
This caused hundreds of oil and gas companies to close their doors and many were forced into bankruptcy.

There was a short uptick in the price of oil, but then a few months ago it fell again to a never seen before \$5/barrel and lower this past march.

This was the final nail in the coffin, hundreds of Alberta companies shut down, all of them losing millions of dollars.

With all the bankruptcies in Alberta, in each case all their assets were sold for whatever they could get and all the employees were laid off, over 200,000 thousand employees lost their jobs in the oil and gas sector.

Price per barrel (USD) of Western Canadian Select Jan. 2006 - March 2020



*The difficult, but right decision was made to shut down operations and stop the loss of Band resources.*

Your administration put millions of dollars into your company in order to save the business the jobs.

Unfortunately, the market has not returned to a point where it could continue and the Band could not continue to lose money. The difficult, but right decision was made to shut down operations and stop the loss of Band resources.

Protecting and supporting the members who work at PTEI has always been the priority, Council had no choice except to act this week because staff payroll was going to bounce without some type of intervention and Council wanted to ensure money for staff payroll came before other PTEI creditors.

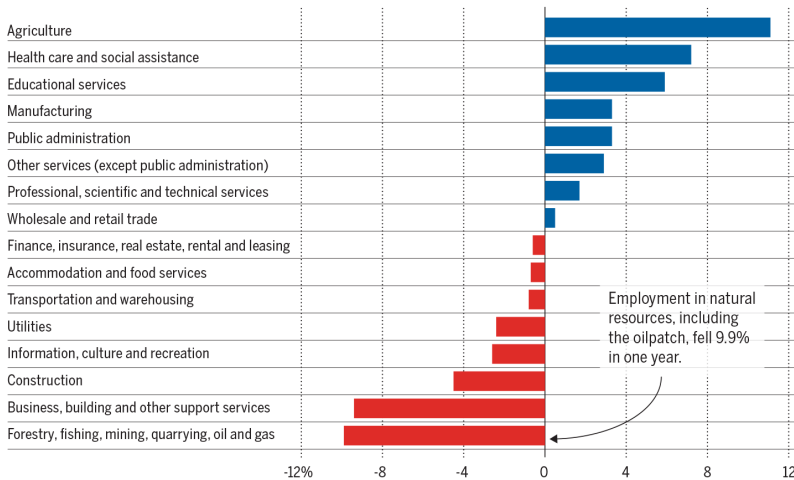
## Logging Operations

When the idea to starting a logging company was first proposed, at first glance it looked to be a great idea and a so called 'experts' and a lawyer were brought in to develop the business plan.

It all looked good but there was a fundamental mistake with the plan.

### WHERE ALBERTA'S NEW JOBS ARE — AND AREN'T

Employment in health care and education showed strong gains in Alberta in September over 2018. In one year, more than 29,000 jobs were created in these industries. However, there were 15,000 jobs lost in natural resources, many of them in Alberta's oilpatch. There were 11,000 fewer people working in construction.



SOURCE: STATISTICS CANADA

DARREN FRANCEY / POSTMEDIA

The plan overestimated the amount of equipment needed and instead of growing the operations, all the equipment was leased at the beginning which resulted in several very expensive pieces of equipment sitting idle, yet the payments continued.

PTEI has lost significant money every year and even though the administration did everything possible to save it, the burden of the equipment lease payments was just not possible to overcome and PTFN could no longer continue to put band money into a money losing operation.

As a result, there was no choice but to shut down operations.

## TASK AT HAND

- Limit the losses to your Nation (in the millions)
- Prevent the company from declaring bankruptcy
- Collect the money owed to the companies (\$500,000 to \$600,000)
- Develop a restart plan

Each of these tasks are well underway.

With the help of Lee Day, Jason Wigton, Saralee Letendre and Terry Okemow, we been very focused on each of these tasks and the money owed is beginning to come in, including Highwood oil who will be paying their debt which itself is about \$200,000,00.

A big thank you to all the above for their continued efforts.

One of the biggest concerns is the loss we were going to face when the equipment was sold off. I brought in two very knowledgeable people to help me on this file Dave Drover and Steve Young.

Early finding are positive including that we outright own several pieces of equipment and there is a good demand for this used logging equipment. This will offset some of the loss that so we don't owe as much as we had initially thought.

Dave and Steve have contacted and will be negotiating with a logging company to sub contract existing logging agreements. The priority is to negotiate terms of hiring our operators, using our camp and a possible share of the revenue. We will advise on those discussions as the develop.

Having identified construction equipment that is fully owned we are looking to restart some construction activities where possible including a contract for what looks like a fall till spring work with Conoco. Again, with our paid equipment more people are could be going back to work.

Where ever possible we will also put to work members who own and operate their own companies we hope to know more in the coming week.

Chris Wilson has been a guiding hand through all of this and Shane Metsikassus has provided valuable help and support to me as I work through all the issues. Being able to deal with this as effectively as possible can only happen with the PTFN administration being steadfastly behind us in our efforts.

While I am unable to attend the Townhall meeting we are working to set up a teleconference at the meeting where I will answer your questions, if I don't have that answer, I will find out about it and put it in the newsletter, I encourage you attend. I valve your input and for those of you that don't feel comfortable speaking into a microphone, pass your questions onto Jason and he ask them on your behalf

These are your resources; your future and decisions are being made to protect that resource now and for the future.

Thank you and stay positive.

Sincerely,

A handwritten signature in black ink that reads "Robert J. Van Hook". The signature is written in a cursive style with a large initial "R".

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Bob Van Hook  
President  
BVH Business Advisory Group