



**IN THE MATTER OF THE BANKRUPTCY OF
TRAKOPOLIS IoT CORP.**

**OF THE CITY OF CALGARY,
IN THE PROVINCE OF ALBERTA**

**REPORT ON THE TRUSTEE'S
PRELIMINARY ADMINISTRATION**

ESTATE NO. 25-2581252

On November 7, 2019, Trakopolis IoT Corp. (“**Trak IoT**” or the “**Company**”) filed a Notice of Intention to File a Proposal (“**NOI**”) pursuant to Part III, Division I of the Bankruptcy and Insolvency Act (“**BIA**”). On January 27, 2020, Trak IoT was deemed to have filed an assignment in bankruptcy pursuant to s.50.4 of the BIA. Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as the Licensed Insolvency Trustee (the “**Trustee**”) of Trak IoT by the Official Receiver, subject to affirmation by the creditors of the Trustee’s appointment or substitution with another trustee by the creditors of the Company.

Background

Trak IoT was incorporated on April 14, 1999, in the Province of British Columbia. Trak IoT is a public company based in Calgary, Alberta, whose outstanding shares of common stock are listed on the TSX Venture Exchange under the symbol “**TRAK**”. Trak IoT has a wholly owned subsidiary corporation called 2007996 AB Ltd. (“**200 AB Ltd.**”) (formerly, Trakopolis SaaS Corp. or “**SaaS**”). Trak IoT’s only assets and or interest are the common shares in 200 AB Ltd. Both 200 AB Ltd. and Trak IoT are commonly referred to as “**Trak**” herein.

Trak was a software company with proprietary, cloud-based solutions for real-time tracking, data analysis and management of corporate assets such as equipment, devices, vehicles and workers. The Company’s asset management platform worked across a variety of networks and devices. The Company had a diversified revenue stream from many verticals including oil and gas, forestry, transportation, construction, rentals, urban services, mining, government and others.

Around late October 2019, the Company was delivered a demand letter and notice of intention to enforce security under the BIA from its secured lender and the subsequent halt of trading of the Company's shares on the TSX Venture Exchange on November 4, 2019. The Company’s secured lender, ESW Holdings, Inc. (“**ESW**”), was owed approximately \$3.5 million USD.

On November 7, 2019, Trak IoT sought creditor protection through filing a NOI pursuant to the BIA and a stay of proceedings was obtained on that date. A&M was named as Proposal Trustee under the NOI (the “**Proposal Trustee**”).

There are no remaining assets and/or cash available in the Trak IoT estate, except for the common shares of 200 AB Ltd.

Details on the causes and events leading up to Trak insolvency, the NOI proceedings and the sale transaction of the SaaS assets that were approved by the Court, can be found on the Proposal Trustee’s and Trustee’s website located at www.alvarezandmarsal.com/trakopolis (the “**Website**”).

Conservatory & Protective Measures and Preliminary Evaluation of Assets and Details of Security Interests

As at the Bankruptcy Date, the Trustee confirmed that there are no realizable assets within the estate.

The Trustee maintains a trust account with the Royal Bank of Canada. The Trustee has confirmed that the account balance is \$0.

Books and Records

The Trustee has taken possession of the books and records of Trak IoT and the Trustee will have access as required to complete the administration of the bankruptcy estate. The records of the Company are currently being held at Trak IoT’s office in Calgary, AB.

Provable Claims and Secured Claims

ESW has filed security in the bankruptcy proceedings claiming a security interest in Trak IoT’s real and personal property. The proof of claim indicates that the secured amount required to satisfy Trak IoT’s obligation to ESW is USD\$606,000. ESW valued its security at approximately USD\$531,000, and as a result, has filed an unsecured claim of USD\$75,800 in the bankruptcy proceedings.

The Trustee has received a number of unsecured proof of claims and while there are differences from that noted in the statement of affairs, differences are not material individually or in aggregate.

Legal Proceedings

No legal proceedings have been instituted by the Trustee to date.

The Trustee is not aware of any legal proceedings by or against the Company.

Reviewable Transactions and Preference Payments

The Trustee has conducted a preliminary review of the books and records of Trak IoT with respect to reviewable transactions and preference payments and has not noted any transactions of significance.

Trustee's Intention to Act

A&M has accepted this engagement to act as Trustee, subject to affirmation by the creditors of the Trustee's appointment at the first meeting of creditors.

Anticipated Realization and Projected Distribution

There are no remaining assets available that are capable of realization to distribute for the benefit of the creditors in the bankruptcy proceedings. As a result, the Trustee believes there will be no recoveries to the secured and unsecured creditors of the Company.

ALVAREZ & MARSAL CANADA INC.

*In its capacity as the Licensed Insolvency Trustee in Bankruptcy of
Trakopolis IoT Corp.
and not in its personal or corporate capacity*



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