

District of Ontario
Division No. 07 – Hamilton
Court File No. BK-19-02480036-0032
Estate File No. 32-2480036

**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**

REPORT OF TRUSTEE ON PROPOSAL

We, **MNP Ltd.** (“**MNP**”), the proposal trustee (the “**Proposal Trustee**”) of FT EnE Canada Inc. (the “**Company**”), hereby report to the Court as follows:

1. That on the 27th day of February 2019, the Company lodged with the Proposal Trustee a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to S. 50.4 of the *Bankruptcy and Insolvency Act* (the “**Act**”) and that MNP consented to act as Proposal Trustee. The NOI was filed with the Official Receiver on that same date. Copies of the NOI, the Proposal Trustee’s Consent to Act and the Certificate of Filing of NOI are attached as **Exhibits “A”, “B” and “C”**, respectively.
2. The Company is a Canadian corporation carrying on business from now leased premises in Brantford, Ontario. The Company is a wholly owned subsidiary corporation of Finetex EnE Inc. (“**FTEI**”), a company domiciled in the Republic of Korea. The Company produces nanofibers and nanofiber coated filter media for the global industrial filtration market through a proprietary electrospinning process.
3. On March 22, 2019, the Company served a Motion returnable March 28, 2019, seeking a Court Order extending the time within which the Company had to file a proposal, for which motion the Proposal Trustee served its first report, dated March 26, 2019 (the “**First Report**”), attached (without appendices) as **Exhibit “D”**.
4. On March 28, 2019, the Court issued an Order and endorsement (the “**First Extension Order**”), attached as **Exhibit “E”** and endorsement that, inter alia Extended the time for filing a proposal to and including May 10, 2019, approved the sale and investment solicitation process described in the First Report (the “**SISP**”), granted a charge (the “**Administrative Charge**”) on all the property, assets and undertakings of the Company as security for the fees and disbursements of the Administrative Parties (as such term is defined in the First Report) and ranking in priority to all other charges but subordinate to the security interests of Royal Bank of Canada (“**RBC**”) and approving the activities of the Proposal Trustee as set out in the First Report.

5. On April 30, 2019, the Company served a Motion returnable May 3, 2019, seeking, among other things, a Court Order extending the time within which the Company had to file a proposal. The Proposal Trustee served its second report, dated May 2, 2019 (the “**Second Report**”) attached (without appendices) as **Exhibit “F”**.
6. On May 3, 2019, the Court issued an Order (the “**Second Extension Order**”) and endorsement attached hereto as **Exhibit “G”** that, inter alia, extended the time for filing a proposal to and including June 24, 2019 and approved the activities and fees and disbursements of the Proposal Trustee as set out in the Second Report.
7. On May 14, 2019, the Proposal Trustee’s legal counsel, Pallett Valo LLP (“**PV**”) was contacted by Michael Nowina of Baker & McKenzie LLP (“**B&M**”) to advise that his firm was being retained by Finetex EnE Inc., the Company’s parent company in the Republic of Korea (“**FTEI**”).
8. On May 29, 2019, the Company served a Motion returnable June 7, 2019, seeking, among other things, a Court Order approving an Agreement of Purchase and Sale dated May 15, 2019 (the “**APS**”) and obtaining an Approval and Vesting Order to sell the real property, 14 Sharp Rd, Brantford, Ontario (the “**Real Property**”) to the purchaser identified in accordance with the SISP.
9. On June 4, 2019, FTEI filed a motion (the “**FTEI Motion**”) returnable June 7, 2019, seeking, among other things, an Order:
 - a. Replacing Jong Chul Park (“**JC Park**”) as a director of the Company;
 - b. Removing Blaney McMurtry LLP (“**Blaney**”) as solicitor of record for the Company;
 - c. Staying the SISP; and
 - d. Appointing an interim receiver of the Company pursuant to section 47.1 of the Act.
10. On June 6, 2019 counsel for the Company, RBC, the Proposal Trustee and FTEI attended a 9:30 court appearance, during which B&M advised that FTEI would no longer be seeking an order staying the SISP.
11. On June 6, 2019 the Proposal Trustee served its third report supporting the approval of the APS and the obtaining of the Approval and Vesting Order (the “**Third Report**”) attached (without appendices) hereto as **Exhibit “H”**.
12. On June 7, 2019 the Court issued an approval and vesting order (the “**Approval and Vesting Order**”) attached hereto as **Exhibit “I”** as well as a corollary relief order (the “**Corollary Relief Order**”) attached as **Exhibit “J”**:
 - a. Authorizing and directing the Company to make a distribution to RBC up to the Company’s indebtedness owing to RBC;
 - b. Authorizing and directing the Company to pay to the Proposal Trustee a total sum of \$224,000 (the “**Reserve**”) to cover potential amounts payable to employees under Subsection 65.13(8) of the Act and the Proposal Trustee’s and its counsel’s fees and disbursements;

- c. Approving the Third Report and the actions and activities of the Proposal Trustee described therein; and
 - d. Sealing the confidential appendices described below until the Proposal Trustee has completed the sale transaction with the Purchaser (the “**Transaction**”).
13. Additionally, on June 7, 2019 Justice Penny issued an endorsement regarding the FTEI Motion (the “**Adjournment Endorsement**”) attached at **Exhibit “K”** that, *inter alia*:
 - a. Adjourned the FTEI Motion to June 24, 2019;
 - b. Prohibited the destruction of any evidence, electronic or otherwise by anyone pending the return of the FTEI Motion; and
 - c. Directed the Company to direct BDO Canada LLP to prepare and make available to FTEI, the Proposal Trustee, and on the return of the motion, to the Court, a report regarding the 2017 fiscal year re-audit of the Company (the “**BDO Report**”).
14. On June 18, 2019, the Company served its Motion Record in connection with it seeking an order, *inter alia*, extending of the time for filing a proposal with the Official Receiver to and including August 7, 2019 (the “**Third Extension Deadline**”) and also served materials opposing the relief sought in the FTEI Motion.
15. The Proposal Trustee filed its Fourth Report to the Court (the “**Fourth Report**”) attached (without appendices) hereto as **Exhibit “L”** in response to the Company’s motion and FTEI Motion, and in support of the Company’s request for an extension of the stay period to August 7, 2019.
16. Penny J., in his June 27th endorsement (attached hereto as **Exhibit “M”**) rejected the relief requested in the FTEI Motion, and granted an extension to the stay of proceedings to August 7, 2019. However, Justice Penny also ordered an information provision protocol between the Company and FTEI, with the Proposal Trustee as an information conduit. If the parties could not arrive at an appropriate information provision protocol, they were to obtain a case conference appointment with Penny, J.
17. The Company and FTEI were unable to arrive at an appropriate protocol and terms of a non-disclosure agreement, and consequently at a 9:30 Court appointment on July 22, 2019 Conway, J. scheduled a case conference on September 26, 2019 before Penny, J. to deal with these issues.
18. That a proposal was lodged with the Proposal Trustee on the 2nd day of August 2019 (the “**Proposal**”) and electronically filed with the Official Receiver on the same date, a copy of which is attached and marked as **Exhibit “N”**. Attached as **Exhibit “O”** is the Certificate of Filing a Proposal issued by the Office of the Superintendent of Bankruptcy (“**OSB**”).
19. On the 5th day of August 2019, and presumably in part as a consequence of the outcome of the FTEI Motion, FTEI advised that it had conducted a special meeting of the sole shareholder of the Company, being FTEI (the “**Special Meeting**”) where it was resolved that, *inter alia*:
 - a. JC Park be removed as a director of the Company;
 - b. Three (3) persons be confirmed as new directors of the Company; and

- c. All previously authorized bank signatories be removed and replaced with a new designated person.

Attached and marked as **Exhibit “P”** to this report, are copies of the minutes and resolutions resulting from the Special Meeting.

20. In response to the Special Meeting, on August 6, 2019, Blaneys, counsel to the Company, wrote to B&M and advised that it was the Company’s position that the Special Meeting was improperly held and constituted and the resolutions resulting therefrom “are of no force and effect.” A copy of Blaney’s letter to B&M dated August 6, 2019 is attached hereto as **Exhibit “Q”** to this report.
21. That on the 13th day of August 2019, the Proposal Trustee gave notice to the Company, and to every known creditor of the Company affected by the Proposal, whose names and addresses are shown in the Affidavit of Service attached as **Exhibit “R”** to this report, of the calling of a meeting of creditors to be held on the 23rd day of August 2019 (the “**Meeting**”) to consider the Proposal (the “**Notice**”).
22. That with the Notice was included a statement of the assets and liabilities of the Company (“**SOA**”), a list of the creditors affected by the Proposal showing the amount of their claims, a copy of the Proposal, a form of a proof of claim and proxy in blank and a voting letter. Copies of the Notice and the SOA are attached and marked as **Exhibits “S”** and “**T**”, respectively, to this report.
23. That prior to the Meeting, the Proposal Trustee made a detailed and careful inquiry into the liabilities of the Company, the Assets and their value, the Company’s conduct and the causes of the Company’s insolvency.
24. Prior to the Meeting, the Proposal Trustee and its counsel held meetings with FTEI and its counsel, the Company and its counsel, and counsel for JC Park in an attempt to narrow the points of disagreement between the parties regarding the terms of the Proposal as filed, notwithstanding that each side questioned the legitimacy of the other side as the properly constituted management of the Company as a result of the resolutions passed at the Special Meeting.
25. As this was the Proposal of the Company, and not its management, and all party’s including JC Park and the new directors purportedly appointed by FTEI had fiduciary obligations to the Company, as well as duties that needed to fulfilled under the provisions of the Act, it was the view of the Proposal Trustee that, notwithstanding the uniqueness of having two different management groups claiming to control the Company while it is undergoing proposal proceedings under the Act, common ground could be jointly achieved to formulate a viable Proposal that could deal with the claims of unrelated creditors and preserve the enterprise value of the Company and the jobs of its employees.
26. At the outset of these consultations, the Proposal Trustee and its counsel advised all parties that it was the view of the Proposal Trustee that FTEI, being the 100% shareholder of the Company, and having held the Special Meeting where directors were purportedly removed and new ones were appointed, was “related” to the Company within the meaning of S. 4 of the Act.

27. The consequences of this finding were that under the provisions of S. 54(3) of the Act FTEI could not vote in favour of a proposal filed by the Company- only against. Also as “related” parties are deemed not to act at arms-length under the provisions of S. 4(5) of the Act, that on any vote where the Chairperson was of the opinion that the outcome of the vote was determined by FTEI’s votes, under the provisions of S. 109(6) of the Act those FTEI votes could be disregarded as the votes of a non-arm’s length party, unless the inclusion of the vote was sustained at a further Court hearing.
28. As a result of these discussions with the Proposal Trustee and its counsel, both FTEI and the Company circulated proposed amendments to the terms of the Proposal prior to the scheduled date for the Meeting.
29. There was a quorum at the Meeting. The Meeting was chaired by Matthew Lem of MNP. The Proposal Trustee held valid proxies to the Proposal Trustee from the unrelated creditors, Gerri Electric Wholesale Ltd., and Waste Connections of Canada Inc. Given the proposed amendments, the Chairperson of the Meeting sought, and a motion was carried to temporarily adjourn the meeting in order for such amendments to be discussed, with the goal of arriving at some form of negotiated agreement with FTEI on the amendments to the Proposal. After lengthy discussions lasting to the end of the working day on August 23rd, no final agreement had been reached, although significant progress had been made, and so the Proposal Trustee recommended that a further adjournment was appropriate in order to:
 - a. Allow the Company to assemble and circulate the proposed amendments to the Proposal (the “**Proposed Amendments**”) that were discussed prior to and at the date of the Meeting; and
 - b. Allow time for FTEI to review the Proposed Amendments and obtain instructions regarding the Proposed Amendments from its directing mind in Korea during the adjournment period.

The Meeting was adjourned to 8:30 AM on August 29, 2019 (the “**Reconvened Meeting**”). A copy of the minutes to the Meeting are attached and marked as **Exhibit “U”** to this Report.

30. There was a quorum at the Reconvened Meeting. The Reconvened Meeting was chaired by Matthew Lem of MNP. Given the proposed amendments that had been circulated the day before, the Chairperson of the Reconvened Meeting sought, and a motion was carried to temporarily adjourn the meeting in order for such amendments to be discussed, again with the goal of finalizing a negotiated agreement on the Proposed Amendments.
31. Following discussions and negotiations with FTEI during the adjournment of the Reconvened Meeting, the Company amended its proposal (the “**Amended Proposal**”) to include, *inter alia*, the following amendments:
 - Modifications and additions to the Definitions in section 1.1;
 - Removal of the Related Party Postponement section (formerly section 3.5);
 - Additional clarification language to the Claims Against Directors or Deemed Director section (formerly section 3.6, now section 3.5);
 - Modifications to Article 6 – Distribution of Proceeds to accelerate the timing for the funding to be paid to the Trustee and then the distribution to the creditors;

- Reduction in the amount of the Proposal Fund (as such term is defined in the Proposal and Amended Proposal) from \$300,000 to \$150,000 in order to reduce the immediate working capital and cash flow drain on the Company (which is discussed in further detail below); and
- Additions to the Conditions Precedent to the Proposal Implementation in section 7.4 to address operational transition issues and effectively deal with a change in the management from JC Park to the FTEI nominated management.

The specific changes are outlined in the legal blackline version of the Amended Proposal, as compared to the original Proposal attached and marked as **Exhibit “V”** to this report.

32. Notwithstanding the amendments made, as noted above, FTEI objected to the inclusion of the release of claims under S. 95 to S. 101 of the Act and the reduction of the Proposal Fund from \$300,000 to \$150,000. These issues are the only two remaining points of disagreement between the competing management parties.
33. Further to the Proposal Trustee’s review of the Company’s conduct and FTEI’s objection associated with the release of claims under S. 95 to S. 101 of the Act, the Proposal Trustee has an obligation to comment on the appropriateness of the terms of the Amend Proposal that relate to the provisions that stipulate that S. 95 to S.101 of the Act will not apply in the Amended Proposal, as is permitted under the provisions of S.101.1 of the Act (the “**95-101 Release**”). To assess the appropriateness of the inclusion of this provision, the Proposal Trustee commenced a limited review of the Company’s banking records over the past five (5) years to identify potential preferences and transactions at undervalue, and in particular with respect to related parties. Based on the Proposal Trustee’s review, the following issues were identified:
 - a. There were a number of transactions (cheques, transfers, cash withdrawals), including some with related parties, which the Proposal Trustee, at the time of writing this report, had not had the opportunity to sufficiently review in detail with the Company, in order to obtain explanations and/or supporting documentation to allow the Proposal Trustee to conclude the propriety of the transactions; and
 - b. There were a few months of missing bank statements that could not be located by the Company, at the time of writing this report, which impaired the Proposal Trustee’s ability to complete its review.

Accordingly, given the current limitations of our review, the Proposal Trustee cannot at the time of writing this report, support the inclusion in the Amended Proposal of the 95-101 Release.

34. Regarding the issue of the reduction of the Proposal Fund, it was the Proposal Trustee’s original impression that the intention of the proposal was for FTEI to postpone and essentially not participate in any dividend distribution if a proposal was successfully completed. However, following discussions with FTEI during the adjournments of the Meeting and Reconvened Meetings it became uncertain whether FTEI would postpone or would look to the \$300,000 Proposal Fund. The reduction to the Proposal Fund amendment came about as a result of the Proposal Trustee’s cash-flow concerns that it expressed to the Company, based on its knowledge of the projected cash flows and the working capital needs of the Company.

35. The only known creditor impacted by this amendment is FTEI, as all the other creditors will be paid in full of their indebtedness notwithstanding this change. The Proposal Trustee is uncertain how this amendment financially prejudices FTEI, given that as sole shareholder, FTEI will be the beneficial owner of all the remaining cash in the Company once the Amended Proposal is successfully completed; unless FTEI is intending to repatriate cash to Korea through the means of the payments made under the Amended Proposal.
36. One feature of this proposal is that under the provisions of section 3.4 of the Amended Proposal, Ordinary Creditors with claims under \$15,000 as recorded on the books and records of the Company are deemed to be "Convenience Creditors" and have their claims accepted in full upon the Trustee reviewing their claims with management, whether or not they file proofs of claim. The small number of Ordinary Creditors and the small amount of their claims make this both practical and fair to ensure that they will be paid in full and no small creditor is left out because they have not filed a proof of claim. Also these Convenience Creditors are deemed to have voted FOR the proposal.
37. Another key feature of the Proposal is that under the provisions of section 6.1 of the Amended Proposal, the Company must pay to the Proposal Trustee by September 9, 2019 all payments of Administrative Fees and Expenses, all distributions that must be made to the Preferred Creditors as required under the provisions of s.60(1) of the Act, and the Proposal Fund of \$150,000.
38. As of the date of this report, the Company has adhered to the terms of Amended Proposal in providing the following:
 - a. Funding of the \$50,000 retainer (under section 6.1(a) of the Amended Proposal) within ten (10) days of Creditor Approval;
 - b. Funding of the distributions to Preferred Creditors (under section 6.1(b) of the Amended Proposal) within ten (10) days of Creditor Approval;
 - c. Financial information on current operations to FTEI by September 4, 2019 (under section 7.4(d) of the Amended Proposal) through a data room established by the Proposal Trustee; and
 - d. JC Park's resignation of his position(s) with the Company to the Proposal Trustee by September 4, 2019, to be held in escrow pending Court Approval (under section 7.4(e) of the Amended Proposal).
39. As a result, as of the Court Approval date, the Proposal Trustee will have all of the necessary funds payable to Creditors under the Amended Proposal in its possession, so that the Amended Proposal may be implemented, and the Convenience Creditors paid in full expeditiously after Court Approval.
40. The Reconvened Meeting was reconvened, and the Amended Proposal was then voted on by the creditors as detailed below.

	FOR ¹	%	AGAINST ²	%
Number of creditors	3	100.00%	0	0.00%
Dollar value	\$2,149.17	100.00%	\$0.00	0.00%

¹ – The number of creditors and dollar value of claims FOR the Amended Proposal shown above represents only those creditors’ who filed proofs of claims and provided voting letters and/or proxies given to MNP. The above figures exclude the eleven (11) creditors with deemed proven claims totaling \$39,687.89 which are deemed under the provisions of section 3.4 of the Amended Proposal to have had their claims under \$15,000 accepted in full and to have voted FOR the Amended Proposal.

² – The number of creditors and dollar value of claims AGAINST the Amended Proposal shown above, does not include the claim and vote AGAINST made by FTEI, which was valued at \$3,549,150.00 (US\$2,700,000) for voting purposes only. Consistent with the position presented to the parties by the Proposal Trustee, pursuant to S. 109(6) of the Act and as it was the Chairperson’s opinion that the outcome of the vote would be determined by the vote of FTEI, a party deemed not to have acted at arms-length in the preceding one (1) year (from the date of the initial bankruptcy event), FTEI’s vote would be excluded and the vote redetermined. This opinion was arrived at based on the fact that FTEI is the 100% shareholder of the Company, and therefore “related” under the provisions of S.4(2) and (5) of the Act, which deems the Company and FTEI not to be dealing with each other at arms-length.

Based on the above re-determined vote, the Amend Proposal was accepted by the creditors (“**Creditor Approval**”) with requisite majority in number of creditors and 2/3 in value of the claim of such creditors in person, by proxy or by voting letter. The minutes of the Reconvened Meeting are attached and marked as **Exhibit “W”** to this report.

41. That on August 30, 2019, the Proposal Trustee sent Notice of Hearing of Application for Court Approval (the “**Court Approval Notice**”), together with the Amended Proposal, to those creditors that had filed claims and those with “deemed” proven claims under the provisions of section 3.4 of the Amended Proposal. The Proposal Trustee also served a copy of the Court Approval Notice on CRA. A copy of the Proposal Trustee’s affidavit of service, the Court Approval Notice, and the Amended Proposal are attached as **Exhibit “X”**.

42. The Proposal Trustee is of the opinion that:

- a. The Assets and their fair realizable value, as listed on the SOA, are as follows:

Asset Category	Estimated Realizable Value as per the SOA
Inventory	\$ 100,000
Account receivables	368,149
Cash	387,522
Machinery, equipment and plant	1,000,000
Real property ¹	NIL
Vehicles	500
Other ²	336,000
TOTAL	\$ 1,824,022.00

¹ – At the time of the NOI filing, the Company owned the Real Property. Following the completion of the SISP and pursuant to an Approval and Vesting Order, dated June 7, 2019, the Real

Property was sold to an unrelated third party, with net proceeds used primarily to fully repay the Company's secured indebtedness to RBC

² – This asset category includes anticipated tax refunds, monies held as cash collateral by RBC (was returned on September 4, 2019) and monies held in trust by MNP and Blaneys.

Based on the SOA and a *Personal Property Security Act (Ontario)* search conducted (file currency date: August 11, 2019), RBC was shown to have a registered security interest in the above assets. As of the date of this report, RBC was in the process of discharging its security registration. One overall benefit of the entirety of the Company's proposal process was the avoidance of a Receivership by RBC that preserved asset value for all parties, including the ordinary unsecured creditors, the employees and FTEI as shareholder.

b. the liabilities of the Company are as follows, as per the SOA and creditor claims filed as at September 3, 2019:

Creditor Category	As per the SOA	Claims Filed¹ as at September 3, 2019
Secured ²	\$36,001.00	NIL
Preferred	NIL	NIL
Unsecured ³	\$46,430.43	\$7,548,566.26
Contingent ⁴	\$1.00	NIL

¹ – Represents the amount claimed as filed and neither represents the amount proven or deemed proven under the Amended Proposal, nor accepted for voting purposes, for distribution or otherwise.

² – The \$36,000.00 of the figure on the SOA represents to the estimated maximum unpaid wage claim under S. 81.3 of the Act for employees and secured by funds held in trust by the Proposal Trustee in connection with S. 65.13(8) of the Act. The balance of \$1.00 is a notional amount for RBC, as at the time it had not yet discharged its security.

³ – Included in this figure is the claim of FTEI. FTEI's claim was shown on the SOA at \$1.00, the claim amount as filed is \$7,546,417.09 (US\$5,740,903.07) and the amount accepted for voting purposes only was \$3,549,150.00 (US\$2,700,000). The discrepancy in the amount claimed and the amount accepted for voting purposes is due to there being a dispute and uncertainty as to true quantum on both FTEI's and the Company's part. The \$3,549,150 (US\$2,700,000) figure accepted by the Chairperson for voting purposes only was based on documents/information received by the Proposal Trustee from both parties that evidenced a loan of such amount.

⁴ - The \$1.00 of the figure on the SOA represents is a notional amount for CRA in connection with any possible deemed trust claim.

43. The Proposal Trustee also of the opinion that:

- a. the causes of the Company's insolvency are as follows:
- FTEI was the Company's largest creditor and filed for a form of insolvency protection on February 27, 2019 in the Republic of Korea;
 - At the time of the NOI filing, RBC was a secured creditor (owed approximately \$1.863 million) and there was uncertainty surrounding how RBC would react to FTEI's filing;
 - The combined possible claims of RBC and FTEI at the time of the filing of the NOI far exceeded the realizable value of the assets of the Company.; and

- 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 trade creditors.
- b. The conduct of the debtor is not subject to censure.
 - c. The following facts, mentioned in Section 173 of the Act, may be proved against the debtors:
 - Not applicable and consequently the provisions regarding security for payment under S. 59(3) of the Act are inapplicable.
44. The Amended Proposal includes all statutory terms that must be included in a proposal. The Amended Proposal provides for:
- a. The payment of Preferred Claims in priority to the claims of Ordinary Creditors including Crown Claims under the provisions of 224(1.2) of the *Income Tax Act* and similar legislation (S. 60(1) of the Act);
 - b. The payment of Administrative Fees and Expenses (S. 60(1) of the Act);
 - c. Through the Reserve maintained by the Trustee, the payment of possible employee claims in accordance with S. 60(1.3)(a) of the Act; and
 - d. The payment to the Proposal Trustee of all money payable under the Amended Proposal (S. 60(2) of the Act).
45. The Proposal Trustee submits that the Amended Proposal satisfies the test set out under s. 59(2) of the Act and should be approved as:
- a. The Amended Proposal is being made in good faith;
 - b. Is calculated to benefit the general body of creditors of the Company as the Amended Proposal provides for a complete recovery for the known Ordinary Creditors, which are all Convenience Creditors, other than FTEI;
 - c. The terms of the Amended Proposal, subject to the Proposal Trustee's comments dealing with the 95-101 Release, are reasonable and are recommended by the Proposal Trustee.
 - d. The Amended Proposal has been approved by the majority of voting creditors of the Company, deemed or by proxy, and capable of voting in favour of the Amended Proposal.
46. The Proposal Trustee recommends that the Amended Proposal be approved, as it is an advantageous for the creditors for the following reasons:
- a. It contemplates a higher and more certain distribution for unsecured creditors than a bankruptcy, based on the total estimated claims;
 - b. It provides for the continued employment of the Company's current fifteen (15) employees;
 - c. It preserves a continuing customer for trade creditors and other suppliers; and

- d. The fulfillment of the conditions to the Amended Proposal allows for the orderly transition and return of control of the Company to FTEI and ends this management uncertainty for the Company, its suppliers and employees.

47. That we forwarded a copy of this Report to the Official Receiver on this day.

Dated at Toronto, Ontario, the 6th day of September 2019.

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



Matthew E. Lem, CIRP
Licensed Insolvency Trustee