

**Via Regular Mail**

August 13, 2019

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

Please take notice that on August 2, 2019, FT filed a Proposal (the “**Proposal**”) pursuant to s.50.4(1) of the *Bankruptcy and Insolvency Act (Canada)* (“**BIA**”) and MNP Ltd. has consented to act as Proposal Trustee (the “**Trustee**”). Please find enclosed the following:

- A. Notice of Proposal to Creditors;
- B. Proposal;
- C. Statement of Affairs;
- D. Report of Trustee on Proposal;
- E. Proof of Claim Form;
- F. Voting Letter; and
- G. Proxy Form

A meeting of creditors to consider the Proposal will be held at 2:30 p.m. on August 23, 2019 at the following address:

Blaney McMurtry LLP  
2 Queen Street East, Suite 1500  
Toronto, ON M5C 3G5

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the Proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the Court, the proposal is binding on all the creditors or the class of creditors affected.

**Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with the Trustee prior to 2:30 p.m. (Toronto Time) on August 23, 2019. You may forward your claim, proxy and voting letter by either email at [angela.liu@mnp.ca](mailto:angela.liu@mnp.ca) or via facsimile at (416) 596-7894.**

Proof of claim forms are to be filed based on the amount owed as of **February 27, 2019**, the date the Notice of Intention to make a Proposal was filed.

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).

Yours truly,

**MNP Ltd.**  
**Trustee acting in re: the Proposal of**  
**FT ENE Canada Inc.**  
**Per:**



Matthew Lem, CIRP, LIT

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

FORM 92  
Notice of Proposal to Creditors  
(Section 51 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 FT ENE CANADA INC. of the City of Brantford in the Province of Ontario has lodged with us a proposal under the Bankruptcy and Insolvency Act.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.

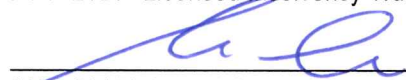
A general meeting of the creditors will be held at 2 Queen Street East, Suite 1500, Toronto, ON on the 23rd day of August 2019 at 2:30 PM.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to the commencement of the meeting.

Dated at the City of Toronto in the Province of Ontario, this 13th day of August 2019.

MNP LTD. - Licensed Insolvency Trustee

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

(A form of proof of claim, a form of proxy and a voting letter should be enclosed with each notice.)

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Bell	P.O.Box 9000, STN Don Mills North York ON M3C 2X7		320.37
CR Strapping Inc	PO Box 23042, 35 Airport Road Brantford ON N3T 6K4		725.82
Employees - S. 65.13(8)	. ON		36,000.00
Filtration Technologies International.	105 Shenandoah Street Clarksville TN 37043 USA		8,304.28
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
Stuart Hunt and Associates	15802-145 Avenue N.W. Edmonton AB T6V 0H8		3,373.05
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>			<b>82,203.43</b>

**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**

**PROPOSAL OF FT ENE CANADA INC.**

FT ENE Canada Inc. (“**FTE**” or the “**Company**”) hereby submits the following Proposal to all of its Unsecured Creditors pursuant to Part III of the *Bankruptcy and Insolvency Act* (Canada).

**ARTICLE 1**

**DEFINITIONS**

**1.1 Definitions**

In this Proposal:

- (a) “**Administrative Fees and Expenses**” means the proper fees, expenses and legal fees and disbursements of the Proposal Trustee, and the Company on and incidental to the negotiation, preparation, presentation, consideration and implementation of the Proposal, and all proceedings and matters relating to or arising out of the Proposal including, without limitation, those fees and expenses secured by the Order of Justice Penny dated March 28, 2019, (which order is not vacated or altered by the filing or approval of this Proposal);
- (b) “**Approval Date**” means the date upon which the Approval Order is issued by the Court;
- (c) “**Approval Order**” means an order of the Court approving the Proposal;

- (d) “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended and in force as at the Date of Filing;
- (e) “**Business Day**” means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (f) “**Canada Pension Plan**” means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (g) “**Claim**” means any right of any Person against the Company in connection with any indebtedness, liability, action or obligation of any kind of or by the Company which indebtedness, action, liability or obligation is in existence or had occurred at the Date of the Proposal, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory in nature, including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or at the time of the Date of the Proposal including, without limitation any, claims that would have been claims provable in bankruptcy had the Company become bankrupt on the Date of the Proposal, any claims which might be made by a trustee in bankruptcy or a creditor or any other party pursuant to sections 95 to 101.1 of the *BIA* or under a statute or common law rule similar to these sections, or, any claim related to the manner in which the Company conducted these Proposal proceedings and all operational decisions made during that period, but expressly excluding any equity claims or claims which are found to be equity claims upon review by the Proposal Trustee or the Court;
- (h) “**Collateral**”, in respect of a Secured Creditor, means the assets and property of the Company in which the Secured Creditor holds a valid and enforceable security interest;
- (i) “**Company**” means FT EnE Canada Inc.;
- (j) “**Court**” means the Ontario Superior Court of Justice (in Bankruptcy and Insolvency);
- (k) “**Creditor**” means any Person, having a Claim (whether or not a Proof of Claim is filed by such Person) and may, if the context requires, mean a Proposal Trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (l) “**Creditors’ Meeting**” means the meeting of the Unsecured Creditors called for the purpose of considering and voting upon the Proposal;

- (m) **“Creditors’ Meeting Date”** means such date and time as may be called by the Proposal Trustee, but in any event shall be no later than twenty-one (21) days following the Date of the Proposal;
- (n) **“Date of Filing”** means February 27, 2019, the date of the filing of the Notice of Intention to Make a Proposal with the Official Receiver;
- (o) **“Date of the Proposal”** means August 2, 2019, the date that the Proposal was lodged with the Proposal Trustee;
- (p) **“Disputed Claim”** means a Claim which is filed in this Proposal by a Creditor which is: i) disallowed in whole or in part by the Proposal Trustee, ii) disputed in whole or in part by the Company, or iii) is the subject of a disallowance proceeding or appeal before the Court.
- (q) **“Employment Insurance Act”** means the *Employment Insurance Act*, S.C. 1996 c. 23, as amended;
- (r) **“Filed Claim”** means a claim filed in the proposal by a Creditor which has not yet been reviewed or approved by the Proposal Trustee and the Company
- (s) **“Implementation Date”** means the date upon which the conditions set forth in Article 7.4 have been satisfied;
- (t) **“Income Tax Act”** means *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended;
- (u) **“Official Receiver”** shall have the meaning ascribed thereto in the *BIA*;
- (v) **“Ordinary Creditors”** means Creditors with Proven Claims, except for those Claims:
  - (i) that the Proposal Trustee determines not to be a provable claim in accordance with Section 135 (1.1) of the *BIA*;
  - (ii) that have been finally and conclusively disallowed in accordance with the *BIA*;
  - (iii) that are Claims by Preferred Creditors;
  - (iv) that are Claims by a Related Party;
  - (v) that are Claims by a Secured Creditor;
  - (vi) that are Claims in respect of an Equity Interest; or
  - (vii) that are Claims in respect of Administrative Fees and Expenses.
- (w) **“Performance”** means full performance of this Proposal as set out in Article 6 paragraph 6.1 hereof;

- (x) **“Person”** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (y) **“Preferred Creditors”** means Creditors with Proven Claims that are proven and which are required by the *BIA* to be paid in priority to all other Claims under a proposal made by a debtor and including, without limitation:
  - (i) employees and former employees of the Company, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the *BIA* if the Company became bankrupt on the Date of Filing, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salesmen, disbursements properly incurred by those salesmen in and about the Company's business during the same period; and
  - (ii) Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the time of the filing of the notice of intention or of the Date of Filing and are of a kind that could be subject to a demand under,
    - (a) subsection 224(1.2) of the Income Tax Act;
    - (b) any provision of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the Income Tax Act and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amounts; or
    - (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Income Tax Act, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum
      - (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act, or
      - (ii) is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation

establishes a "provincial pension plan" as defined in that subsection.

- (z) **"Proof of Claim"** shall mean the proof of claim required by the *BIA* to be mailed to each known Creditor prior to the Creditors' Meeting;
- (aa) **"Proposal"** means the Proposal lodged with the Proposal Trustee on August 2<sup>nd</sup>, 2019 together with any amendments or additions thereto;
- (bb) **"Proposal Trustee"** means MNP Ltd., or its duly appointed successor or successors
- (cc) **"Proposal Fund"** shall mean the payments made by the Company to the Proposal Trustee pursuant to paragraph 6 hereof;
- (dd) **"Proven Claim"** of a Creditor means the amount of the Claim of such Creditor finally determined in accordance with the provisions of the *BIA* and approved by the Company and the Proposal Trustee;
- (ee) **"Related Party"** means Finetex, EnE Inc. ("**FT Korea**") and any Creditor related to the Company within the meaning of Section 4 of the *BIA*, but shall not include Jong Chul Park;
- (ff) **"Secured Creditor"** means any creditor holding a valid and perfected security interest against the Company;
- (gg) **"Unsecured Creditors"** means, collectively, the Preferred Creditors and the Ordinary Creditors; and
- (hh) **"Voting Letter"** shall mean the voting letter required by subsection 51(1) of the *BIA* to be mailed to each known Creditor prior to the Unsecured Creditors' Meeting.

## 1.2 Articles of Reference

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In this Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

## 1.3 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of a table of contents and headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.



#### **1.4 Date for Any Action**

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

#### **1.5 Time**

All times expressed herein are local time in Toronto, Ontario, Canada unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified herein, the time shall be deemed to be 5:00 p.m. local time in Toronto, Ontario, Canada.

#### **1.6 Numbers**

In the Proposal, where the context requires, a word importing the singular number will include the plural and *vice versa* and a word or words importing gender will include all genders.

#### **1.7 Currency**

Unless otherwise stated herein, all references to currency in the Proposal are to lawful money of Canada.

#### **1.8 Statutory References**

Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

#### **1.9 Successors and Assigns**

The Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Proposal.

### **ARTICLE 2**

#### **CLASSIFICATION OF CREDITORS**

##### **2.1 Classes of Creditors**

For the purposes of voting on the Proposal, only Ordinary Creditors will be entitled to vote on the Proposal. There shall be one class of Unsecured Creditors.

### **ARTICLE 3**

#### **TREATMENT OF CREDITORS**

### **3.1 Secured Creditors**

All Secured Creditors shall be paid in accordance with the respective agreement(s) between each Secured Creditor and the Company or as otherwise agreed between said Secured Creditor and the Company. To the extent that there is insufficient Collateral to repay the secured indebtedness, the Secured Creditor will file the balance of its claim as an Unsecured Creditor and participate in this Proposal as same.

### **3.2 Preferred Creditors**

The Proven Claims of the Preferred Creditors are to be paid by the Proposal Trustee in full in priority to all the Proven Claims of Ordinary Creditors in accordance with the *BIA* and the Proposal.

### **3.3 Ordinary Creditors**

The Proven Claims of all Ordinary Creditors, subject to paragraph 3.4 below, are to be paid, on a *pro rata* basis, their proportionate share of the Proposal Funds once the claims of Preferred Creditors are satisfied as provided for in this Proposal. For distribution purposes, to the extent that the Collateral is not sufficient to satisfy the Proven Claim of a Secured Creditor, that Secured Creditor shall be an Unsecured Creditor for any portion of that Secured Creditor's Proven Claim that remains outstanding.

### **3.4 Creditors May Elect**

Any Claim owed to any Unsecured Creditor, regardless of whether or not the Creditor has filed a proof of claim, which the books and records of the Company (as reviewed by the Proposal Trustee) indicate is owed less than \$15,000.00, shall be deemed to have a Proven Claim in that amount. Any Creditor with a Proven Claim of \$15,000.00 or less, shall receive the full amount of their Proven Claim following the approval of the Proposal, as further set out in section 6.4 (a) hereof. All such Creditors shall be deemed to have voted in favour of the Proposal unless they attend the Creditors Meeting and vote against the Proposal. Any other Creditor, other than a Related Party, with a Proven Claim which is greater than \$15,000.00, may elect in writing, prior to the Proposal being voted upon (including at the Creditor's Meeting), to, instead of participating in a pro rata distribution as set out above, receive \$15,000.00. As further described in section 6.4 (a) below. Any such Unsecured Creditor with a claim below \$15,000.00 or any Unsecured Creditor who makes such an election (an "**Electing Creditor**") shall be deemed to have voted in favour of the Proposal and shall be deemed to have provided the Proposal Trustee with their proxy.

### **3.5 Related Party Postponement**

The Related Party shall be bound by this Proposal. The Related Party shall either i) deliver an agreement and consent, in a form satisfactory to the Company and the Proposal Trustee, to subordinate its Claim(s) in full to the Claims of the Ordinary Creditors payable under this Proposal or ii) file a Proof of Claim. The Related Party shall be entitled to vote only against, and not in favour of, this Proposal, and then only to the extent of its Proven Claim.

### **3.6 Claims Against Directors or Deemed Director**

Any Claims (other than those set out in section 50(14) of the *BIA*) against any Director, including any deemed director, that relate to obligations of such person to the Company or actions taken by such person on behalf of or to support the interests of the Company or where the directors are under any law liable in their capacity as directors for the payment or performance of such obligations which occurred prior to the filing date (a “**Director Claim**”) shall, following acceptance of this Proposal by the Creditors, and upon the Approval Date, be and are hereby, compromised and released and forever discharged as against the directors of the Company.

Any Claim (other than those set out in section 50(14) of the *BIA*) against any Director, including any deemed director, that relate to obligations of such person to the Company or actions taken by such person on behalf of or to support the interests of the Company where the directors are under any law liable in their capacity as directors for the payment or performance of such obligations which occurred after the filing date up until the date this Proposal is approved by the Court (a “**Restructuring Director Claim**”) shall, following acceptance of this Proposal by the Creditors, and upon the Approval Date, be and are hereby, compromised and released and forever discharged as against the directors of the Company.

## **ARTICLE 4**

### **PROCEDURE FOR VALIDATION OF CLAIMS**

#### **4.1 Filing of Proofs of Claim**

Each Creditor must file a Proof of Claim as required by the *BIA* to vote on, or receive a distribution under, the Proposal.

#### **4.2 Allowance or Disallowance of Claims by the Proposal Trustee**

Upon receipt of a completed Proof of Claim, the Proposal Trustee and the Company shall examine the Proof of Claim and shall deal with each claim in accordance with the provisions of the *BIA*. The procedure for valuing Claims of the Unsecured Creditors and resolving disputes with respect to such Claims will be as set forth in the *BIA*, subject to the following. In the event any claim is disallowed by the Proposal Trustee and appealed by such Creditor within the time period provided in the *BIA*, the Proposal Trustee shall permit the Company to proceed with the appeal of any such Claims, with input from the Proposal Trustee. Without limiting the forgoing, the Proposal Trustee shall permit the Company to contest any claim made by the Related Party in these proceedings, with input from the Proposal Trustee. The Company and/or the Proposal Trustee reserve the right to seek the assistance of the Court in valuing any Claim, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Creditor under the Proposal, as the case may be.

#### **4.3 Claims Bar Process**

Forthwith after obtaining the Approval Order, the Proposal Trustee shall give notice pursuant to s.149 of the *BIA* by registered mail to every person with a claim the Proposal Trustee has notice

or knowledge but whose claim has been filed or proved that if such person does not prove his claim within a period of thirty (30) days after the mailing of the notice (“**Claims Bar Date**”), the Proposal Trustee will proceed to declare a final dividend without regard to such person’s claim; the dividend referred to in said notice shall be deemed a final dividend and any person so notified who does not provide his claim within the said thirty (30) days shall be barred from making a claim in this Proposal or sharing in any dividend hereunder, subject to any exceptions set out in Sections 149(2)(3) and (4) of the *BIA*.

## ARTICLE 5

### MEETING OF CREDITORS

#### 5.1 Unsecured Creditors’ Meeting

On the Creditors’ Meeting Date, the Proposal Trustee shall hold the Creditors’ Meeting in order for the Creditors to consider and vote upon the Proposal.

#### 5.2 Time and Place of Meeting

Unless otherwise ordered by the Court, the Creditors’ Meeting shall be held at a time and place to be established by the Official Receiver, or the nominee thereof, and confirmed in its notice of meeting to be mailed pursuant to the *BIA*. All Proofs of Claim shall be delivered in accordance with the provisions of the Proposal, the *BIA* and any Order which may be issued by the Court in respect of the procedure governing the Creditors’ Meeting.

#### 5.3 Conduct of Meetings

The Official Receiver, or the nominee thereof, shall preside as the chair of the Creditors’ Meeting and will decide all matters relating to the conduct of the Creditors’ Meeting. The only persons entitled to attend the Creditors’ Meeting are those persons, including the holders of proxies, entitled to vote at the Creditors’ Meeting, the Secured Creditors and their respective legal counsel, if any, and the officers, directors, auditors, and legal counsel of the Company, together with such representatives of the Proposal Trustee as the Proposal Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other person may be admitted on invitation of the chair of the Creditors’ Meeting or with the consent of the Unsecured Creditors.

#### 5.4 Adjournment of Meetings

The Creditors’ Meeting may be adjourned in accordance with Section 52 of the *BIA* or by ordinary resolution of the Creditors in attendance at the Creditors’ Meeting, including any creditors who are in attendance by proxy, or by the Proposal Trustee. Without limiting the foregoing, in the event the value of a Proof of Claim filed at or prior to the Creditor’s Meeting is disputed by the Company or the Proposal Trustee, and the value of such Proof of Claim is sufficiently material such that the outcome of the Proposal vote could be altered by the value ultimately assigned to that Proof of Claim, the Proposal Trustee shall, upon the request of the Company, adjourn the meeting in order to conduct further investigation of that Proof of Claim.

### **5.5 Voting by Creditors**

To the extent provided for herein, each Unsecured Creditor will be entitled to vote to the extent of the amount which is equal to the Proven Claim held by the Trust Creditor. The Chair reserves the right to reject any claim in accordance with section 108 (1) of the *BIA* and to deny such person the right to vote at the Creditors' Meeting.

### **5.6 Approval by Creditors**

In order that the Proposal be binding on all of the Unsecured Creditors of the Company in accordance with the *BIA*, it must first be accepted by the Unsecured Creditors as prescribed by this Proposal by a majority in number of the Unsecured Creditors who actually vote upon the Proposal (in person or by proxy) at the Creditors' Meeting or by a Voting Letter, representing at least two-thirds in value of the Proven Claims of the Unsecured Creditors who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

## **ARTICLE 6**

### **DISTRIBUTION OF PROCEEDS**

#### **6.1 Implementation of Proposal**

- (a) Upon the Proposal being approved by the Court, the Company shall pay any outstanding Administrative Fees and Expenses and shall deliver a retainer of \$50,000 (or such other amount as the Company and the Proposal Trustee may agree). Notwithstanding the payment of this retainer amount, the Company shall remain liable for the payment of all Administrative Fees and Expenses until such time as the proposal is fully performed and the Proposal Trustee is discharged. The Company shall continue to make such payments as and when due hereafter.
- (b) The Company shall provide the Proposal Trustee with the amount contemplated by section 6.3 hereof within 30 days of the Approval Date.
- (c) Upon the approval of all properly filed Claims and the final resolution of any disputed claims by either the Proposal Trustee and the Company or the Court, the Company shall provide payment to the Proposal Trustee of an amount equal to the lesser of the entire amount of (i) the Proven Claims, plus the amount due under the Superintendent's Levy in respect of such claims and any outstanding Administrative Fees and Expenses, or (ii) THREE HUNDRED THOUSAND DOLLARS (\$300,000). (the "**Proposal Fund**").

#### **6.2 Payment of Administrative Fees and Expenses**

The Company shall pay Administrative Fees and Expenses from time to time pending the completion of the Proposal. Upon payment of the Proposal Fund to the Proposal Trustee, the outstanding Administrative Fees and Expenses shall be paid in full out of the funds in its hands,

and, to the extent that is insufficient, from the Proposal Fund, prior to distribution to the Preferred and the Ordinary Creditors.

### **6.3 Distribution to Preferred Creditors**

Within 30 days of the Approval Date the Company shall provide to the Proposal Trustee sufficient funds to pay the Preferred Creditors in full the amount of their Proven Claims in priority to the Ordinary Creditors. The Proposal Trustee shall then make payments to those Preferred Creditors forthwith. Payments to each Preferred Creditor shall be net of any applicable levy payable to the Office of the Superintendent of Bankruptcy as required by the *BIA*.

### **6.4 Distribution to Ordinary Creditors**

(a) Upon receipt of the Proposal Fund, the Proposal Trustee will, within 30 days, distribute from the Proposal Fund, net of the payments made in sections 6.2 and 6.3, to the Creditors described in section 3.4 hereof (the “**Convenience Creditors**”).

(b) The Ordinary Creditors with Proven Claims, other than Convenience Creditors, shall be paid, within 90 days of the Implementation Date, their *pro rata* share of the remaining Proposal Fund then in the hands of the Proposal Trustee, following payment of the Claims as described in paragraph 6.2 and 6.5, and 6.4(a), based on the proportion which the Proven Claim of such Ordinary Creditor bears to the aggregate amount of the Proven Claims of all Ordinary Creditors.

(c) Related Party Creditors who have subordinated their claim will not receive any distribution from the Proposal Fund.

Payments to each Ordinary Creditor or Convenience Creditor shall be net of any applicable levy payable to the Office of the Superintendent of Bankruptcy as required by the *BIA*.

### **6.5 Proposal Default Fund**

From the Proposal Fund, and prior to any distributions to any creditors in the administration, an amount of \$20,000 will be retained by the Proposal Trustee (“**Proposal Default Fund**”). The sole purpose of the Proposal Default Fund will be to fund an application to annul the Proposal in the event of default, which has not been waived by the Inspector(s) in the estate or remedied by the Company. Upon instructions from the Inspector(s), if any, the Proposal Trustee will make an application to the Courts to have the Proposal annulled. Despite, a Certificate of Full Performance being issued to the Company, this provision of this Proposal will apply and the Proposal Default Fund will remain unavailable for distribution to the creditors in the estate until all the payments required under this Proposal have been made.

### **6.6 Discharge of Proposal Trustee**

Upon payment by the Proposal Trustee of the amounts contemplated in this Article 6, the Proposal Trustee shall have discharged its duties as Proposal Trustee, the Proposal Trustee’s obligation under its Proposal shall be fully performed and the Proposal Trustee shall be entitled to apply for its discharge as Proposal Trustee hereunder. For greater certainty, the Proposal Trustee will not be

responsible or liable for any obligations of the Company and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default. Upon its discharge, the Proposal Trustee will return any remaining funds in its hands to the Company or as the Company may direct.

## ARTICLE 7

### MISCELLANEOUS

#### 7.1 **Compromise Effective for all Purposes**

The distributions contemplated hereunder will be binding upon each Creditor, other than Secured Creditors, and their heirs, executors, administrators, successors and assigns, for all purposes.

#### 7.2 **Modification of Proposal**

The Company or any Unsecured Creditor may propose an alteration or modification to the Proposal prior to the vote taking place on the Proposal.

#### 7.3 **Consents, Waivers and Agreements**

As at 12:01 a.m. on the Implementation Date, each Creditor, including the Related Parties, but excluding Secured Creditors, will be deemed:

- (a) to have executed and delivered to the Company all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Proposal in its entirety;
- (b) to have waived any default by the Company in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor and the Company that has occurred on or prior to the Implementation Date;
- (c) to have agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Company as at the Implementation Date (other than those entered into by the Company on, or with effect from, the Implementation Date) and the provisions of this Proposal, that the provisions of this Proposal shall take precedence and priority and the provisions of such agreement or other arrangement shall be amended accordingly; and
- (d) to have released the Company, the Proposal Trustee and all of their respective affiliates, employees, agents, directors, officers, shareholders, advisors, consultants and solicitors from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgements, expenses, executions, liens, set off rights and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any

Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date, relating to or arising out of or in connection with the matters herein, including, without limitation, those claims which could be advanced or pursued pursuant to sections 95 to 101.1 of the *BIA*.

#### **7.4 Conditions Precedent to Proposal Implementation**

The implementation of the Proposal by the Company will be conditional upon the fulfilment or satisfaction of the following conditions:

- (a) acceptance of the Proposal by the Unsecured Creditors; and
- (b) approval of the Proposal by the Court pursuant to a final Order and the expiry of ten (10) day appeal period under the *BIA* with no appeal having been filed within said ten (10) day period,
- (c) receipt of the Proposal Fund by the Proposal Trustee after the final resolution of all Disputed Claims, if any, and

The date upon which the last of these conditions is met shall be the "Implementation Date"

#### **7.5 Effect of Proposal Generally**

As at 12:01 a.m. on the Implementation Date, the treatment of all Claims under the Proposal shall be final and binding on the Company and all Creditors, other than Secured Creditors, including all Claims against Directors (to the extent not otherwise released on the Approval Date, and other than the claims described in S. 50(14) of the *BIA*), and the Proposal shall constitute (i) a full, final and absolute settlement of all rights of the holders of the Claims (whether or not such Creditor with such a Claim filed a Claim); and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Company or the Directors of or in respect of such Claims. The Proposal Trustee shall thereafter issue a certificate of full performance to the Company in accordance with the provisions of the *BIA* promptly.

#### **7.6 Notices**

Any notices or communication to be made or given hereunder shall be in writing and shall refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail or by telecopier (except for Proofs of Claim which may only be sent by personal delivery, telecopier or registered mail) addressed to the respective parties as follows:

- (a) if to the Company:



- (b) if to an Unsecured Creditor, to the address or telecopier number for such Unsecured Creditor specified in the Proof of Claim filed by such Unsecured Creditor or, if no Proof of Claim has been filed, to such other address or telecopier number at which the notifying party may reasonably believe that the Unsecured Creditor may be contacted; and
- (c) if to the Proposal Trustee:

Attention: MNP Ltd.  
c/o Mr. Mathew Lem  
111 Richmond Street West  
Suite 300  
Toronto, ON, M5H 2G4  
Telephone: (416) 515-3882  
Telecopier: (416) 596-1711  
Email: matthew.lem@mnp.ca

or to such other address or telecopier number as any party may from time to time notify the others in accordance with this section. In the event of any strike, lock-out and other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by telecopier and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption will be deemed not to have been given or made. All such notices and communications will be deemed to have been received, in the case of notice by telecopier or by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and in to case of notice mailed as aforesaid, on the fifth (5th) Business Day following the date on which such notice or other communication is mailed. The unintentional failure to give a notice contemplated hereunder to any particular Creditor will not invalidate this Proposal or any action taken by any Person pursuant to this Proposal.

#### **7.7 Foreign Currency Obligations**

For purposes of this Proposal, Claims denominated in a currency other than Canadian funds will be converted to Canadian Dollars at the closing spot rate of exchange of the Bank of Canada on the Date of Filing.

#### **7.8 Applicable Law**

This Proposal shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

**7.9 Non Severability**

It is intended that all provisions of this Proposal shall be fully binding on and effective between all Persons named or referred to in this Proposal and in the event that any particular provision or provisions of this Proposal is or are found to be void, voidable or unenforceable for any reason whatever, then the remainder of this Proposal and all other provisions shall be void and of no force or effect

**7.10 Deeming Provisions**

In this Proposal the deeming provisions are not rebuttable and are conclusive and irrevocable.

**DATED** at the City of Toronto, in the Province of Ontario, this 2<sup>nd</sup> day of August, 2019

**FT ENE CANADA INC.**

Per: \_\_\_\_\_

A handwritten signature in black ink, appearing to be 'Jong Chul Park', written over a horizontal line.

Jong Chul Park

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

Original  Amended

\_Form 78\_  
 Statement of Affairs (Business Proposal) 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 Proposal of  
 FT ENE CANADA INC.  
 of the City of Brantford  
 in the Province of Ontario


To the debtor:

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 filing of your proposal (or notice of intention, if applicable), on the 27th day of February 2019. 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)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A" . . . . . 46,430.43	1. Inventory . . . . . 100,000.00
Balance of secured claims as per list "B" . . . . . 0.00	2. Trade fixtures, etc. . . . . 0.00
Total unsecured creditors . . . . . 46,430.43	3. Accounts receivable and other receivables, as per list "E"
2. Secured creditors as per list "B" . . . . . 36,001.00	Good . . . . . 368,149.00
3. Preferred creditors as per list "C" . . . . . 0.00	Doubtful . . . . . 0.00
4. Contingent, trust claims or other liabilities as per list "D"	Bad . . . . . 0.00
estimated to be reclaimable for . . . . . 1.00	Estimated to produce . . . . . 368,149.00
Total liabilities . . . . . 82,432.43	4. Bills of exchange, promissory note, etc., as per list "F" . . . . . 0.00
Surplus . . . . . 2,109,738.57	5. Deposits in financial institutions . . . . . 0.00
	6. Cash . . . . . 387,522.00
	7. Livestock . . . . . 0.00
	8. Machinery, equipment and plant . . . . . 1,000,000.00
	9. Real property or immovable as per list "G" . . . . . 0.00
	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 . . . . . 500.00
	15. Other property, as per list "H" . . . . . 336,000.00
	If debtor 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 . . . . . 2,192,171.00
	Deficiency . . . . . NIL

I, Jong Chul Park - Director, of the City of Toronto in the Province of Ontario, 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 my affairs on the 2nd day of August 2019 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 Toronto in the Province of Ontario, on this 2nd day of August 2019.

  
 \_\_\_\_\_

Matthew Lem, Commissioner of Oaths  
 For the Province of Ontario  
 MNP LTD.  
 Expires December 30, 2019

  
 \_\_\_\_\_

Jong Chul Park - Director

**Matthew Eric Lem, a Commissioner, etc.,  
 Province of Ontario, for MNP Ltd. and MNP LLP,  
 Expires December 30, 2019.**

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

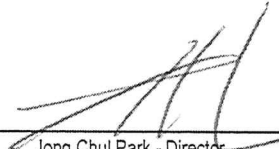
FORM 78 -- Continued

List "A"  
 Unsecured Creditors  
 FT ENE CANADA INC.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	Bell	P.O.Box 9000, STN Don Mills North York ON M3C 2X7	320.37	0.00	320.37
2	CR Strapping Inc	PO Box 23042, 35 Airport Road Brantford ON N3T 6K4	725.82	0.00	725.82
3	Filtration Technologies International.	105 Shenandoah Street Clarksville TN 37043 USA	8,304.28	0.00	8,304.28
4	FT EnE Inc	23-1, Hyoryeong-ro, Seocho-gu Seoul Seoul 137 819 South Korea	1.00	0.00	1.00
5	Gerrie Electric Wholesale Ltd	4104 South Service Road Burlington ON L7L 4X5	735.86	0.00	735.86
6	Home Depot Credit Services	P.O. Box 675 STATION D Scarborough ON M1R 5T4	1,160.70	0.00	1,160.70
7	Hub International	2265 Upper Middle Road East, 7th Floor OAKVILLE ON L6H 0G5	4,198.60	0.00	4,198.60
8	IBC Computers	196 King George Road Brantford ON N3R 5L3	3,335.88	0.00	3,335.88
9	Imperial Oil	PO Box 1700 Don Mills ON M3C 4J4	462.33	0.00	462.33
10	Kings Wood Products	30 Curtis Ave N Paris ON N3L 3V3	3,135.75	0.00	3,135.75
11	R.K. Custom Fabrication & Welding	192 Mary Street Brantford ON N3S 3C2	3,113.15	0.00	3,113.15
12	Silo Wireless	2-19 Sage Court Brantford ON N3R 7T4	226.00	0.00	226.00
13	Stuart Hunt and Associates	15802-145 Avenue N.W. Edmonton AB T6V 0H8	3,373.05	0.00	3,373.05
14	TLS - Truck Load Services Inc	PO Box 100 VAUDREUIL-DORION QC J7V 5W1	8,274.60	0.00	8,274.60
15	Waste Connections Of Canada Inc.	500 Rennie Street Hamilton ON L8H 3P5	1,163.04	0.00	1,163.04
16	Wood Enviroment & Infastructure Solutions	10-900 Maple Grove Road Cambridge ON N3H 4R7	4,400.00	0.00	4,400.00
17	Workplace Safety and Insurance Board Attn: c/o Collection Services 5521919	200 Front St W Toronto ON M5V 3J1	3,500.00	0.00	3,500.00
<b>Total:</b>			<b>46,430.43</b>	<b>0.00</b>	<b>46,430.43</b>

02-Aug-2019

Date

  
 Jong Chul Park - Director

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

FORM 78 -- Continued


List "B"  
 Secured Creditors

FT ENE CANADA INC.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	Employees - S. 65.13(8)	ON	36,000.00	Other - Trust Account - MNP re S. 65.13(8)		36,000.00		
2	Royal Bank of Canada	20 King St. W., 2nd Floor Toronto ON M5H 1C4	1.00	Debts Due - Business - Accounts Receivables Business Assets - Machinery - Office, plant and warehouse equipment Business Assets - Stock In Trade - Inventory Cash on hand - Cash in Bank - Royal Bank & TD Bank Other - Cash Collateral - held by RBC Motor Vehicles - Automobile - Ford - F150		1.00 0.00 0.00 0.00 0.00 0.00	368,148.00 2,710,308.13 400,000.00 387,522.00 50,000.00 6,241.60	
Total:			36,001.00			36,001.00	3,922,219.73	0.00

02-Aug-2019

Date

  
 Jong Chul Park - Director

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

FORM 78 -- Continued


List "C"  
Preferred Creditors for Wages, Rent, etc.

FT ENE CANADA INC.

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

02-Aug-2019

Date



Jong Chul Park - Director

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

FORM 78 – Continued


List "D"  
Contingent or Other Liabilities

FT ENE CANADA INC.

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
1	CRA - Tax - Ontario 848272043RP0001	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	1.00	0.00		Deemed Trust Claim
Total:			1.00	0.00		

02-Aug-2019

Date

  
Jong Chul Park - Director

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

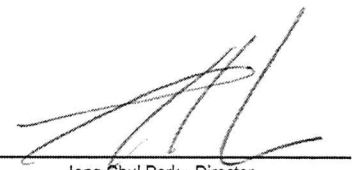
FORM 78 -- Continued

List "E"  
 Debts Due to the Debtor  
 FT ENE CANADA INC.

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
1	Accounts Receivables	ON	Trade Receivables	368,149.00 0.00 0.00		02-Aug-2019	368,149.00	
Total:				368,149.00 0.00 0.00			368,149.00	

02-Aug-2019

Date



Jong Chul Park - Director



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

FORM 78 -- Continued

List "F"

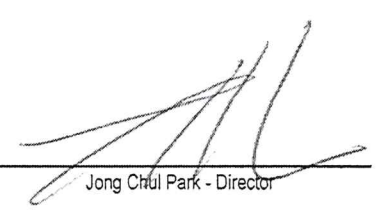
Bills of Exchange, Promissory Notes, Lien Notes, Chattel  
Mortgages, etc., Available as Assets

FT ENE CANADA INC.

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
Total:				0.00		0.00	

02-Aug-2019

Date

  
Jong Chul Park - Director

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

FORM 78 -- Continued

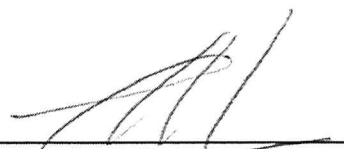
List "G"  
Real Property or Immovables Owned by Debtor

FT ENE CANADA INC.

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Total:			0.00		0.00

02-Aug-2019

Date

  
Jong Chul Park - Director

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

FORM 78 -- Concluded

List "H"  
 Property

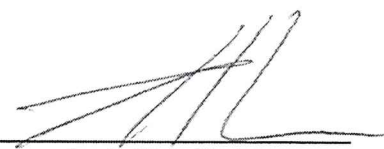
FT ENE CANADA INC.

FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade		Inventory	400,000.00	100,000.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			387,522.00	387,522.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant		Office, plant and warehouse equipment	2,710,309.18	1,000,000.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles		Automobile - Ford - F150	6,241.60	500.00
(l) Taxes			0.00	0.00
(m) Other		Book Debts - SMIA Refund	150,000.00	50,000.00
		Book Debts - HST Refund	150,000.00	150,000.00
		Cash Collateral - held by RBC	50,000.00	50,000.00
		Trust Account - MNP re S. 65.13(8)	36,000.00	36,000.00
		Trust Account - Blaneys	50,000.00	50,000.00
			<b>Total:</b>	<b>1,824,022.00</b>

02-Aug-2019

Date



Jong Chul Park - Director

District of ONTARIO  
Division 07-Hamilton  
Estate #: 32-2480036  
Court # 32-2480036

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(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**

**REPORT OF TRUSTEE TO THE CREDITORS**  
*(Section 50(5) of the Bankruptcy and Insolvency Act)*

Enclosed are the following documents:

- ♦ Notice of Proposal to Creditors;
- ♦ Proposal under Part III, Division I, of the *Bankruptcy and Insolvency Act* (the “**BIA**”), dated August 2, 2019 (the “**Proposal**”) lodged with MNP Ltd. (the “**Trustee**”) by FT EnE Canada Inc. (the “**Company**”) and filed with the Official Receiver on August 2, 2019;
- ♦ a statement of affairs, detailing the Company’s assets and liabilities as August 2, 2019 (“**SOA**”);
- ♦ a proof of claim form;
- ♦ voting letter if you wish to vote in advance of the meeting; and
- ♦ general proxy.

The following is an outline of the background and financial position of the Company, including relevant information that should be of assistance to the creditors in considering their position with respect to the Proposal.

In preparing this Report and making the comments herein, the Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Company’s books and records, discussions with employees and management and information from other third-party sources (collectively, the “**Information**”). Except as described in this Report, the 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 pursuant to the CPA Canada Handbook.

Capitalized terms used in this Report are the same as those referenced in the Proposal.

**SECTION A - Background**

The Company is a Canadian corporation carrying on business from a leased<sup>1</sup> production facility of approximately 37,000 square-foot located at 14 Sharp Rd, Brantford, Ontario. The Company is a

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<sup>1</sup> 14 Sharp Rd., Brantford, Ontario (the “Real Property”) was owned by the Company up until June 21, 2019. Following the completion of the Court approved sale and investment solicitation process (Order, dated March 28, 2019), the Real Property was sold

wholly owned subsidiary corporation of FTEI. The Company produces nanofibers and nanofiber coated filter media for the global industrial filtration market through a proprietary electrospinning process. The Company employs 18 people.

FTEI's shares were publicly traded on the Korean Securities Dealers Automated Quotations (KOSDAQ) but were delisted on April 26, 2019; FTEI filed for a form of insolvency protection on February 27, 2019 in the Republic of Korea.

The Company filed a Notice of Intention to Make a Proposal on February 27, 2019 ("NOI"), and subsequently obtained three (3) extensions of the Stay Period under the BIA (the latest up to August 7, 2019) within which to file a Proposal from the Court.

On August 2, 2019, the Company filed a Proposal pursuant to the BIA.

The Company was of the view that there was reasonable concern that without the filing of the NOI, the Company could lose its ability to act independently from FTEI and may otherwise have been drawn into the insolvency filings of FTEI, to the detriment of the Company and therefore its creditors.

The Company commenced these restructuring proceedings as a means of: (i) protecting and stabilizing the Company in light of the aforementioned filing by FTEI in the Republic of Korea; (ii) considering the possibility of a restructuring through a sale of its assets and business; and (iii) offering its creditors a dividend that would be higher than its creditors would receive in the event of a bankruptcy.

Since the NOI filing, the Company has conducted and completed a Court-approved sale and investment solicitation process (Order, dated March 28, 2019), which resulted in the sale of the Real Property. Although the going-concern operating business and assets of the Company were also marketed and offered for sale, no acceptable offer that would maximize stakeholder value was received, accordingly such offers were rejected by the Company.

The Trustee is maintaining a website at <https://mnpdebt.ca/en/corporate/Engagements/ft-ene-canada-inc> with publicly available information on the Company's proposal proceedings.

## **SECTION B - Summary of the Proposal**

This section contains a summary of the Proposal, the terms of which would be effective only if the Proposal is accepted by the creditors and approved by the Court, in accordance with the provisions of the BIA.

As set out in the Proposal, the Proposal provides for the following:

- (i) Funding of the Proposal, as follows:
  - a) Conditional on, *inter alia*, the acceptance of the Proposal by the Unsecured Creditors of the Company and the Court approving the Proposal, the Company shall pay any outstanding Administrative Fees and Expenses<sup>2</sup> and additionally shall provide a further retainer to the Trustee in the sum of \$50,000 (or such amount as the Company and the Trustee may agree);

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and leased back (approx. 6 month lease) in a transaction that was approved by the Court (Approval and Vesting Order, dated June 7, 2019).

<sup>2</sup> Includes the fees and expenses of the Trustee and its legal counsel, as well as the those of the Company's legal counsel, which are secured by a charge pursuant to the Order dated March 28, 2019.

- b) Within thirty (30) days of the Court approving the Proposal, the Company shall provide to the Trustees with sufficient funds to pay the Preferred Creditors<sup>3</sup> in full; and
  - c) Upon the approval and final resolution of all properly filed claims by the Trustee and the Company or the Court, the Company shall provide the Trustee an amount equal to the lesser of the total aggregate Proven Claims plus the Superintendent's Levy or \$300,000 (the "**Proposal Fund**").
- (ii) Secured Creditors will be paid in accordance with existing arrangements, or as may be arranged with them and are not affected by this Proposal;
  - (iii) Any claim owed to any Unsecured Creditors where the books and records of the Company indicate an amount equal to or less than \$15,000, shall be deemed to have a Proven Claim, in such amount, regardless of whether they have filed a proof of claim or not;
  - (iv) Any Unsecured Creditor with a Proven Claim greater than \$15,000, excluding any Related Party<sup>4</sup>, may at the time of filing a Proof of Claim and for distribution purposes only elect, in writing, to accept a distribution equal to \$15,000, in full and final satisfaction of its claim, instead a pro rata share of the net Proposal Fund;
  - (v) Any Unsecured Creditors with a Proven Claim of \$15,000 or less, deemed or otherwise, and those Unsecured Creditors with a Proven Claim greater but have elected to receive \$15,000 instead, shall be deemed to have voted in favour of the Proposal and shall deemed to have provided the Proposal Trustee with their proxy to vote as such;
  - (vi) Any Related Party shall either (i) deliver an agreement and consent, in a form satisfactory to the Company and the Trustee, to subordinate its claim or (ii) file a proof of claim. Any Related Party is entitled to vote against, but not for the Proposal under the provisions of S.54(3) of the BIA;
  - (vii) Distributions under the Proposal, are to be as follows:
    - a) Payment of the Administrative Fees and Expenses, in connection with the Proposal shall be paid from time to time by the Company up to the payment of the Proposal Fund. Upon the payment of the Proposal Fund to the Trustee, the outstanding Administrative Fees and Expenses shall be paid out of funds in its hands, and, to the extent it is insufficient, from the Proposal Fund, prior to distribution to the Preferred Creditors and Ordinary Creditors;
    - b) Payment to the Office of the Superintendent of Bankruptcy of the levy payable under section 147 and Rule 123(2) of the BIA on the applicable distributions set-out below;
    - c) Payment forthwith to the Preferred Creditors (including employee amounts under S. 136(1)(d) of the BIA and the Crown claims listed in S. 60(1.1) of the BIA) in full of their Proven Claims following receipt of the funds, which is to be within thirty (30) days of the Court approving the Proposal;

---

<sup>3</sup> Includes employee amounts under S. 136(1)(d) of the BIA and the Crown claims listed in S. 60(1.1) of the BIA.

<sup>4</sup> Includes FTEI and any creditor related to the Company within the meaning of Section 4 of the BIA, excludes Jong Chul Park.

- d) Within thirty (30) days of the Trustee's receipt of the Proposal Fund, payment to Unsecured Creditor with a Proven Claim of \$15,000 or less, deemed or otherwise, and those Unsecured Creditors with a Proven Claim greater but have elected to receive \$15,000 instead, shall be paid in full from the Proposal Fund; and
  - e) Within ninety (90) days of the Implementation Date, payment to the remaining Unsecured Creditors with Proven Claims of the balance of the Proposal Fund remaining after the payment of any unfunded/unpaid Administrative Fees and Expenses and aforementioned claims on a *pro rata* basis;
- (viii) Any Claims (other than those set-out in S. 50(14) of the BIA) against the Company by any Creditor that are also Claims against the directors and deemed directors of the Company that relate to obligations of the Company where the directors or deemed director are under any law liable in their capacity as directors for the payment of such obligations which occurred before the NOI filing date or after up until the date of the Proposal shall be, and upon Court approval of the Proposal, are to the extent permitted by the BIA, released and forever discharged as against the directors or deemed directors of the Company; and
- (ix) Sections 95-101 of the BIA will not apply in respect of this Proposal;

The above description of the Proposal is a summary only, and readers are cautioned that if there is inconsistency between this report and the Proposal, the terms of the Proposal shall govern.

The Trustee understands that the Company and its counsel, after consultation with the Trustee and its counsel regarding some technical amendments, as well as FTEI and its counsel regarding other amendments, are considering amending certain language of the Proposal, not affecting the quantum of the distributions to the Unsecured Creditors as described above. However as of the date of this report an amended proposal has not been filed with the Trustee. If the Proposal is amended, the Trustee will report on the amendments made to creditors at the meeting of creditors.

### **SECTION C - Financial Position and Causes of Difficulties**

1. The Company advises that the causes of its financial difficulties are attributable to the following:
  - a. Due to the losses being incurred by FTEI, the Company was not provided the sales and research development support that was anticipated by the Company. The lack of sales and research led to stagnation and lost sales opportunities; and
  - b. The Company felt that there was reasonable concern that without the filing of the NOI, the Company 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 its own creditors, employees and customers.
2. The Company has throughout the post-NOI period, has generated sufficient cash flows to sustain its operations. Commentary on the Company financial results since the NOI filing have been presented to the Court in the Trustee's four (4) reports to Court (see the Trustee's Case Website at <https://mnpdebt.ca/en/corporate/Engagements/ft-ene-canada-inc> in order to view the Trustee's reports to Court).

### **SECTION D - Interim Receiver**

Not Applicable.

## SECTION E - Identification and Evaluation of Assets

According to the SOA, the Company's assets and their estimated realizable value are as listed below. Further details can be found in Section L of this Report.

Nature of Assets	Estimated Realizable Value Per SOA
Inventory – Stock-in-trade	\$ 100,000
Accounts receivable (net of allowance for doubtful accounts)	368,149
Refunds – SIMA and HST	200,000
Cash – Cash in the Bank	387,522
Cash collateral – Held by RBC	50,000
Trust account – Blaneys	50,000
Trust account – MNP re S. 65.13(8) of BIA	36,000
Vehicles – Ford F150	500
Machinery, equipment and plant	1,000,000
TOTAL	<u>\$ 2,192,171</u>

The Trustee performed a *Personal Property Security Act* (Ontario) (“PPSA”) registration search on August 12, 2019. The search revealed registrations by Royal Bank of Canada (“RBC”) and VW Credit Canada Inc. (“VW”). The Company's indebtedness to RBC was substantially paid off in June 2019 from the proceeds of sale from the Real Property. The PPSA registration is to be discharged and the above-mentioned cash collateral released on or around August 24, 2019 following the contemplated closing of banking facilities on August 14, 2019. A leased vehicle associated with the VW registration was returned on or about June 18, 2019, and accordingly the PPSA registration should be discharged. The Company has advised that no deficiency in the obligation resulted from the return of the vehicle to VW.

With respect to the ownership of the intellectual property associated with the proprietary electrospinning technology, processes and associated other intellectual property and trade secrets to produce nanofibers (collectively the “Nanofiber IP”) used by the Company, the Trustee has been advised by the Company that the Company has no ownership interest in the Nanofiber IP.

## SECTION F - Conduct of the Company

The conduct of the Company does not appear to be subject to censure.

## SECTION G - Creditors' Claims

As per the SOA, the Company's creditors consist of:

Creditor Classifications	Indebtedness Per SOA
Secured creditors	\$ 36,001
Preferred creditors	0
Unsecured creditors	46,430
Contingent, trust claims or other liabilities	1
TOTAL	<u>\$ 82,432</u>

In connection with the above creditor classes and amounts, we note the following:

1. Virtually all of the secured creditors' claim figure represents a potential S. 81.3 of the BIA claim to the \$36,000 held in trust by the Trustee for payment of employee claims as required under S. 65.13(8) of the BIA and the terms of approval of the sale of the Real Property. Notwithstanding, the Company has advised that there are no amounts owing to the employees for amounts outstanding prior to the NOI filing. The Company has also remained current with its post-NOI obligations. Additionally, the secured creditors' figure includes an amount of \$1



for RBC in recognition of the security it holds against the Company's assets, including the \$50,000 cash collateral noted above, pending such security registration being discharged as discussed above;

2. The Company advises that there are no amounts owing to the employees or other potential preferred creditors under S. 136(1) of the BIA;
3. The unsecured creditors' figure represents the Company's known debts to suppliers and other trade creditors as at the NOI filing date, as well as \$1 for the amount due to FTEI. It should be noted that this figure of \$1.00 shown on the SOA as owing to FTEI is not necessarily reflective of the actual amount owing to FTEI. FTEI was shown to be the largest creditor (unsecured) at approximately \$6 million in the Company's NOI. As the Proposal has only just been filed, no proofs of claim have yet been filed with the Trustee by the creditors and accordingly, the figures presented in the SOA and the creditors' claims are still subject to being proven or deemed proven.
4. The contingent, trust claims or other liabilities' figure represents a potential deemed trust claim of Canada Revenue Agency ("CRA") for unremitted employee source deductions. The Company advises that there are no amounts owing to CRA for unremitted employee source deductions (save and except for any current amounts for the preceding month), which is supported by the Trustee's monitoring of the Company's operations since the NOI filing. Section 60(1.1) of the BIA deals with Crown claims arising under S. 224(1.2) of the *Income Tax Act* ("ITA") and similar provincial legislation or any provision of the *Canada Pension Plan Act* or the *Employment Insurance Act* that refers to S. 224(1.2) of the ITA or similar provincial legislation. Unless the Crown consents otherwise, a proposal must provide for payment within six months of the claims set out in S. 60(1.1) of the BIA. Notwithstanding that it is believed that there are no amounts owing to CRA that are subject to this provision, the Proposal contemplates any such amount being paid as part of the Preferred Creditor payments within the required time period, as required under the BIA.

#### **SECTION H - Previous Business Dealings with the Company**

Not applicable

#### **SECTION I - Informal Meeting with Major Creditors**

After the filing of the NOI, the Company and the Trustee and their respective legal counsel have had numerous and ongoing discussions with FTEI and its legal counsel (also see Section K – Other below).

#### **SECTION J - Remuneration of Trustee**

The Trustee's fees and expenses related to the administration of the Proposal, including those of its and Company's legal counsel, will be paid by the Company from time to time, from retainers and from the Proposal Fund to the extent necessary as detailed in Section B, paragraphs (i)(b) and (vii)(a) above.

In addition to the \$50,000 retainer contemplated in Article 6.1(a) of the Proposal, the Company has provided a total of \$40,000 as a retainer towards the Trustee's fees and expenses.

On March 28, 2019, the Court ordered an Administration Charge in favour of the Trustee, counsel to the Trustee and counsel to the Company.

#### **SECTION K - Other**

Since May 2019, FTEI has, among other things, sought unsuccessfully through the Court, to take control of the Company and remove Jong Chul Park ("**JC Park**") as a director of the Company and

Yoonjun Park (“**Y. Park**”) as the General Manager of the Company. Details of the motion and the outcome of such motions by FTEI can be viewed on the Trustee’s Case Website at <https://mnpdebt.ca/en/corporate/Engagements/ft-ene-canada-inc>.

On August 5, 2019, FTEI purported, as the sole shareholder of the Company, to have lawfully conducted a shareholder meeting and removed and replaced JC Park as a director of the Company and removed Y. Park as General Manager of the Company. It is the Company’s position, and the position of JC Park, that such shareholder meeting was unlawfully held and as such is not being recognized by the Company. It should be noted that no determination of this issue has been made by the Court and no date has yet been set for it to be heard.

As a consequence of the above events, on August 8, 2019 Y. Park resigned his position with the Company.

**SECTION L - Statement of Estimated Realizations**

Set out below is the Trustee’s estimate of the distribution to the unsecured creditors if the Proposal is accepted by the Unsecured Creditors and approved by the Court:

	<u>Note</u>		
Funding by the Company of the Proposal			
Administrative Fees and Expense Funding, including \$50,000	[1]	\$ 160,000	
Funding for Preferred Creditors	[2]	-	
Proposal Fund	[3]	<u>46,430</u>	
Total Funding by the Company of the Proposal		206,430	
Less:			
Estimated Net Trustee’s Fees and Expenses, after application of \$40,000 retainer on hand	[1]	<u>( 160,000)</u>	
Estimated Net Funds Available for Distribution to Unsecured Creditors		<u>\$ 46,430</u>	
Estimated Claims of Unsecured Creditors per SOA (excluding claim of FTEI - assumed subordination)	[3]	<u>\$ 46,430</u>	
Estimated Distribution to Unsecured Creditors (%)		<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="text-align: center;">100.0%</td></tr></table>	100.0%
100.0%			

Notes:

1. Figure represents only the Trustee’s fees and expenses including those of its legal counsel but excludes the potential amounts owing and to be paid to the Company’s legal counsel by the Trustee under the Proposal.
2. No amounts are estimated to be owing and to be paid to the Preferred Creditors (employees and the Crown) under the Proposal.
3. Figure is based on the SOA and assumes that FTEI subordinates its claim and does not participate in any distributions.

If the Proposal is rejected by the Creditors, the Company will be deemed bankrupt. The anticipated realizations from a bankruptcy, per the SOA, are summarized below.

	<u>Note</u>	
Estimated Gross Proceeds from Realizations:		
Inventory – Stock-in-trade	[1]	\$ 100,000
Accounts receivable (net of allowance for doubtful accounts)	[2]	276,112
Refunds – SIMA and HST	[3]	200,000
Cash – Cash in the Bank	[4]	387,522
Cash collateral – Held by RBC	[4]	50,000
Trust account – Blaneys	[5]	-
Trust account – MNP re S. 65.13(8) of BIA	[4]	36,000
Vehicles – Ford F150	[1]	500
Machinery, equipment and plant	[1]	<u>1,000,000</u>
Estimated Total Gross Proceeds from Realizations		2,050,134
Less:		
Estimated selling/liquidation cost	[6]	( 275,125)
Estimated occupation costs (rent, utilities, maintenance, etc.)	[7]	( 76,614)
Estimated Trustee's fees and disbursements		<u>( 56,500)</u>
Estimated Total Net Proceeds from Realizations		1,641,895
Less:		
Estimated outstanding professional fees and expenses associated with NOI/Proposal proceeding secured by the Administrative Charge granted pursuant to the Court Order dated March 28, 2019	[8]	<u>( 300,000)</u>
Estimated Net Funds Available for Distribution to the Unsecured Creditors		<u>\$ 1,341,895</u>
Estimated Claims of Unsecured Creditors	[9]	<u>\$ 6,142,296</u>
Estimated Distribution to Unsecured Creditors (%)		<u>21.8%</u>

Notes:

1. Based on the SOA figures, no appraisals have been obtained in connection with these assets.
2. Based on the SOA figures and assumes a 75% recovery of the accounts receivables due to discounts, warranty claim issues and other damage claims if collected under a bankruptcy.
3. Based on the SOA figures, with the collection of these refunds being subject to the outstanding corporate tax income returns for 2017 and 2018 being filed with CRA.
4. Based on the SOA figures, with no expected offsetting claims or direct realization costs.
5. Assumes the Company's legal counsel will apply such monies held in trust towards its outstanding professional fees and expenses in the event of the Company's bankruptcy.
6. Assumes selling and liquidation costs (auctioneer commissions, advertising, set-up, etc.) of 25% of the gross realizations in connection with the Inventory, Vehicles, and Machinery, equipment and plant.

7. Assumes occupancy of the leased premises until December 31, 2019, and associated costs thereto.
8. The Administrative Charge created by the Order, dated March 28, 2019 is against all of the Company's assets and would rank in priority to the claims of the Company's unsecured creditors. This figure would include the potential amounts owing for the Trustee's fees and expenses including those of its legal counsel and those of the Company's legal counsel not paid under the NOI/Proposal proceeding incurred prior to the bankruptcy.
9. In the event of the Company's bankruptcy, the claim of the Related Party (FTEI) would participate in the distribution to unsecured creditors; for illustration purposes only, FTEI's claim has been reflected at \$6 million. Additionally, the Company's bankruptcy would result in termination pay liability arising from the termination of the employees.

### **Preferences and Transactions at Under Value**

The Proposal provides that sections 95-101 are not applicable. Accordingly, and to assess the appropriateness of the inclusion of this clause, the Trustee would generally undertake a review of the Company's books and records in order to enable it to be in a position to report to the creditors on any potential preferences or transfers at undervalue identified.

In order to carry out this review, the Trustee would review the Company's bank statements and cancelled cheques for the period beginning five (5) years prior to the filing of the NOI and ending on August 2, 2019, given that the Company has had transactions with FTEI and JC Park; both related parties as defined by the BIA. At the time of writing the report, the Trustee has not yet completed its review, but will advise the creditors at the meeting of creditors to consider the Proposal on August 23, 2019 should any other preferences or transactions at undervalue be identified as part of the Trustee's review.

Notwithstanding the foregoing, the Trustee has identified the following post-NOI transactions:

1. During March and April 2019, the Company paid a total of approximately \$26,000 in logistics costs (broker, carrier and SIMA duties) associated with pre-filing paid material purchases. Although a pre-filing liability, the Company believed the payments were necessary and critical in order to avoid disruption to the Company's on-going operations.

Irrespective of the outcome of the review, it should be noted that the Proposal contemplates the payment in full of the unrelated/arm's length creditors. Accordingly, and should the Proposal be accepted by the creditors and approved by the Court, the only parties potentially prejudiced are the same related parties who may benefit the inclusion of this clause.

### **SECTION M - Recommendations**

Based on the above, the Trustee recommends the acceptance of the Proposal as the Proposal contemplates a higher distribution to the Unsecured Creditors than a bankruptcy. The Proposal would also provide for the continued employment of the Company's current employees and the preservation of business relationships with the Company's existing suppliers and customers.

### **SECTION N - Technical Requirements for a Successful Proposal**

This Proposal will become effective only if it is accepted by a resolution of the Unsecured Creditors and approved by the Court. To obtain Creditor approval, a simple majority in the number of Unsecured Creditors voting, with this majority representing at least 2/3 of the dollar value of the

It should be noted that pursuant to S. 109(6)<sup>5</sup> of the BIA, the vote of a creditor not dealing with the Company at arm's length shall be excluded from the vote, if such creditor's vote will determine the outcome of the vote. This would include a vote against the Proposal by FTEI, with any such redetermined outcome (i.e. the exclusion of FTEI's vote) then being subject to the Court determining the appropriateness of its inclusion, if an application is made by FTEI within ten (10) days of the vote.

If the Unsecured Creditors vote to accept the Proposal, Court approval of the Proposal must then be sought. If the Court does not approve the Proposal, the Company would be deemed to have made an assignment in bankruptcy and the Trustee will then call a meeting of creditors in the matter of the bankruptcy.

When completing the Proof of Claim form submitted herewith, Creditors should include all outstanding amounts as at February 27, 2019, the date of the filing of the NOI. It is expressly noted and should be clearly understood that the Trustee, in its capacity as Trustee, assumes no personal liability for any claims that Creditors may have against the Company, filed, proven, deemed or otherwise, either before or after the filing of the Proposal.

Creditors may attend, in person or by proxy, the meeting to consider the Proposal, which will be held at offices of Blaney McMurtry LLP, located at 2 Queen Street East, Suite 1500, Toronto, Ontario on August 23, 2019 at 2:30 PM (Toronto Time).

Creditors who do not wish to attend or be represented at the meeting but who wish to vote, may forward their Proofs of Claim and voting letters by either email to [angela.liu@mnp.ca](mailto:angela.liu@mnp.ca) or fax to (416) 596-7894, to the Trustee so as to be received prior to 2:30 PM (Toronto Time) on August 23, 2019.

Should you have any questions or comments on the Proposal or this report, please do not hesitate to contact the undersigned.

Dated at Toronto, Ontario, the 13<sup>th</sup> day of August 2019.

**MNP LTD.**  
**Trustee acting *in re* the Proposal of**  
**FT EnE Canada Inc., and not in its**  
**personal capacity**

Per:



Matthew E. Lem  
Licensed Insolvency Trustee

Encl.

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<sup>5</sup> S. 109(6) - Vote of creditors not dealing at arm's length - If the chair is of the opinion that the outcome of a vote was determined by the vote of a creditor who did not deal with the debtor at arm's length at any time during the period that begins on the day that is one year before the date of the initial bankruptcy event and that ends on the date of the bankruptcy, the chair shall redetermine the outcome by excluding the creditor's vote. The redetermined outcome is the outcome of the vote unless a court, on application within 10 days after the day on which the chair redetermined the outcome of the vote, considers it appropriate to include the creditor's vote and determines another outcome.

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

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 Proposal of  
FT ENE CANADA INC.  
of the City of Brantford  
in the Province of Ontario

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

\_\_\_\_\_  
\_\_\_\_\_

In the matter of the proposal of FT ENE CANADA INC. of the City of Brantford in the Province of Ontario 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 proposal, namely the 27th day of February 2019, 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.)

- 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 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

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

FORM 37

Voting Letter  
(Paragraph 51(1)(f) of the Act)

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

I, \_\_\_\_\_, creditor (or I, \_\_\_\_\_, representative  
of \_\_\_\_\_, creditor), of \_\_\_\_\_, a creditor in the above matter  
for the sum of \$ \_\_\_\_\_, hereby request the trustee acting with respect to the proposal of FT ENE  
CANADA INC., to record my vote \_\_\_\_\_ (for or against) the acceptance of the proposal as made  
on the 2nd day of August 2019.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Witness Individual Creditor

\_\_\_\_\_  
Witness Name of Corporate Creditor

Per \_\_\_\_\_  
Name and Title of Signing Officer

Return To:  
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 36  
Proxy  
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(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

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:

MNP LTD. - Licensed Insolvency Trustee

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

## CHECKLIST FOR PROOFS OF CLAIM

This checklist is provided to assist you in preparing the accompanying proof of claim form and, where required, proxy form in a complete and accurate manner. Please specifically check each requirement.

Under Section 109 of the Bankruptcy and Insolvency Act only those creditors who have filed their claims in the proper form with the trustee, before the time appointed for the meeting, are entitled to vote at the meeting.

Section 124 states that every creditor shall prove his claim and the creditor who does not prove his claim is not entitled to share in any distribution that may be made.

### 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 of the statement of account must correspond to the amount indicated on the proof of claim.
- ◆ It is permissible to file a proof of claim by fax or by email.

### Paragraph 1

- ◆ 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/she must state his/her position or title.

### Paragraph 3

- ◆ The statement of account must be complete;
- ◆ A detailed statement of account must be attached to the proof of claim 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

- ◆ Subparagraph 4.A must be completed by an unsecured creditor and must indicate if priority is claimed pursuant to Section 136.
- ◆ Subparagraph 4.B must be completed by a landlord only in a Proposal, for any claim related to disclaimer of lease. The amount of the claim is to be calculated according to the terms of the proposal. Provide details of calculation.
- ◆ Subparagraph 4.0 must be completed by a secured creditor. A certified true copy of the security instrument as registered must be provided.
- ◆ Subparagraph 4.D must be completed a farmer, fisherman or aquaculturist creditor. A copy of the sales agreement and delivery documents must be provided.
- ◆ Subparagraph 4.E applies if you are a wage earner (ie, a clerk, servant, travelling salesperson, labourer or worker who is owed wages, salaries, commissions or compensation by a bankrupt (subsection 81.3) or by a "person" that is subject to a receivership (subsection 81.4) for services rendered during the six months immediately before the date of bankruptcy or receivership).
- ◆ Subparagraph 4.F applies to claims by employees for unpaid amounts regarding pension plans. Please note that such claims apply only to unremitted pension contributions outstanding when the sponsoring employer becomes bankrupt or is subject to a receivership.
- ◆ Subparagraph 4.G is to be completed only in a Proposal, and only if the proposal provides for the compromise of claims against Directors. Provide full details including calculations.
- ◆ Subparagraph 4.H applies if you are a "customer" of a bankrupt securities firm (as contemplated by Section 262 of the Bankruptcy and Insolvency Act).

**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 "IS" or "AM NOT" or "IS 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 proposal, in the case where the claimant and the debtor are related.

**- APPOINTING PROXY -**

Note: The Bankruptcy and Insolvency Act permits a proof of claim to be made by a duly authorized agent of a creditor but this does not give such a person power to vote at the first meeting of creditors or to act as the proxy of the creditor.

**General**

- ◆ A creditor may vote either in person or by proxy;
- ◆ A debtor may not be appointed as proxy to vote at any meeting of his creditors;
- ◆ The Trustee may be appointed as a proxy for any creditor;
- ◆ In order for a duly authorized person to have a right to vote he must himself be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.