

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE PROPOSAL OF  
FT ENE CANADA INC.,  
OF THE CITY OF BRANTFORD,  
IN THE PROVINCE OF ONTARIO**

**FIRST REPORT TO THE COURT SUBMITTED BY MNP LTD.,  
IN ITS CAPACITY AS TRUSTEE IN RE THE PROPOSAL  
OF FT ENE CANADA INC.**

**(Returnable March 28, 2019)**

MARCH 26, 2019

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Lawyers for MNP Limited

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE PROPOSAL OF  
FT ENE CANADA INC.,  
OF THE CITY OF BRANTFORD,  
IN THE PROVINCE OF ONTARIO**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE PROPOSAL OF  
FT ENE CANADA INC.,  
OF THE CITY OF BRANTFORD,  
IN THE PROVINCE OF ONTARIO**

**FIRST REPORT TO THE COURT SUBMITTED BY MNP LTD.,  
IN ITS CAPACITY AS TRUSTEE *IN RE* THE PROPOSAL  
OF FT ENE CANADA INC.**

**March 26, 2019**

**I. INTRODUCTION**

1. On February 27, 2019, FT EnE Canada Inc. (“**FTC**” or “**the Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), wherein MNP Ltd. (“**MNP**”) was named as proposal trustee (the “**Proposal Trustee**”) of the Company. A copy of the NOI is attached hereto and marked as **Exhibit “A”**.
2. Notice of the NOI as prescribed by the BIA was sent on March 5, 2019 to all of FTC’s known creditors with claims greater than \$250. A copy of such notice is attached hereto and marked **Exhibit “B”**.
3. Information regarding the proceedings has been posted to the Proposal Trustee’s website at <https://mnpdebt.ca/en/corporate/Engagements/ft-ene-canada-inc>.

4. The primary purpose of these proceedings is to provide stability to FTC's business while FTC, under the supervision of the Proposal Trustee and with the assistance of, and in consultation with the Company's legal counsel ("**Counsel**") (collectively the "**SISP Team**") conducts a sale and investment solicitation process ("**SISP**") and works on formulating and presenting a viable proposal to its creditors.

## II. RESTRICTIONS

5. In preparing this Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Company's books and records, the Park Affidavit (defined below), discussions with employees and management of the Company and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.
6. The Proposal Trustee also bases its report on the Company's cash flow projections and underlying assumptions and notes that its review and commentary thereon were performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals' Standards of professional Practice No. 99-5 (Trustee's Report on Cash Flow Statement). Certain of the information referred to in this report consists of financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by Chartered Professional Accountants Canada, has not been performed. Future oriented financial information referred to in this report was prepared based on estimates and assumptions provided by the Company's management. Readers are cautioned that, since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material.

### III. PURPOSE OF THIS REPORT

7. The purpose of this Report is to:

- a. Provide information to the Court with respect to the administration of the Company's proposal proceedings, including
  - i. background information regarding the Company's operations, management structure, and the circumstances leading to the filing of the NOI;
  - ii. the SISP to be conducted by FTC, as described in detail later in this Report;
  - iii. in respect of the Company's request for an extension of time to file a Proposal; and
- b. Provide the Court with the Proposal Trustee's recommendation for an Order(s), *inter alia*:
  - i. approving the SISP, *nunc pro tunc*;
  - ii. granting a charge in respect of the professional fees and disbursements of the Company's legal counsel, the Proposal Trustee, and legal counsel to the Proposal Trustee ("**Administration Charge**") over all property, assets and undertakings of the Company, which charge shall be and rank subordinate to the valid and enforceable security interests of Royal Bank of Canada ("**RBC**"), but shall be and rank in priority to all other interests and creditors;
  - iii. extending the time for filing a proposal to and including May 10, 2019; and
  - iv. approving the activities of the Proposal Trustee as set out in this Report.

### IV. BACKGROUND INFORMATION

8. FTC is a Canadian corporation carrying on business from owned premises in Brantford, Ontario. FTC is a subsidiary corporation of FT EnE Inc., its parent company in South Korea ("**FTEI**"). FTC produces nanofibers and nanofiber coated filter media for the global industrial filtration market through a proprietary electrospinning process. FTC employs 18

people and operates out of its approximately 37,000 square-foot production facility located at 14 Sharp Rd, Brantford, Ontario (the “**Real Property**”).

9. FTEI is currently subject to review of its accounting practices and its shares traded on the Korean Securities Dealers Automated Quotations (KOSDAQ) are in the process of being delisted. The Company has advised that FTEI filed for some form of insolvency protection on February 27, 2019 in South Korea.
10. FTC felt that there was reasonable concern that without the filing of the NOI, FTC may lose their ability to act independently from FTEI and may otherwise have become involved in the insolvency filings of FTEI, to the detriment of FTC and therefore its creditors.
11. FTC advises due to the losses being incurred by FTEI, FTC was not provided the sales and research development support that was anticipated by FTC. The lack of sales and research led to stagnancy and lost sales opportunities.
12. Additional information in respect of FTC, including its assets and liabilities, is set out in the affidavit of Yoonjun Park, sworn on March 22, 2019 (the “**Park Affidavit**”), filed separately in these proceedings.

## V. ASSETS

### Real Property

13. FTC is the registered owner of the Real Property, which house the offices, manufacturing and warehouse out of which FTC operates.
14. Prior to the NOI filing, FTC entered into a listing agreement with Colliers Macaulay Nicolls Inc. (“**Colliers**”) to list the Real Property for sale (the “**Listing Agreement**”). A condition of any sale was that a leaseback provision would be included such that FTC would maintain their use of the Real Property. Colliers has had continued discussions with potential purchasers for the Real Property.

15. FTC, in consultation with the Proposal Trustee, intends to negotiate amendments to the Listing Agreement or a new arrangement, on consent of FTC, the Proposal Trustee and Colliers, such that the marketing of the Real Property will be conducted in conjunction with, and subject to, the SISP and provide greater clarity relating to the commercial terms of Colliers' engagement.

Other Assets

16. FTC's other realizable assets consist of production/warehouse equipment, inventory and accounts receivables, which as of March 26, 2019 are shown on the Company's books and records to have a net book value of approximately \$2.6MM, \$1.5MM and \$700M, respectively.

17. The Company's operations make use of certain proprietary electrospinning technology, processes and associated other intellectual property and trade secrets to produce nanofibers pursuant to certain licenses/arrangements between the Company and FTEI and/or Jongchul Park. Further investigations into the ownership of the intellectual property used by the Company and the nature and extent of these licences/arrangements is in process.

18. The Company leases a 2018 Volkswagen vehicle that is subject to a secured charge in favour of VW Credit Canada Inc.

**VI. CREDITORS**

19. FTC's NOI lists creditors with claims (claims greater than \$250) totaling approximately \$8.0 million. Included in this figure is the indebtedness to FTC's parent company, FTEI, which is reported to be in excess of \$6MM on an unsecured basis.

20. RBC is the Company's banker and operating lender, providing credit facilities and an operating line with a credit limit of \$2MM. RBC has been identified as the senior most secured lender and the indebtedness is secured by a general security agreement and a collateral mortgage in favour of RBC in the amount of \$1.267MM, which was registered on title to the Real Property on January 21, 2015 as Instrument No. BC269209.

21. A search of the Ontario *Personal Property Security Act* registry (the “**Registry**”), as of March 14, 2019, and FTC’s records, includes the following parties as secured creditors of FTC:

<b>Creditor</b>	<b>Estimated Amount Owed at the Filing Date</b>
Royal Bank of Canada	\$ 1,863,455
VW Credit Canada Inc.	Unknown

22. The Proposal Trustee has retained Pallet Valo LLP as its independent legal counsel and has sought an independent legal opinion on the validity and enforceability of the RBC’s security as against the Company (the “**Security Opinion**”). As of the date of this report, the Proposal Trustee has not yet received the Security Opinion.

## **VII. CASH FLOW PROJECTIONS**

23. In accordance with the provisions of the BIA, the Company filed with the Official Receiver a projected cash flow statement dated March 8, 2019, for the period from February 28, 2019 to May 31, 2019, which was reviewed by the Proposal Trustee for reasonableness and signed by the Proposal Trustee and the Company (the “**Cash Flow Projections**”). A copy of the Cash Flow Projections and related reports are attached hereto as **Exhibit “C”**.

24. To date, the Company has provided the Proposal Trustee with its full co-operation and unrestricted access to its premises, books and records.

25. The principal assumptions of the Cash Flow Projections are that:

- a. Sales projections and collection of receivables are based on management’s best estimates and historical sales and collections trends;
- b. A refund for duties paid related to the *Special Import and Measures Act* (SIMA) is dependent on the timely application and filing of an appeal of the duties paid;
- c. The number of employees and associated payroll costs are assumed to remain consistent with historical amounts;



- d. Disbursements are based on management's best estimates and are assumed to be generally paid on receipt of the goods and/or service, unless payment terms have currently been extended;
- e. RBC continues to allow the Company's operating line to revolve based on the credit facilities available prior to the NOI filing; and
- f. Source deductions are current and are calculated based on the Company's bookkeeping system.

26. The Proposal Trustee has implemented procedures for monitoring the Company's receipts and disbursements and monitoring the business in order to ensure that operations are continuing in the normal course of business and in accordance with the Cash Flow Projections.

27. A summary of FTC's actual receipts and disbursements for the period of March 1, 2019 to March 22, 2019 is set out below, with a comparison to forecast:

	<b>TOTALS FOR MARCH 1, 2019 to MARCH 22, 2019</b>		
	(forecast)	(actual)	(variance)
<b>Receipts</b>			
Collection of A/R	411,903	460,077	48,174
SIMA Refund	-	-	-
HST Refunds	15,000	-	( 15,000)
<b>Total Receipts</b>	<u>426,903</u>	<u>460,077</u>	<u>33,174</u>
<b>Disbursements</b>			
Payroll (Net)	44,846	38,452	6,394
Source Deductions (EI/ CPP)	13,953	-	13,953
Material Purchases	147,135	125,765	21,370
Property Insurance	721	1,095	( 374)
Utilities	7,489	4,894	2,595
Administration Expenses	3,035	1,645	1,390
Travel	10,329	12,954	( 2,625)
Banking Charges and Interest	-	1,013	( 1,013)
Property Tax	14,697	14,697	-
Vehicles	3,109	309	2,800
Repairs, Maintenance and Supplies	7,892	1,735	6,158
Logistics	18,750	21,545	( 2,795)
Contingency	18,750	8,902	9,848
<b>Total Disbursements</b>	<u>290,706</u>	<u>233,006</u>	<u>57,700</u>
<b>Net Operating Cash Flows</b>	136,197	227,072	90,874

28. As exhibited above, FTC's cash position at March 22, 2019 is approximately \$91M higher than forecast, which variance is largely timing in nature.

29. Based on the Company's results to date and the Cash Flow Projections, the Company appears to have sufficient funding through to the end of the requested extension of the NOI.

## VIII. SISP

30. FTC, under the supervision of the Proposal Trustee, has begun the SISP. The purpose of the SISP is to fully assess the Company's restructuring options, including sale or investment proposals that may be made by qualified bidders as set out in **Exhibit "D"**, attached hereto. The Proposal Trustee developed the SISP, with input from the Company and Company's counsel and modified through discussions with RBC's legal counsel. FTC seeks an Order approving the activities of the Company regarding the SISP conducted to date, *nunc pro tunc*, and to approve the planned SISP going forward.

31. In summary, the SISP contemplates a two-step sale of the business assets, or investment in the business of FTC on an "as is, where is" basis, subject to Court approval, and will proceed on the following timetable:

- a. Subject to approval of the SISP by the Court, *nunc pro tunc*, FTC has, or intends on (i) in conjunction with the SISP Team, identified prospective purchasers (the "**Prospective Purchasers**") (ii) on March 21, 2019, through the Trustee, distributed via email, a brief interest solicitation letter (the "**Teaser**") to the Prospective Purchasers; (iii) distributing to those interested a form of confidentiality agreement ("**CA**") and (iv) distributing to those that have signed the CA, the confidential information memorandum, describing the opportunity to acquire all or a portion of the Company's assets or to invest in the Company, as prepared by the Company with the assistance of the SISP Team, and (v) established and provided access to an electronic data room to those parties having signed a CA;
- b. The Proposal Trustee has arranged for an advertisement of the acquisition opportunity to be published in the March 27, 2019 national edition of the National

Post newspaper. If appropriate, additional advertisements will be placed in such other trade and industry publications identified by the SISP Team;

- c. Letters of Interest (“**LOIs**”) shall be due by no later than 5:00 P.M. (Toronto Time) on April 18, 2019;
  - d. Qualified Bidders (as such term is defined in Exhibit “D”), will be provided time to conduct site visits and further due diligence beginning April 18, 2019 and ending May 17, 2019;
  - e. The deadline for Final Bids (as such term is defined in Exhibit “D”) will be 5:00 P.M. (Toronto Time) on May 17, 2019 (the “**Final Bid Deadline**”);
  - f. Selection of the Successful Bid (as such term is defined in Exhibit “D”) will be made on or before May 21, 2019;
  - g. The Company or the Proposal Trustee will seek Court approval of the APS, if the Final Bid is an Asset Bid, or term sheet, if the Final Bid is an Investment Bid (as such terms are defined in Exhibit “D”) and a vesting order, if such is required, on or prior to May 28, 2019; and
  - h. The parties will then seek to close the transaction.
32. The SISP contemplated by the Company provides a means for testing the market and determining whether a transaction that would result in realizations greater than liquidation value is available or alternatively provide the necessary investment/working capital to address the Company’s operational needs. The SISP permits FTC to carry on its business in the ordinary course while seeking to identify a strategic purchaser or investor, with the view of enhancing recoveries for stakeholders.
33. The SISP envisions submissions of offers within the period of the extension contemplated in paragraph 38, below.
34. The Proposal Trustee recommends the SISP be approved for the following reasons:

- a. It provides the basis for a commercially reasonable realization of the Company's assets by promoting the likelihood of an investment or a going concern sale that will maximize recoveries for all creditors;
- b. The contemplated timelines in each phase of the SISP are sufficiently long to canvass the market; and
- c. It is consistent with insolvency industry practices in such proceedings and in like circumstances.

## **IX. ADMINISTRATION CHARGE**

35. In order to protect the fees and expenses of the Company's legal counsel for these proceedings, the Proposal Trustee and the Proposal Trustee's legal counsel (the "**Administrative Professionals**"), the Company is seeking a charge (the "**Administration Charge**") on the property and assets of the Company to secure payment of the reasonable fees and expenses of the Administrative Professionals.
36. The Company is requesting that the Administration Charge will be subordinate in priority and ranking to the valid and enforceable security interests of RBC in the Real Property, assets, property and undertakings of the Company, but rank in priority to all other interests and encumbrances.
37. The Proposal Trustee recommends the Administrative Charge be approved for the following reasons:
  - a. each of the professionals whose fees are to be secured by the Administration Charge has played and will continue to play a critical role in the Company's restructuring or refinancing;
  - b. RBC has been provided with notice of the Company's motion requesting the Administration Charge; and
  - c. The Administration Charge is sought to protect the Administrative Professionals in the event that the restructuring is not successful.

**X. EFFORTS TO RESTRUCTURE**

38. During the extension period, the Company, with the assistance of the Proposal Trustee, will continue to operate while working to obtain interest from prospective purchasers or investors.

**XI. REQUEST FOR AN EXTENSION OF TIME FOR FILING A PROPOSAL**

39. In order to allow the Company sufficient time to carry out a sale or refinancing of its business, and work towards filing a proposal to its creditors, the Company seeks an extension of the time for filing of a proposal to and including May 10, 2019.

40. In view of the foregoing, the Trustee supports the Company's request for an extension and has also considered:

- a. that the Company is acting in good faith and with due diligence;
- b. that the extension should not adversely affect or prejudice creditors as the Company is projected to have sufficient funds to pay post-filing services and supplies in the amounts contemplated in the Cash Flow Projections;
- c. that the SISP could generate Qualified LOIs before the end of the requested extension period; and
- d. if Qualified LOIs are received, it is expected that the Company will then be in a position to consider formulating and presenting a viable proposal.

**XII. CONCLUSION AND RECOMMENDATION**

41. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief detailed in paragraph 7.

All of which is respectfully submitted on this 26<sup>th</sup> day of March, 2019.

**MNP LTD.,**  
in its capacity as Trustee *in re*  
the Proposal of FT EnE Canada Inc.  
Per:

A handwritten signature in black ink, appearing to read "M. Lem", written over a horizontal line.

Matthew E. Lem, CIRP  
Licensed Insolvency Trustee

# EXHIBIT A

District of Ontario  
Division No. 07 – Hamilton  
Court No. 32-2480036  
Estate No. 32-2480036

**IN THE MATTER OF THE PROPOSALS OF  
FT ENE CANADA INC.  
of the City of Brantford, in the Province of Ontario**

**NOTICE TO CREDITORS OF NOTICE OF INTENTION TO MAKE A PROPOSAL FILING**

**To the Creditors of FT EnE Canada Inc. (the “Company”)**

Please take notice that on February 27, 2019, the Company filed a Notice of Intention to Make a Proposal (the “NOI”) pursuant to Section 50.4(1) of Part III, Division I of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”) and MNP Ltd. (“MNP”) was appointed as the proposal trustee (the “Trustee”) in these proposal proceedings.

Please find enclosed the following:

1. The Notice of Intention to Make a Proposal (Form 33), dated February 27, 2019 (Filed February 27, 2019);
2. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims (the “**Creditor Listing**”);
3. The consent of the MNP to act as trustee in these proposal proceedings; and
4. The Certificate of Filing of a Notice of Intention to Make a Proposal, issued by Industry Canada - Office of the Superintendent of Bankruptcy Canada on February 28, 2019.

Suppliers and other service providers should contact their normal representative of the Company with respect to the terms of payment for goods and/or services that are to be provided to the Company going forward (after February 27, 2019).

Pursuant to Section 50.4(8) of the BIA, the Company has thirty (30) days, unless such time period is extended by the Court, to file a proposal with the Trustee. During these proposal proceedings there is a stay of proceedings, and as such:

- no person may terminate or amend any agreement with the Company, or claim an accelerated payment, or a forfeiture of the term, under any agreement with the Company, by reason only that the company is insolvent or by reason of the filing of the NOI, pursuant to Section 65.1(1) of the BIA; and
- no creditor has any remedy against any of the Company or its property or shall commence or continue any action, execution, or other proceedings against the Company without leave of the Court, pursuant to Section 69(1) of the BIA.



We recognize the amounts reflected as being due to you on the Creditor Listing may vary from your records. However, at this time the Trustee is neither looking to receive nor are creditors required to file a proof of claim in connection with their claim and these proposal proceedings. At a later date and once a proposal has been filed by the Company, the Trustee will provide you with further information regarding these proposal proceedings, including the date for the meeting of creditors to consider the proposal and a proof of claim form, so that you may then submit and prove your claim.

If you have any questions concerning the foregoing or require any additional information, please contact Angela Liu at 647-775-1777 or by email at [angela.liu@mnp.ca](mailto:angela.liu@mnp.ca).

Dated at Toronto, Ontario this 5<sup>th</sup> day of March 2019.

**MNP LTD.,**  
Trustee *in re* the Proposal of  
FT EnE Canada Inc.  
Per:



Matthew Lem, CIRP, LIT  
Senior Vice President

Encl.

District of:  
Division No. -  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the proposal of  
FT ENE CANADA INC.  
of the City of Brantford  
In the Province of Ontario

Take notice that:

1. We, FT ENE CANADA INC., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. MNP LTD. of 300 - 111 Richmond Street West, Toronto, ON, M5H 2G4, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 27th day of February 2019.



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FT ENE CANADA INC.  
Insolvent Person

To be completed by Official Receiver:

---

Filing Date

---

Official Receiver

District of:  
 Division No. -  
 Court No.  
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 FT ENE CANADA INC.  
 of the City of Brantford  
 in the Province of Ontario


List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
BDO Canada LLP	505 Park Rd N #1 Brantford ON N3R 7K8		5,000.00
Bell	P.O.Box 9000, STN Don Mills North York ON M3C 2X7		320.37
County of Brant	26 Park Ave. P.O. Box 249 Burford ON N0E 1A0		29,393.59
CR Strapping Inc	PO Box 23042, 35 Airport Road Brantford ON N3T 6K4		725.82
Filtration Technologies International.	105 Shenandoah Street Clarksville TN 37043 USA		8,304.28
FT EnE Inc	23-1, Hyoryeong-ro, Seocho-gu Seoul Seoul 137 819 South Korea		6,052,162.47
Gerrie Electric Wholesale Ltd	4104 South Service Road Burlington ON L7L 4X5		735.86
Home Depot Credit Services	P.O. Box 675 STATION D Scarborough ON M1R 5T4		1,160.70
Hub International	2265 Upper Middle Road East, 7th Floor OAKVILLE ON L6H 0G5		4,198.60
IBC Computers	196 King George Road Brantford ON N3R 5L3		3,335.88
Imperial Oil	PO Box 1700 Don Mills ON M3C 4J4		462.33
Kings Wood Products	30 Curlls Ave N Paris ON N3L 3V3		3,135.75
R.K. Custom Fabrication & Welding	192 Mary Street Brantford ON N3S 3C2		3,113.15
Royal Bank of Canada	20 King St. W., 2nd Floor Toronto ON M5H 1C4		1,863,455.07
Stuart Hunt and Associates	15802-145 Avenue N.W. Edmonton AB T6V 0H8		3,373.05

District of:  
Division No. -  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the proposal of  
FT ENE CANADA INC.  
of the City of Brantford  
in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
TLS - Truck Load Services Inc	PO Box 100 VAUDREUIL-DORION QC J7V 5W1		8,274.60
Waste Connections Of Canada Inc.	500 Rennie Street Hamilton ON L8H 3P5		1,163.04
Wood Environment & Infrastructure Solutions	10-900 Maple Grove Road Cambridge ON N3H 4R7		4,400.00
Workplace Safety and Insurance Board c/o Collection Services	200 Front St W Toronto ON M5V 3J1	5521919	3,500.00
<b>Total</b>			<b>7,996,214.56</b>

  
\_\_\_\_\_  
FT ENE CANADA INC.  
Insolvent Person

- Proposal Consent -  
In the matter of the proposal of  
FT ENE CANADA INC.  
of the City of Brantford  
in the Province of Ontario

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and Insolvency Act for the proposal of FT ENE CANADA INC..

Dated at the City of Toronto in the Province of Ontario, this 27th day of February 2019.

MNP LTD. - Licensed Insolvency Trustee



---

300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 07 - Hamilton  
Court No. 32-2480036  
Estate No. 32-2480036

In the Matter of the Notice of Intention to make a  
proposal of:

**FT ENE CANADA INC.**  
Insolvent Person  
**MNP LTD / MNP LTÉE**  
Licensed Insolvency Trustee

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Date of the Notice of Intention: February 27, 2019

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

---

Date: February 28, 2019, 10:31

E-File/Dépôt Electronique

Official Receiver

Federal Building - Hamilton, 55 Bay Street N, 9th Floor, Hamilton, Ontario, Canada, L8R3P7, (877)376-9902

**Canada**

# EXHIBIT B

District of:  
Division No. -  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the proposal of  
FT ENE CANADA INC.  
of the City of Brantford  
in the Province of Ontario

Take notice that:

1. We, FT ENE CANADA INC., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. MNP LTD. of 300 - 111 Richmond Street West, Toronto, ON, M5H 2G4, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 27th day of February 2019.



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FT ENE CANADA INC.  
Insolvent Person

To be completed by Official Receiver:

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Filing Date

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Official Receiver



District of:  
 Division No. -  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 FT ENE CANADA INC.  
 of the City of Brantford  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
BDO Canada LLP	505 Park Rd N #1 Brantford ON N3R 7K8		5,000.00
Bell	P.O.Box 9000, STN Don Mills North York ON M3C 2X7		320.37
County of Brant	26 Park Ave. P.O. Box 249 Burford ON N0E 1A0		29,393.59
CR Strapping Inc	PO Box 23042, 35 Airport Road Brantford ON N3T 6K4		725.82
Filtration Technologies International.	105 Shenandoah Street Clarksville TN 37043 USA		8,304.28
FT EnE Inc	23-1, Hyoryeong-ro, Seocho-gu Seoul Seoul 137 819 South Korea		6,052,162.47
Gerrie Electric Wholesale Ltd	4104 South Service Road Burlington ON L7L 4X5		735.86
Home Depot Credit Services	P.O. Box 675 STATION D Scarborough ON M1R 5T4		1,160.70
Hub International	2265 Upper Middle Road East, 7th Floor OAKVILLE ON L6H 0G5		4,198.60
IBC Computers	196 King George Road Brantford ON N3R 5L3		3,335.88
Imperial Oil	PO Box 1700 Don Mills ON M3C 4J4		462.33
Kings Wood Products	30 Curtis Ave N Paris ON N3L 3V3		3,135.75
R.K. Custom Fabrication & Welding	192 Mary Street Brantford ON N3S 3C2		3,113.15
Royal Bank of Canada	20 King St. W., 2nd Floor Toronto ON M5H 1C4		1,863,455.07
Stuart Hunt and Associates	15802-145 Avenue N.W. Edmonton AB T6V 0H8		3,373.05

District of:  
Division No. -  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the proposal of  
FT ENE CANADA INC.  
of the City of Brantford  
in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
TLS - Truck Load Services Inc	PO Box 100 VAUDREUIL-DORION QC J7V 5W1		8,274.60
Waste Connections Of Canada Inc.	500 Rennie Street Hamilton ON L8H 3P5		1,163.04
Wood Enviroment & Infrastructure Solutions	10-900 Maple Grove Road Cambridge ON N3H 4R7		4,400.00
Workplace Safety and Insurance Board c/o Collection Services	200 Front St W Toronto ON M5V 3J1	5521919	3,500.00
<b>Total</b>			7,996,214.56

  
\_\_\_\_\_  
FT ENE CANADA INC.  
Insolvent Person

# EXHIBIT C

FT Ent Canada Inc.  
Statement of Weekly Projected Cash-flow  
For the period February 28 to May 31, 2019


7 days ending:	1-Mar-19 (Actual)	8-Mar-19 (Forecast)	15-Mar-19 (Forecast)	22-Mar-19 (Forecast)	29-Mar-19 (Forecast)	5-Apr-19 (Forecast)	12-Apr-19 (Forecast)	19-Apr-19 (Forecast)	26-Apr-19 (Forecast)	3-May-19 (Forecast)	10-May-19 (Forecast)	17-May-19 (Forecast)	24-May-19 (Forecast)	31-May-19 (Forecast)	TOTAL
<b>Opening Cash Position</b>	8,740	3,149	3,051	1,089	8,937	2,229	1,928	4,954	2,329	4,455	1,875	355	1,547	2,369	8,740
<b>Receipts</b>															
Collection of A/R	92,535	109,652	130,494	79,722	149,827	79,293	55,908	122,946	32,750	-	129,215	154,664	299,246	70,000	1,455,751
SAMA Refund	-	-	-	-	-	-	-	-	-	-	-	-	-	56,100	56,100
VST Refunds	-	-	-	15,000	-	-	-	15,000	-	-	-	15,000	-	-	45,000
<b>Total Receipts</b>	92,535	109,652	130,494	94,722	149,827	79,293	55,908	137,946	32,750	-	129,215	169,664	299,246	76,100	1,556,851
<b>Disbursements</b>															
Payroll (Net)	2,614	-	42,247	-	42,222	2,159	42,252	-	42,212	2,259	42,232	-	42,232	-	260,518
Source Deductions (EI/RRP)	-	-	13,951	-	13,953	-	13,953	-	13,953	-	13,953	-	13,953	-	83,218
Material Purchases	-	4,000	4,000	139,135	142,600	4,000	4,000	4,000	4,000	139,135	4,000	4,000	4,000	139,135	590,005
Property Insurance	-	-	721	-	-	-	-	721	-	-	-	721	-	-	2,163
Utilities	-	-	7,489	-	-	-	-	7,489	-	-	-	-	7,489	-	28,447
Administration Expenses	35	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	13,035
Travel	954	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	41,578
Banking Charges and Interest	-	-	-	-	-	10,136	-	-	-	10,446	-	-	-	-	8,416
Property Tax	14,619	-	-	-	-	-	14,619	-	-	-	-	-	-	-	29,238
Vehicles	309	-	2,900	-	-	-	-	2,800	-	-	-	2,800	-	-	8,709
Repairs, Maintenance and Supplies	1,517	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	3,375	30,392
Logistics	-	6,250	6,250	6,250	6,250	500	500	500	500	3,750	3,250	3,250	1,250	1,500	41,500
Contingency	-	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	81,250
<b>Total Disbursements</b>	20,126	22,750	82,958	165,174	227,525	25,555	67,892	25,523	60,674	18,780	75,925	23,771	63,424	162,823	1,229,943
<b>Net Operating Cash Flows</b>	72,409	86,902	47,536	(70,452)	122,302	53,738	(11,974)	117,423	(27,924)	110,735	53,290	145,893	235,822	113,277	326,908
Operating Line (Repayments)/Advances	( 30,000 )	( 65,000 )	( 10,000 )	70,000	65,000	( 10,000 )	15,000	( 15,000 )	50,000	165,000	( 55,000 )	145,000	( 110,000 )	85,000	425,000
<b>Closing Cash Position</b>	3,149	1,051	1,089	4,937	2,229	1,928	4,954	2,329	4,455	1,875	155	1,547	2,369	348	8,740

The Statement of Weekly Projected Cash flow for the period from February 28 to May 31, 2019 has been prepared solely for the purpose of complying with 5.00 4(2)(a) of the Bankruptcy and Insolvency Act and must be read in conjunction with the attached assumptions (Hypothetical and/or probable) to these projections and the Trustee's Report on Cash-flow Statement (Form 29) and the Report on Cash-flow Statement by the Person Making the Proposal (Form 30).

MNP LTD.,  
Trustee acting in re the Proposal of  
FT Ent Canada Inc.

Per:   
Matthew Lem, CIPF, LIT

FT ENT CANADA INC.

Per:   
Yoonjun Park

Dated: March 8, 2019

FT EnE Canada Inc.  
Assumptions to the Statement of Weekly Projected Cash-flow  
For the period February 28 to May 31, 2019

A summary of the hypothetical and/or probable assumptions to the Statement of Weekly Projected Cash-flow are as follows:

- Sales projections are based on current purchase orders on-hand, management's best estimates and historical sale/order trends;
- The collection of accounts receivables are based on management's best estimates and historical collection trends;
- The SIMA Refund assumes the timely application and filing of an appeal of duties paid pursuant to the *Special Import and Measures Act* (SIMA);
- Other receipts (HST Refunds) are based on management's best estimates and historical refund trends;
- The number of employees and associated payroll costs (i.e. wages, benefits, government remittances, etc.) are assumed to remain consistent with recent historical figures and payments;
- Material Purchases are based on management's best estimates of production needs/upcoming sales and historical purchase trends;
- Other disbursements are based on management's best estimates and historical purchase/payment trends. These other disbursements are assumed to be generally paid on receipt of the goods and/or service, unless payment terms have currently been extended;
- The Company's lender, Royal Bank of Canada, continues to allow the Operating Line to revolve based on the current credit facility terms and limits;
- No provisions for income taxes have been made;
- Pursuant to Section 69(1) of the *Bankruptcy and Insolvency Act*, all creditor's claims are subject to a stay of proceedings.

District of: Ontario  
Division No. 07 - Hamilton  
Court No. 32-2480036  
Estate No. 32-2480036

-- FORM 29 --  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
FT ENE CANADA INC.  
of the City of Brantford  
in the Province of Ontario

The attached statement of projected cash flow of FT ENE CANADA INC., as of the 8th day of March 2019, consisting of Statement of Weekly Projected Cash-flow for the period from February 28 to May 31, 2019, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:  management or  the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 8th day of March 2019.

MNP LTD. - Licensed Insolvency Trustee  
Per:



Matthew Lem - Licensed Insolvency Trustee  
300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario  
Division No. 07 - Hamilton  
Court No. 32-2480036  
Estate No. 32-2480036

\_FORM 29\_ - Attachment  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
FT ENE CANADA INC.  
of the City of Brantford  
in the Province of Ontario

Purpose:

The Statement of Weekly Projected Cash-flow has been prepared solely for the purpose of complying with S. 50.4(2)(a) of the Bankruptcy and Insolvency Act.

Projection Notes:

The projections are based on hypothetical and/or probable assumptions.

Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Cash Flow.

Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Cash Flow.

Assumptions:

See assumptions attached to the Statement of Weekly Projected Cash-flow

Dated at the City of Toronto in the Province of Ontario, this 8th day of March 2019.

MNP LTD. - Licensed Insolvency Trustee  
Per:



Matthew Lem - Licensed Insolvency Trustee  
300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario  
Division No. 07 - Hamilton  
Court No. 32-2480036  
Estate No. 32-2480036

- FORM 30 -  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
FT ENE CANADA INC.  
of the City of Brantford  
in the Province of Ontario

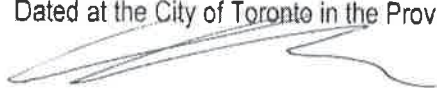
The Management of FT ENE CANADA INC., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 8th day of March 2019, consisting of Statement of Weekly Projected Cash-flow for the period from February 28 to May 31, 2019.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

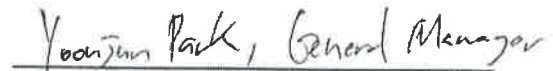
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 8th day of March 2019.



FT ENE CANADA INC.  
Debtor



Name and title of signing officer

\_\_\_\_\_  
Name and title of signing officer



District of: Ontario  
Division No. 07 - Hamilton  
Court No. 32-2480036  
Estate No. 32-2480036

FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
FT ENE CANADA INC.  
of the City of Brantford  
in the Province of Ontario

Purpose:

The Statement of Weekly Projected Cash-flow has been prepared solely for the purpose of complying with S. 50.4(2)(a) of the Bankruptcy and Insolvency Act.

Projection Notes:

The projections are based on hypothetical and/or probable assumptions.

Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Cash Flow.

Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Cash Flow.

Assumptions:

See assumptions attached to the Statement of Weekly Projected Cash-flow

Dated at the City of Toronto in the Province of Ontario, this 8th day of March 2019.



FT ENE CANADA INC.

# EXHIBIT D

## Sale and Investment Solicitation Process

### Purpose

1. The purpose of the Sale and Investment Solicitation Process ("**SISP**") is to identify one or more purchasers or investors for all or part of the business and/or assets (the "**Property**") of FT EnE Canada Inc. (the "**Company**"). The SISP will be conducted by the Company, under the supervision of MNP Ltd. in its capacity as the Proposal Trustee of the Company (the "**Proposal Trustee**") and with the assistance of, and in consultation with the Company's legal counsel ("**Counsel**") and the Company's senior most secured creditor, the Royal Bank of Canada ("**RBC**") (collectively the "**SISP Team**").
2. It is contemplated that the Company will seek an order (the "**Approval Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), among other things, approving the SISP as outlined herein, *nunc pro tunc*, by **March 29, 2019**.
3. Unless otherwise indicated herein any event that occurs on a day that is not a business day shall be deemed to occur on the next business day.

### SISP Procedures

#### A. Initial Solicitation of Interest

4. The Company with the assistance of the SISP Team will compile a list of prospective investors and purchasers (together with any other party expressing an interest in the investment in the business and/or the purchase of the assets of the Company, the "**Interested Parties**"). The SISP Team will make best efforts to canvass the interest of all Interested Parties.
5. The SISP will be conducted by the Company with the support and assistance of SISP Team and will provide Interested Parties with the opportunity to submit offers to purchase some or all of the Company's business and/or assets or to invest in the business.
6. Within five (5) days of the commencement of the SISP, the Company shall cause to advertise the SISP in a nationally circulated newspaper, and may, but not required, further advertise

the opportunity in such other industry and trade publications or media sources as determined appropriate by the Company, in consultation with the SISP Team.

7. A solicitation document summarizing the acquisition and/or investment opportunity as well as the SISP (the "**Teaser Letter**") will be prepared by the Company, with the assistance of and in consultation with the SISP Team and will be distributed to Interested Parties. A form of confidentiality agreement ("**CA**"), substantially in the form of the Confidentiality and Non-Disclosure Agreement attached as **Schedule "A"**, will be attached to the Teaser Letter that Interested Parties will be required to sign in order to gain access to/receive the available confidential information and to commence performing due diligence (each Interested Party who signs a CA being referred to herein as, a "**Prospective Offeror**"). All CA's shall enure to the benefit of any purchaser of the Company's business and/or assets.

#### **B. Due Diligence**

8. As soon as reasonably practicable before the Approval Order, if not before, the Company will prepare a confidential information memorandum (the "**CIM**") and establish an electronic data room, which will include certain financial and other information with respect to the Company (the "**Data Room**") in connection with the SISP. The Company, with the assistance of the Proposal Trustee, will provide to each Prospective Offeror (i) a copy of the CIM, and (ii) access to the Data Room.
9. Notwithstanding paragraph 8 above, the Company, in consultation with the SISP Team, shall have the right to limit any Prospective Offeror's access to confidential information. This will include limiting access, if deemed appropriate, to parties who the SISP Team reasonably believes are not likely to be serious offerors.

#### **C. Qualified LOI Process**

10. Any Prospective Offeror who wishes to submit an offer to purchase some or all of the Company's business and/or assets or invest in the business must deliver a written, non-binding letter of intent in respect of the Company (an "**LOI**") to the Company (care of the Proposal Trustee) at the address specified in accordance with **Schedule "B"** so as to be

received not later than 5:00 p.m. (Toronto Time) on **April 18, 2019** (“**LOI Deadline**”). An LOI shall be a qualified LOI (each a “**Qualified LOI**”) provided that it contains:

- i) a specific indication of the anticipated sources of capital for such Prospective Offeror and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit support or enhancement that will allow the SISP Team, to make, in their reasonable business or professional judgment, a reasonable determination as to the Prospective Offeror’s financial and other capabilities to consummate an offer;
- ii) a letter setting forth the identity of the Prospective Offeror, the contact information for such Prospective Offeror and full disclosure of the direct and indirect owners of the Prospective Offeror and their principals;
- iii) an indication of whether the Prospective Offeror wishes to tender an offer to acquire either (i) all or part of the Property of the Company (an “**Asset Bid**”); or (ii) make an investment in the Company’s business or any parts thereof (an “**Investment Bid**”);
- iv) any conditions to closing that the Prospective Offeror may wish to impose;
- v) any additional due diligence required or desired to be conducted by the Prospective Offeror, if any;
- vi) in the case of an Asset Bid, it includes:
  - (1) a detailed listing and description of the Property to be included in and excluded from the proposed sale transaction;
  - (2) the contracts and/or leases, if any the Prospective Offeror contemplates assuming, if any;
  - (3) the purchase price range and form(s) of consideration;
  - (4) description of any liabilities to be assumed by the Prospective Offeror, if any;

(5) an acknowledgment that the contemplated sale will be made on an “as is, where is” basis; and

(6) the proposed treatment of employees of the Company;

vii) in the case of an Investment Bid, it includes:

(1) a detailed description of the structure of the investment transaction;

(2) the low and high range of the aggregate amount of the equity and debt investment, including liabilities to be assumed by the Prospective Offeror to be made in the Company;

(3) the underlying assumptions regarding the pro forma capital structure (including, the anticipated debt levels, debt service fees, interest and amortization);

(4) the consideration to be allocated to the stakeholders including claims of any secured or unsecured creditors of the Company and the proposed treatment of employees; and

(5) the structure and financing of the transaction including all requisite financial assurance.

11. The Company, in consultation with the SISP Team, may waive the strict compliance of one or more of the requirements specified above and deem any LOI to be a Qualified LOI, notwithstanding any noncompliance with the terms and conditions of this SISP.

12. Any Prospective Offeror who submits a Qualified LOI on or before the LOI Deadline shall be designated a “**Qualified Bidder**”.

#### **D. Final Bid Process**

13. The Company may invite Qualified Bidders to conduct additional due diligence or otherwise make available to Qualified Bidders additional information not posted in the electronic data room and arrange for inspections and site visits.

14. Any Qualified Bidder may submit an Asset Bid or an Investment Bid (each, a “**Final Bid**”) to the Company (care of the Proposal Trustee) at the address specified in **Schedule “B”** hereto on or before 5:00 pm (Toronto Time) on **May 17, 2019** (the “**Final Bid Deadline**”).
15. A Final Bid shall be a “**Qualified Final Bid**” if:
  - i) for an Asset Bid it includes a duly authorized and executed agreement of purchase and sale (the “**APS**”), a form of which will be provided to each Qualified Bidder by the Company. The APS is to specify all the consideration payable, together with all exhibits and schedules thereto;
  - ii) for an Investment Bid it includes definitive documentation, duly authorized and executed by the Qualified Bidder, setting out the terms and conditions of the proposed transaction, including the aggregate amount of the proposed equity and debt investment;
  - iii) it includes a letter stating that the Final Bid is irrevocable until May 31, 2019;
  - iv) it does not include any request or entitlement to any break fee, expense reimbursement or similar type of payment;
  - v) it is not conditional on (i) the outcome of unperformed due diligence by the Qualified Bidder and/or (ii) obtaining any financing capital and includes an acknowledgement and representation that the bidder has had an opportunity to conduct any and all required due diligence prior to making its bid;
  - vi) it is accompanied by a refundable deposit (the “**Deposit**”) in the form of a wire transfer (to a trust account specified by the Proposal Trustee), certified cheque or bank draft issued by a Chartered Canadian Bank, in an amount equal to ten percent (10%) of the consideration to be paid in respect of the bid submitted, to be held and dealt with in accordance with this SISP;
  - vii) it contains other information reasonably requested by the Company or the Proposal Trustee; and
  - viii) it is received by no later than the Final Bid Deadline.

#### E. Post Bid Deadline Procedure

16. If one or more Qualified Final Bids are received, the Company, in consultation with the SISP Team, may choose to:
  - i) accept one (or more if for distinct transactions) Qualified Final Bid(s) (the "**Successful Bid**" and each Qualified Final Bidder making the Successful Final Bid(s) being a "**Successful Bidder**") and take such steps as are necessary to finalize and complete an agreement for the Successful Bid(s) with the Successful Bidders(s); or
  - ii) continue negotiations with a selected number of bidders (collectively, "**Selected Bidders**") with a view to finalizing one or more agreements with one or more Selected Bidders.
17. The Company shall be under no obligation to accept the highest or best (or any) bid and any selection of the Successful Bid(s) and the Selected Bidders(s) shall be entirely in the discretion of the Company. For greater certainty, the Company shall be permitted to decline acceptance of all offers.
18. The Company shall apply to the Court (the "**Approval Motion**") for an order approving the Successful Bidder(s) and authorizing the Company to undertake such actions as may be necessary or appropriate to give effect to the Successful Bid.
19. The Company will schedule the Approval Motion on the earliest reasonably possible date following the determination of the Successful Bid.



## Timeline

20. A chart summarizing material deadlines for the SISP is set out below:

	<b>Event</b>	<b>Timing</b>
1	Commencement of the SISP. The Company shall contact Prospective Offerors.	March 21, 2019
2	Information pertaining to this opportunity will be posted on the Proposal Trustee's website at: <a href="https://mnpdebt.ca/en/corporate/engagements/ftenecanada">https://mnpdebt.ca/en/corporate/engagements/ftenecanada</a>	Initial information to be posted within one (1) business day of the commencement of the SISP
3	Advertise the sale in a nationally circulated newspaper, and further advertise the opportunity as considered appropriate by the Company in consultation with the SISP Team.	Within five (5) business days of the commencement of the SISP
4	Interested Parties given access to data room and provided time to prepare LOIs	March 21, 2019 to April 18, 2019
5	Deadline for submission of LOIs	5:00 PM (Toronto Time) April 18, 2019
6	Qualified Bidders invited to conduct site visits and additional due diligence	April 18, 2019 to May 17, 2019
7	Deadline for Final Bids	5:00 PM (Toronto Time) May 17, 2019
8	Selection of Successful Bid and execute binding APS	By May 21, 2019
9	Seek Court approval of APS and obtain a vesting order.	On or prior to May 28, 2019
10	Close sale to Successful Bidder(s).	On or prior to May 31, 2019
11	Unsuccessful bidders to return all confidential materials to the Proposal Trustee, and applicable deposits refunded.	On or prior to May 31, 2019

## **Other Terms**

21. If a Successful Bidder(s) breaches its obligations under the terms of its offer, its Deposit shall be forfeited to the Company as liquidated damages and not as a penalty.
22. Notwithstanding anything else contain herein, if it becomes evident to the Company that no Qualified Final Bids will be received, the Company, in consultation with the SISP Team may terminate the SISP.
23. At any time during the SISP, the Proposal Trustee may, upon reasonable notice to the service list, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.
24. There shall be no amendments to this SISP, including, for greater certainty the process and procedures set out herein, without further order of the Court. Notwithstanding the foregoing, the Company shall be permitted to extend the dates in the SISP by a total of up to three (3) weeks without further order of the Court.

**CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT**

TO: **FT ENE CANADA INC.**

-and-

**MNP LTD.**, in its capacity as Proposal Trustee of FT EnE Canada Inc.  
Attention: Michael Litwack

RE: **FT ENE CANADA INC.** (the "**Company**")

The undersigned has expressed an interest in reviewing the information more particularly defined below (the "**Information**") solely for the purpose (the "**Purpose**") of evaluating a potential acquisition of the business and/or assets of the Company (the "**Opportunity**"). The undersigned understand and agree that the Company and /or MNP Ltd., in its capacity as Proposal Trustee of the Company (the "**Proposal Trustee**") are willing to provide the undersigned with the Information, provided that the undersigned provides its respective undertakings as set out herein with respect to the Information.

*The undersigned acknowledges and agrees that the Information contains sensitive confidential business information about the Company. The undersigned agrees that it shall keep the Information confidential and that it shall make no use of the Information other than in accordance with the Purpose.*

The undersigned appreciates and confirms its understanding that all of the Information is of a confidential nature. In consideration of the Company and/or the Proposal Trustee providing such Information and for other good and valuable consideration, the receipt and adequacy of which is acknowledged, the undersigned agrees as follows:

1. "**Information**" in this Agreement means, in respect of any aspect of the Company, its business, property, assets and undertakings (collectively, the "**Property**"):
  - a) any communications between the undersigned and the Company or the Proposal Trustee or its agents or representatives, and any information or other material which in any way relates to the Company and/or the Property provided to undersigned or acquired by it during its review regardless of whether same is marked "**Confidential**";
  - b) any other information concerning the Company and/or the Property, including, but not limited to, Information provided directly, verbally or written, or within any electronic data room that the Company or the Proposal Trustee may make available to prospective purchasers ("**Data Room**") or any other information, financial or otherwise pertaining to the Company and/or the Property, but not including information published or made available to the public, or information which is in the public domain.

2. Subject to section 4, the undersigned acknowledges and agrees that the Company and the Proposal Trustee agree to furnish the Information to the undersigned solely for the Purpose and the undersigned covenants that it (which, for the purposes of such covenant shall include any and all of its officers, professional counsel, directors, agents or employees or any other person who receives any of the Information from any of them, such as professional consultants and representatives – all of which are collectively referred to hereafter as “**Permitted Persons**”) shall not use the Information for any purpose other than the Purpose. For greater certainty, the undersigned and the Permitted Persons shall not use the Information in carrying on its business or that of any affiliate, as defined in the *Securities Act* (Ontario), and will not disclose the Information to any other person, firm, corporation or organization without the Company’s prior written consent. The undersigned shall provide the Company and the Proposal Trustee with lists of all persons to whom any Information is made available.

The undersigned acknowledge that the Company and the Proposal Trustee shall not be deemed to have made any representation or warranty as to the accuracy or completeness of any of the Information furnished to it at any time, nor shall the Company or the Proposal Trustee have any liability to the undersigned or its representatives relating to or arising from its use of any of the Information.

3. Notwithstanding section 2, the Information, or any part thereof, may be disclosed to and used by the Permitted Persons to the extent that it is necessary for the Purpose, provided that any such persons undertake to maintain the confidentiality of such Information.
4. For greater certainty, but without limiting the covenants herein to keep the Information confidential, the undersigned agrees to take all reasonable steps to prevent the disclosure of the Information, by ensuring that:
  - a) Only Permitted Persons whose duties require them to review the Information shall have access thereto, and they shall be instructed and required to treat the Information as confidential;
  - b) Proper and secure storage is provided for all written Information or any Information which is stored on any computer or data retrieval system;
  - c) The undersigned shall not make, permit or cause to be made copies of the Information; and
  - d) The undersigned shall not disclose either the Information or the fact that discussions regarding the Opportunity are taking place or the status thereof to any person other than the Permitted Persons for any reason whatsoever unless:
    - (i) in the reasonable opinion of independent legal counsel, and approved by the Company or the Proposal Trustee in writing in advance, such approval not to be unreasonably withheld, disclosure is required under federal or provincial law or by an order of a Court having jurisdiction over such matters;
    - (ii) any securities commission, stock exchange or other regulatory body having jurisdiction requires disclosure; or,
    - (iii) disclosure is required to be made by the undersigned pursuant to due legal process.

5. In the event that the undersigned or any Permitted Person becomes legally compelled to disclose any of the Information, the undersigned shall provide the Company and the Proposal Trustee with prompt notice so that the Company may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that either such protective order or other remedy is obtained or the Company waives compliance with provisions of this Agreement, the undersigned shall furnish only that portion of the Information which is legally required and shall exercise its best efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded to the Information.

In the event that the undersigned learns of any unauthorized disclosure of the Information, or that the Information has been or is being used for any reason other than the Purpose, the undersigned shall immediately notify the Company and the Proposal Trustee of the unauthorized disclosure, and shall assist the Company and / or the Proposal Trustee in attempting to prevent any further unauthorized disclosure and shall, if requested, assist the Company and / or the Proposal Trustee in any legal proceedings that may be commenced in that regard, including by providing affidavit evidence in any such legal proceeding.

6. If no agreement to purchase the Property is finalized, or if the undersigned decides not to proceed with the Opportunity, the undersigned acknowledges that it and the Permitted Persons shall continue to be bound to hold the Information in confidence for a period of three (3) years from the date of this Agreement and the Information together with any copies thereof shall be returned or deleted immediately on request by the Company and/or Proposal Trustee in accordance with section 8 hereof.
7. The undersigned shall indemnify and hold the Company and the Proposal Trustee harmless from any and all loss or damage (including legal costs on a full indemnity basis) which arise directly from the unauthorized disclosure or use of the Information by the undersigned, or by its officers, employees, professional consultants and representatives or in any other way which is contrary to the terms of this Agreement.
8. The Information, together with any copies thereof, shall be returned immediately to the Proposal Trustee or deleted upon request without retaining copies thereof. The return or deletion by the undersigned of any Information shall not affect any of its obligations hereunder. That portion of the Information which consists of reports, analyses, studies, or other documents prepared by the undersigned and/or the Permitted Persons, shall be either held by the undersigned and the Permitted Persons or deleted and kept confidential subject to the terms of this Agreement or destroyed. It is agreed that monetary damages would not be a sufficient remedy for any breach of this Agreement and the undersigned agrees that the Company shall be entitled to injunctive relief, specific performance or any other appropriate equitable remedies for any such breach, and hereby consents to an order for injunctive relief. Any of such remedies shall not be deemed to be the exclusive remedy for any breach of this Agreement but shall be in addition to other remedies available at law or in equity to the Company. In the event that the Company brings an action to enforce the undersigned's obligations hereunder, the undersigned shall reimburse the Company completely for all costs and expenses, including legal fees, incurred by the Company and its advisors in that regard.

9. Any notice required or permitted to be given under this Agreement shall be given in writing and shall be either hand-delivered or sent by courier, pre-paid registered mail, facsimile transmission or electronic mail to the following addresses:

(i) in the case of the Company and MNP Ltd., as follows:

FT EnE Canada Inc. and MNP Ltd.  
c/o MNP Ltd.  
111 Richmond Street West, Suite 300  
Toronto, Ontario M5H 2G4  
Attention: Michael Litwack  
Telephone: (647) 475-4589  
Facsimile: (416) 596-7894  
Email: [michael.litwack@mnp.ca](mailto:michael.litwack@mnp.ca)

(ii) in the case of the undersigned, as follows:

\_\_\_\_\_  
(Name – Company or First and Last)

\_\_\_\_\_  
(Street/RR/PO Box No., Suite/Unit No.)

\_\_\_\_\_  
(City/Town) (Province)

\_\_\_\_\_  
(Postal Code)

Attention: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email: \_\_\_\_\_

Any notice personally delivered, or sent by electronic mail or by facsimile transmission shall be deemed to have been received on the date of delivery. Any notice sent via pre-paid registered mail shall be deemed to have been received on the fourth business day following mailing. Any notice sent via courier shall be deemed to have been received on the following business day. Either of the Company and MNP Ltd. or the undersigned may change its address for service of notice or the person to whom such notice shall be directed from time to time by notice given in accordance with the foregoing.

10. The undersigned agrees that it shall not assign this Agreement or any of its rights hereunder, whether in whole or in part.
11. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario (and, if applicable, the federal laws of Canada) and each of the undersigned hereby irrevocably attorn to the jurisdiction of the Ontario Superior Court of Justice (Commercial List).

- 13. The undersigned acknowledges and confirms that any costs incurred by any consultant related to its review of the Information are solely its obligation and responsibility.
- 14. The undersigned acknowledges and agrees that it has had the opportunity to obtain independent legal advice as to the terms and conditions of the Agreement and has either received same or expressly waived its right to do so.
- 15. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal personal representatives, trustees, successors and permitted assigns.
- 16. This Agreement constitutes the entire agreement between the undersigned, the Company and the Proposal Trustee with respect to the subject matter hereof and supersedes all prior agreements and or discussions relating to the subject matter hereof. This Agreement may only be amended by further written agreement between the parties.

For good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, each of the undersigned have executed this Agreement and hereby agree to all of the obligations in favour of the Company and/or the Proposal Trustee contemplated herein.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2019

**OR**

\_\_\_\_\_  
(Signature of Person – Individual)

Name:

\_\_\_\_\_  
(Name of Corporation)

Per:

\_\_\_\_\_  
(Signature of Witness – Individual)

Name:

\_\_\_\_\_  
(Signature of Authorized Signing Officer)

Name:  
 Title

I have the authority to bind the corporation

## SCHEDULE "B"

### ADDRESSES FOR DELIVERIES

Any delivery made to FT EnE Canada Inc. pursuant to this Sale Solicitation Process ("SISP") shall be made to:

FT EnE Canada Inc.  
c/o MNP Ltd.  
111 Richmond St. W.  
Suite 300  
Toronto, ON M5H 2G4

Attention: Michael Litwack  
Email: [Michael.litwack@mnp.ca](mailto:Michael.litwack@mnp.ca)

Deliveries pursuant to this SISP by email or by facsimile shall be deemed to be received when sent. In all other instances, deliveries made pursuant to this SISP shall be deemed to be received when delivered to the relevant address, as identified above.



**IN THE MATTER OF THE PROPOSAL OF FT ENE CANADA INC., OF THE CITY OF BRANTFORD, IN THE PROVINCE OF ONTARIO**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**PROCEEDING COMMENCED AT  
TORONTO**

**FIRST REPORT TO THE COURT SUBMITTED BY  
MNP LTD., IN ITS CAPACITY AS TRUSTEE IN RE  
THE PROPOSAL OF FT ENE CANADA INC.**

**PALLET VALO LLP**  
Lawyers & Trade-Mark Agents  
77 City Centre Drive, West Tower  
Suite 300  
Mississauga, Ontario  
L5B 1M5

**ALEX ILCHENKO, C.S. (LSUC NO. 33944Q)**

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Lawyers for MNP Ltd.