

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

**(Returnable May 3, 2019)**

MAY 2, 2019

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**IN THE MATTER OF THE PROPOSAL OF  
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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN BANKRUPTCY AND INSOLVENCY**

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

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

**May 2, 2019**

**I. INTRODUCTION**

1. On February 27, 2019, FT EnE Canada Inc. (“**FTC**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**” or “**BIA Proceedings**”) pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), wherein MNP Ltd. (“**MNP**”) was named as proposal trustee (the “**Proposal Trustee**”) of the Company. A copy of the NOI is attached hereto and marked as **Appendix “A”**.
2. On March 22, 2019, the Company filed a Notice of Motion and a Motion Record returnable March 28, 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 first report, dated March 26, 2019 (the “**First Report**”). A copy of the First Report, without exhibits, is attached hereto and marked as **Appendix “B”**.
3. On March 28, 2019, the Court issued an Order (the “**First Extension Order**”) and Endorsement that, *inter alia*:

- a. Extended the time for filing a proposal to and including May 10, 2019 (the “**First Extension Deadline**”);
- b. Approved the sale and investment solicitation process as more particularly described in the First Report and Exhibit “D” attached thereto (the “**SISP**”);
- c. Granted a charge on (the “**Administrative Charge**”) 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 priority to all other security interest, trust, liens, charges, encumbrances and claims of secured creditors, but subordinate to the security interests of Royal Bank of Canada (the “**RBC**”); and
- d. Approved the activities of the Proposal Trustee as set out in the First Report.

Copies of the First Extension Order and Endorsement issued on March 28, 2019 are attached hereto as **Appendix “C”**

4. Information regarding the proceedings has been posted to the Proposal Trustee’s website at <https://mnpdebt.ca/en/corporate/Engagements/ft-ene-canada-inc>.
5. The primary purpose of these proceedings is to provide stability to FTC’s business while FTC conducts the SISP and works on formulating and presenting a viable proposal to its creditors, under the supervision of the Proposal Trustee, and with the assistance of, and in consultation with, the Company’s legal counsel and RBC.

## **II. RESTRICTIONS**

6. In preparing this Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Company’s books and records, the affidavit of Yoonjun Park, sworn on March 22, 2019, the affidavit of Yoonjun Park, sworn on April 29, 2019 (the “**April Park Affidavit**”), discussions with employees and management of the Company and information from other third-party sources (collectively, the “**Information**”). Except as described in this Report, the Proposal Trustee has not audited, reviewed or otherwise

attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.

7. The Proposal Trustee also bases its report on the Company's cash flow projections and underlying assumptions and notes that its review and commentary thereon were performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals' Standards of professional Practice No. 99-5 (Trustee's Report on Cash Flow Statement). Certain of the information referred to in this report consists of financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by Chartered Professional Accountants Canada, has not been performed. Future oriented financial information referred to in this report was prepared based on estimates and assumptions provided by the Company's management. Readers are cautioned that, since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material.

### **III. PURPOSE OF THIS REPORT**

8. The purpose of this Report is to, *inter alia*:
  - a. Provide information to the Court with respect to the administration of the Company's BIA Proceedings, including:
    - i. Report on the Company's cash flows for the period from March 2, 2019 to April 26, 2019 and to compare such actual results to the Company's projections for the same time frame;
    - ii. The Proposal Trustee's observations in respect of the Company's Updated Cash Flow Projections (as such term is later defined below);
    - iii. An update on the status of the SISP; and

- iv. Provide information in respect of the Company's request for an extension of time to file a proposal.
- b. Provide the Court with the Proposal Trustee's recommendations for an Order(s), *inter alia*:
    - i. Approving the extension of the time for filing a proposal with the Official Receiver to and including June 24, 2019 (the "**Second Extension Deadline**");
    - ii. Approving the activities of the Proposal Trustee and legal counsel, Pallett Valo LLP ("**PV**"), as set out in this Report;
    - iii. Approving the professional fees and disbursements of the Proposal Trustee and PV; and
    - iv. Sealing the confidential appendices described below until the Proposal Trustee has completed the SISP.

#### IV. BACKGROUND INFORMATION

9. FTC is a Canadian corporation carrying on business from owned premises in Brantford, Ontario. FTC is a subsidiary corporation of Finetex EnE Inc., its parent company in South Korea ("**FTEI**"). FTC produces nanofibers and nanofiber coated filter media for the global industrial filtration market through a proprietary electrospinning process. FTC employs 18 people and operates out of its approximately 37,000 square-foot production facility located at 14 Sharp Rd, Brantford, Ontario (the "**Real Property**").
10. FTEI is currently subject to review of its accounting practices and its shares traded on the Korean Securities Dealers Automated Quotations (KOSDAQ) and was delisted on April 26, 2019. As reported and described in greater detail in the April Park Affidavit, FTEI filed for some form of insolvency protection on February 27, 2019 in South Korea.
11. FTC felt that there was reasonable concern that without the filing of the NOI, FTC may lose their ability to act independently from FTEI and may otherwise have become involved in the insolvency filings of FTEI, to the detriment of FTC and therefore its creditors. FTEI

is the largest creditor in FTC's proposal proceeding, representing approximately 76% of the Company's total liabilities as noted on the Company's list of creditors attached to the NOI (Form 33).

12. RBC is the Company's banker and operating lender, providing credit facilities and an operating line of credit with a credit limit of \$2MM. At the date of filing, as noted on the Company's list of creditors attached to the NOI (Form 33), RBC represented approximately 23% of the Company's total liabilities.

## V. CASH FLOW PROJECTIONS

13. To date, the Company has provided the Proposal Trustee with its full co-operation and access to its premises, books and records for the purpose of monitoring FTC's business and financial affairs.

14. In accordance with the provisions of the BIA, on March 8, 2019, the Company's cash flow projections and related assumptions for the period from February 28, 2019 to May 31, 2019, together with the reports of management and the Proposal Trustee on the cash flow projections (the "**Cash Flow Projections**") were filed with the Official Receiver (the "**OR**"). A copy of the Cash Flow Projections and related reports are attached hereto as **Appendix "D"**.

15. Subsequent to the filing of the Cash Flow Projections with the OR, it was discovered that certain actual figures for the opening week ending March 1, 2019 were incorrect, relating to charges placed on a Company credit card that had been accounted for as a cash-based transaction in the Company's records. The total net impact of the misstatement was not material or an adverse change. In fact, Net Operating Cash Flows increased by approximately \$900 and the closing cash position for the week ended March 1, 2019 increased by approximately \$4,900.

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

17. A summary of the Company's actual receipts and disbursements as compared to the those presented in the Cash Flow Projections up to the week ended April 26, 2019 are as follows:

	MARCH 2, 2019 to April 26, 2019				
	(Projected)	(Actual)	(Variance \$)	(Variance %)	
<b>Receipts</b>					
Collection of A/R	760,092.27	1,207,730.15	447,637.88	58.89%	▲
SIMA Refund	-	-	-	0.00%	□
HST Refunds	30,000.00	-	( 30,000.00)	(100.00%)	▼
<b>Total Receipts</b>	<b>790,092.27</b>	<b>1,207,730.15</b>	<b>417,637.88</b>	<b>52.86%</b>	<b>▲</b>
<b>Disbursements</b>					
Payroll (Net)	171,186.72	132,618.43	38,568.29	22.53%	▲
Source Deductions (EI/ CPP/Taxes)	55,812.00	41,589.88	14,222.12	25.48%	▲
Material Purchases	305,735.00	281,659.16	24,075.84	7.87%	▲
Property Insurance	1,441.80	1,440.60	1.20	0.08%	▲
Utilities	14,978.00	13,223.12	1,754.88	11.72%	▲
Administration Expenses	8,000.00	8,310.94	( 310.94)	(3.89%)	▼
Travel	25,000.00	35,320.97	( 10,320.97)	(41.28%)	▼
Banking Charges and Interest	10,336.00	17,873.56	( 7,537.56)	(72.93%)	▼
Property Tax	14,697.00	-	14,697.00	100.00%	▲
Vehicles	5,600.00	1,917.53	3,682.47	65.76%	▲
Repairs, Maintenance and Supplies	17,000.00	15,465.46	1,534.54	9.03%	▲
Logistics	27,000.00	62,993.25	( 35,993.25)	(133.31%)	▼
Contingency	50,000.00	36,503.68	13,496.32	26.99%	▲
<b>Total Disbursements</b>	<b>706,786.52</b>	<b>648,916.58</b>	<b>57,869.94</b>	<b>8.19%</b>	<b>▲</b>
<b>Net Operating Cash Flows</b>	<b>83,305.75</b>	<b>558,813.57</b>	<b>475,507.82</b>	<b>570.80%</b>	<b>▲</b>

18. As noted above, the Company had positive Net Operating Cash Flows of \$558,813.57 (positive variance of \$475,507.82) for the Monitored Period. The following is commentary with respect to material variances in the Cash Flow Projections noted above:

- a. Receivable Collections – Although total actual new sales during the Monitored Period are basically inline (\$15,675 lower than projected or 1.42%) with the total projected new sales, actual new sales occurred earlier in the Monitored Period than had been projected. As a result, actual receivable collections during the Monitored Period were higher than projected due in large part to the collection of such earlier new sales sooner than had otherwise been projected (i.e. new sales that had been projected in the later

- part of the Monitored Period had been project to be collected outside of the Monitored Period).
- b. HST Refund – Projected HST refund collections have not materialized as CRA has withheld releasing the HST refunds due to the Company’s non-filing of its corporate income tax returns for the taxation year 2017 (*also see OTHER MATTERS – Corporate Income Tax Filings section*)
  - c. Payroll – The positive variance is primarily attributable to certain management reducing the amount drawn in respect of wages than had originally been projected.
  - d. Source Deductions –The Cash Flow Projections inaccurately projected the timing of the source deduction remittances to CRA to be on a bi-weekly basis, corresponding to the bi-weekly payroll payments. However, CRA presently only requires that the Company make its source deduction remittances monthly (on the 15<sup>th</sup> of the month following), thus resulting in this timing difference (positive variance). Additionally, this positive variance has been offset to the extent of approximately \$9,400 in connection with an under estimation of source deduction remittance associated with extra payroll period in March (no impact on payroll figures as funding of the payroll was in February, prior to start of the projections).
  - e. Material Purchases – Material purchases’ positive variance (\$24,075 or 7.87%) is attributable primarily to lower than projected purchases of ancillary raw material items (projected at \$4,000 per week). However, such variance is a timing difference, as it now expected to be a large purchase of such raw material items in May 2019.
  - f. Travel –The Company has advised that higher than projected travel expenditures have been expended by management in connection with meetings and its efforts to demonstrate stability to its suppliers and customers during the Company’s restructuring process.
  - g. Property Taxes –The Cash Flow Projections inaccurately projected the payment timing of the property tax instalment (projected to be paid during the week ending April 12,

2019); it was however not due until May 1, 2019 and was actually paid on April 29, 2019.

- h. Logistics Costs – Actual logistics costs paid were higher than projected and included certain duties and costs on pre-NOI filing material purchases that were not reflected in the Cash Flow Projections. Although a pre-filing liability, the Company’s position is that the payments to Canada Border Services and the logistics companies was critical to avoiding disruption to on-going operations (shipping and receiving goods in and out of Canada).
- i. Contingency Expense – The Cash Flow Projections included a provision for contingencies totalling \$25,000 per month allocated evenly over the month. During the period up to April 26, 2019, not all of the projected contingency expense was used.

19. The Company with the assistance of the Proposal Trustee has prepared an amended<sup>1</sup> updated statement of weekly projected cash flow dated May 1, 2019 to update and extend the cash flow projections through to June 28, 2019 (the “**Amended Updated Cash Flow Projections**”), a copy of which is attached as **Appendix “E”** to this Report.

20. Based on the Amended Updated Cash Flow Projections, the Company appears to have sufficient resources to continue operations through the Second Extension Deadline.

21. It should be noted that the Amended Updated Cash Flow Projections does not take into account the financial impact of any sale/investment transactions(s) contemplated to be completed/closed by May 31, 2019 under the SISP. The financial impact of any sale/investment transactions(s) has been excluded from the Amended Updated Cash Flow Projections, as such figures are still too speculative given that the SISP is still in process, no binding offers exists, and there are concerns that if such numbers and information were disclosed it could influence the outcome of SISP.

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<sup>1</sup> On April 30, 2019, the Company and the Proposal Trustee filed with the Office of the Superintendent of Bankruptcy (OSB) an updated statement of weekly projected cash flow to update and extend the cash flow projections through to June 28, 2019; it was also filed with the Court as part of the Company’s Motion Materials. It was subsequently determined that material revisions to certain assumptions to the projections was required, and as such an amended updated statement of weekly projected cash flow was prepared and filed with the OSB and now being included.

22. Based on the Proposal Trustee's review of the Amended Updated Cash Flow Projections, there are no material assumptions which seem unreasonable in the Company's circumstances. The Amended Updated Cash Flow Projections are based on assumptions that are consistent with the assumptions used in the Cash Flow Projections, other than those that have been revised to better reflect the timing of disbursements/payments and taking into consideration the actual results to date. The Proposal Trustee's report on the Amended Updated Cash Flow Projections, as required by Section 50.4(2)(b) of the BIA is attached hereto and marked as **Appendix "F"**.

23. A copy of the Amended Updated Cash Flow Projections, together with the reports of management and the Proposal Trustee on the Amended Updated Cash Flow Projections were filed with the Office of the Superintendent of Bankruptcy.

## VI. THE SISP

24. The following steps were taken by the Proposal Trustee, with the assistance of the Company, to conduct the SISP:

- a. On March 21, 2019, a brief interest solicitation letter (the "**Teaser**") and a confidentiality and non-disclosure agreement (the "**NDA**") was distributed via e-mail to forty-nine (49) prospective purchasers identified with the Company;
- b. On March 27, 2019, an advertisement of the acquisition opportunity was published in the national edition of the *National Post* newspaper;
- c. The opportunity was advertised in the April 1, 2019 and April 8, 2019 editions of the *Insolvency Insider* e-mail publications;
- d. The Proposal Trustee circulated the Teaser to all of MNP's approximately 790 partners in an effort to solicit potential interested parties from MNP's client base;
- e. A secure online data room was set up containing additional information and documents in respect of the Company and its business and assets, including a Confidential Information Memorandum ("**CIM**"), which data room was updated from time to time as additional information became available. Access to the online data room was

provided to all interested parties that signed an NDA. A copy of the CIM is attached hereto as **Confidential Appendix “1”**.

25. As a result of the marketing efforts, twenty-three (23) parties executed NDAs and were granted access to the online data room.
26. Pursuant to the SISP approved by the Court, Letters of Interest (“**LOIs**”) were due by 5:00 PM (Toronto Time) on April 18, 2019 (the “**LOI Deadline**”). In consultation with the Proposal Trustee and RBC, the Company extended the LOI Deadline to 5:00 PM (Toronto Time) on April 24, 2019 (the “**LOI Deadline Extension**”). Accordingly, the Proposal Trustee notified all parties that had signed NDAs, that the LOI Deadline was extended to the LOI Deadline Extension. The balance of the milestone dates as set-out in the SISP remain unchanged. A complete description of the SISP and the milestone dates was included as Exhibit “D” to the First Report.
27. A summary of the LOIs that were submitted to the Proposal Trustee by the LOI Deadline Extension, together associated comments is attached hereto as **Confidential Appendix “2”**.
28. Under the SISP, parties that have submitted LOIs will conduct further due diligence, including conducting site visits, such that final bids may be prepared and submitted by the deadline set forth in the SISP of 5:00PM (Toronto Time) on May 17, 2019 (the “**Final Bid Deadline**”).
29. The Proposal Trustee has been advised by the Company that, notwithstanding that interested parties have executed a NDA, it will not permit access for potential purchasers to view/inspect the “Blackbox” area of the production facility due to the highly sensitive nature of the proprietary process used to produce the nanofibers. The Proposal Trustee understands that this “Blackbox” area encompasses the equipment described as “Production Line 2”.

## VII. OTHER ACTIVITIES AND MATTERS

### *RBC Security and Reporting*

30. As reported in paragraph 22 of the First Report, the Proposal Trustee had retained PV as its independent legal counsel and has sought an independent legal opinion on the validity and enforceability of the RBC's security as against the Company (the "**Security Opinion**").
31. The Proposal Trustee has now received the Security Opinion, which confirms, subject to the normal assumptions, qualifications and limitations, that RBC's security over both the Real Property and the personal property of the Company is valid and enforceable. A copy of the Security Opinion dated April 8, 2019 prepared by PV is attached hereto as **Appendix "G"**.
32. As RBC is a key stakeholder in these BIA Proceedings and has continued to allow the operating line facility to revolve up to the \$2MM credit limit, the Proposal Trustee has assisted the Company by liaising with RBC and its legal counsel, Borden Ladner Gervais LLP, and by providing RBC with its variance analysis produced as part of the monitoring of actuals to projections associated with the Cash Flow Projections.

### *Colliers Listing Agreement*

33. As discussed in greater detail in the April Park Affidavit, the Company has in consultation with the Proposal Trustee sought to amend the listing agreement with Colliers Macaulay Nicolls Inc. ("**Colliers**") in connection with the Real Property, thereby ensuring that Colliers is fairly compensated for its efforts prior to and during the SISP. It should be noted that a number of the parties that have submitted LOIs were introduced to the Real Property by Colliers prior to the NOI filing.

### *Intellectual Property Update*

34. As reported in paragraph 17 of the First Report, there continues to be some uncertainty 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. Although there is uncertainty as to the ownership of the Nanofiber IP between FTEI and Jongchul Park, the Proposal Trustee has been advised by the Company that the Company has no ownership interest in the Nanofiber IP.

### ***Potential CCAA Conversion***

35. The Company at paragraph 25 to 26 of the April Park Affidavit, described factors relating to the proceedings relating to FTEI, its parent, and its rehabilitation proceedings in South Korea. The Company advises it is exploring whether there may be a way to coordinate and resolve these issues collectively between the South Korean parent and the Canadian subsidiary that may require consideration as to whether a different restructuring route is possible and appropriate and whether this could take longer than the six months permitted under the BIA before a proposal must be filed to avoid a deemed assignment in bankruptcy. As a result, the Company is exploring whether there might be greater value for Canadian stakeholders if the proposal proceeding is converted into a proceeding under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”).
36. RBC, by its counsel, has expressed concerns to the Company and to the Proposal Trustee about a conversion to a CCAA. Counsel for RBC has advised counsel to the Company and to the Proposal Trustee they will speak to this matter at the hearing on May 3rd. RBC has reserved all of its rights, including the right to oppose a conversion to a CCAA proceeding.
37. Given that this issue is currently hypothetical, as the Company is requesting no relief of this nature at this time, the Proposal Trustee is making no recommendation on this issue, and the Proposal Trustee is continuing to supervise the BIA Proceedings of the Company under the provisions of the BIA and continuing to implement the SISP (as amended) as ordered by the Court.

### ***Corporate Income Tax Filings***

38. As noted in earlier in this Report (*see CASH FLOW PROJECTIONS section*), tax refunds associated with HST and *Special Import Measures Act*, that were originally projected to be collected/received under the Cash Flow Projections have been removed from the Amended

Updated Cash Flow Projections. We are advised by the Company's management that these tax refunds are being withheld by CRA due to the Company's non-filing of its corporate income tax returns for the taxation year 2017 (2018 is yet not due).

39. The Company has advised that its 2017 corporate tax returns have not been filed as the Company was in the process of having the 2017 fiscal year re-audited and potentially restated at the request of its South Korean parent. Such re-audit process was suspended with the restructuring filings in Canada and South Korea.
40. The Company does not believe there are any corporate income taxes owing as it had shown a Net Loss in its 2017 audited financial statements prior to when the re-audit process was commenced. Further, the Company is currently in discussions with an outside accounting firm in connection with getting its 2017 corporate tax returns filed. It however is not expected to be resolved and result in the tax refunds released prior to the Second Extension Deadline.

#### **VIII. REQUEST FOR AN EXTENSION OF TIME FOR FILING A PROPOSAL**

41. The Company remains of the view that carrying out the SISP will maximize value for its stakeholders.
42. The current First Extension Deadline is set to expire at midnight on May 10, 2019 and the Second Extension Deadline contemplates an extension of the stay of proceedings and the date for the filing of a proposal for a further forty-five (45) days, to and including June 24, 2019.
43. As originally contemplated when the SISP was approved by the Court, the Company would require a further extension of time after the First Extension Deadline to complete the SISP. Based on the LOIs received it is reasonably expected that binding offers will be received by the Final Bid Deadline to allow the Company to be in position to consider formulating and presenting a viable proposal.
44. In view of the foregoing, the Proposal Trustee supports the Company's request for an extension to provide it with additional time to complete the SISP and be in position to

consider formulating and presenting a viable proposal. The Proposal Trustee has also considered that:

- a. The Company has acted, and continues to act, in good faith and with due diligence in its operations and dealings with its stakeholders;
- b. The extension should not materially adversely affect or prejudice creditors;
- c. FTC is projected to have sufficient funds to pay post-filing services and supplies in the amounts contemplated in the Amended Updated Cash Flow Projections; and
- d. The extension of the time to file a proposal to the Second Extension Deadline allows the Company time to complete the SISP, which could result in greater recoveries than in a liquidation within a bankruptcy scenario.

#### **IX. PROFESSIONAL FEES**

45. The MNP's statements of account as Proposal Trustee for the period from February 19, 2019 to March 31, 2019 total \$76,892.32 (inclusive of HST). The affidavit of Matthew Lem sworn May 2, 2019 as to the fees of the Proposal Trustee is attached hereto as **Appendix "H"**.
46. PV's statements of accounts for the period from March 22, 2019 to April 30, 2019 total \$13,554.58 (inclusive of HST). The affidavit of Giovanni Russo sworn May 1, 2019 as to the fees and disbursements of PV in its capacity as legal counsel to the Proposal Trustee is attached hereto as **Appendix "I"**.
47. The Proposal Trustee is of the view that PV's accounts are reasonable in the circumstances and respectfully requests this Court approve its fees and disbursements and those of its legal counsel as described above. Subject to Court approval, these fees and disbursements will be drawn in part from a retainer of \$40,000 provided to the Proposal Trustee, on-going cash flows as set-out in the Amended Updated Cash Flow Projections and the future proceeds of sale generated from the SISP, pursuant to the Administrative Charge.

**X. RECOMMENDATION**

48. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief detailed in paragraph 8(b) of this Report.

All of which is respectfully submitted on this 2<sup>nd</sup> day of May 2019.

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

A handwritten signature in black ink, appearing to read 'M. E. Lem', written in a cursive style.

Matthew E. Lem, CIRP  
Licensed Insolvency Trustee

# APPENDIX A

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

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

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

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

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

Please find enclosed the following:

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

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

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

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

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

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

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

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

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

Matthew Lem, CIRP, LIT  
Senior Vice President

Encl.

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

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

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

Take notice that:

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

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



---

FT ENE CANADA INC.  
Insolvent Person

To be completed by Official Receiver:

---

Filing Date

---

Official Receiver

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

- FORM 33 -

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

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

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

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

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

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

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

  
FT ENE CANADA INC.  
Insolvent Person

- Proposal Consent -

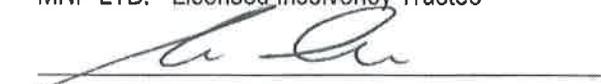
In the matter of the proposal of  
FT ENE CANADA INC.  
of the City of Brantford  
in the Province of Ontario

To whom it may concern,

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

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

MNP LTD. - Licensed Insolvency Trustee



---

300 - 111 Richmond Street West

Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242



# APPENDIX 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**

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

**March 26, 2019**

**I. INTRODUCTION**

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

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

## II. RESTRICTIONS

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

### III. PURPOSE OF THIS REPORT

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

### IV. BACKGROUND INFORMATION

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

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

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

## V. ASSETS

### Real Property

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

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

Other Assets

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

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

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

**VI. CREDITORS**

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

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

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

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

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

## **VII. CASH FLOW PROJECTIONS**

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

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

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

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

- d. Disbursements are based on management's best estimates and are assumed to be generally paid on receipt of the goods and/or service, unless payment terms have currently been extended;
  - e. RBC continues to allow the Company's operating line to revolve based on the credit facilities available prior to the NOI filing; and
  - f. Source deductions are current and are calculated based on the Company's bookkeeping system.
26. The Proposal Trustee has implemented procedures for monitoring the Company's receipts and disbursements and monitoring the business in order to ensure that operations are continuing in the normal course of business and in accordance with the Cash Flow Projections.
27. A summary of FTC's actual receipts and disbursements for the period of March 1, 2019 to March 22, 2019 is set out below, with a comparison to forecast:

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

28. As exhibited above, FTC's cash position at March 22, 2019 is approximately \$91M higher than forecast, which variance is largely timing in nature.
29. Based on the Company's results to date and the Cash Flow Projections, the Company appears to have sufficient funding through to the end of the requested extension of the NOI.

### VIII. SISP

30. FTC, under the supervision of the Proposal Trustee, has begun the SISP. The purpose of the SISP is to fully assess the Company's restructuring options, including sale or investment proposals that may be made by qualified bidders as set out in **Exhibit "D"**, attached hereto. The Proposal Trustee developed the SISP, with input from the Company and Company's counsel and modified through discussions with RBC's legal counsel. FTC seeks an Order approving the activities of the Company regarding the SISP conducted to date, *nunc pro tunc*, and to approve the planned SISP going forward.
31. In summary, the SISP contemplates a two-step sale of the business assets, or investment in the business of FTC on an "as is, where is" basis, subject to Court approval, and will proceed on the following timetable:
- a. Subject to approval of the SISP by the Court, *nunc pro tunc*, FTC has, or intends on (i) in conjunction with the SISP Team, identified prospective purchasers (the "**Prospective Purchasers**") (ii) on March 21, 2019, through the Trustee, distributed via email, a brief interest solicitation letter (the "**Teaser**") to the Prospective Purchasers; (iii) distributing to those interested a form of confidentiality agreement ("**CA**") and (iv) distributing to those that have signed the CA, the confidential information memorandum, describing the opportunity to acquire all or a portion of the Company's assets or to invest in the Company, as prepared by the Company with the assistance of the SISP Team, and (v) established and provided access to an electronic data room to those parties having signed a CA;
  - b. The Proposal Trustee has arranged for an advertisement of the acquisition opportunity to be published in the March 27, 2019 national edition of the National

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

- c. Letters of Interest (“**LOIs**”) shall be due by no later than 5:00 P.M. (Toronto Time) on April 18, 2019;
- d. Qualified Bidders (as such term is defined in Exhibit “D”), will be provided time to conduct site visits and further due diligence beginning April 18, 2019 and ending May 17, 2019;
- e. The deadline for Final Bids (as such term is defined in Exhibit “D”) will be 5:00 P.M. (Toronto Time) on May 17, 2019 (the “**Final Bid Deadline**”);
- f. Selection of the Successful Bid (as such term is defined in Exhibit “D”) will be made on or before May 21, 2019;
- g. The Company or the Proposal Trustee will seek Court approval of the APS, if the Final Bid is an Asset Bid, or term sheet, if the Final Bid is an Investment Bid (as such terms are defined in Exhibit “D”) and a vesting order, if such is required, on or prior to May 28, 2019; and
- h. The parties will then seek to close the transaction.

32. The SISP contemplated by the Company provides a means for testing the market and determining whether a transaction that would result in realizations greater than liquidation value is available or alternatively provide the necessary investment/working capital to address the Company’s operational needs. The SISP permits FTC to carry on its business in the ordinary course while seeking to identify a strategic purchaser or investor, with the view of enhancing recoveries for stakeholders.

33. The SISP envisions submissions of offers within the period of the extension contemplated in paragraph 38, below.

34. The Proposal Trustee recommends the SISP be approved for the following reasons:

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

## **IX. ADMINISTRATION CHARGE**

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

**X. EFFORTS TO RESTRUCTURE**

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

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

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

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

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

**XII. CONCLUSION AND RECOMMENDATION**

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

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

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

A handwritten signature in black ink, appearing to read "M. Lem", written in a cursive style.

Matthew E. Lem, CIRP  
Licensed Insolvency Trustee

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

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

**PROCEEDING COMMENCED AT  
TORONTO**

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

**PALLET VALO LLP**

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

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

Tel: (905) 273-3300

Fax: (905) 273-6920

Lawyers for MNP Ltd.

# APPENDIX C



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

**IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE ) THURSDAY, THE 28<sup>th</sup> DAY  
The Honourable )  
Mr. Justice )  
Penny ) OF MARCH, 2019

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

**ORDER**

**THIS MOTION** made by FT EnE Canada Inc. (“**Debtor**”) for an Order *inter alia*: (a) approving a sale and investment solicitation process, *nunc pro tunc*, with respect of all or part of the Debtor’s business and assets (“**SISP**”); (b) extending the deadline for the Debtor to file a proposal to and including May 10, 2019; and (c) granting a charge in respect of the fees and disbursements in favour of the Debtor’s counsel, MNP Ltd. in its capacity as proposal trustee for the Debtor (in such capacity, the “**Trustee**”), and Trustee’s counsel, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Affidavit of Yoonjun Park, sworn March 22, 2019, the First Report of the Trustee, dated March 26, 2019 (“**First Report**”), and on hearing the submissions of counsel for the Debtor and counsel for the Trustee, and those other parties present, no one appearing for any other person on the service list, although duly served as appears in the affidavit of service of Alexandra Teodorescu, filed.

## SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

## APPROVAL OF THE SISP

2. **THIS COURT ORDERS** that the SISP, as described in the First Report, be and is hereby approved *nunc pro tunc*.

3. **THIS COURT ORDERS** that the Trustee and the Debtor be and are hereby authorized and directed to perform their obligations under and in accordance with the SISP, and to take such further steps as it considers necessary or desirable in carrying out the SISP.

4. **THIS COURT ORDERS** that in connection with the SISP and pursuant to clause 7(3)(c) of the *Personal Information and Electronic Documents Act* (Canada), the Trustee is authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or offerors and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more transactions (each, a “**Transaction**”). Each prospective purchaser or offeror to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Trustee, as applicable; (ii) destroy all such information, or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The transacting party with respect to any of the Property shall be entitled to continue to use the personal information provided to it, and related to the Property

purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Trustee, as applicable, or ensure that all other personal information is destroyed.

5. **THIS COURT ORDERS** that, pursuant to clause 3(c)(i) of the *Electronic Commerce Protection Regulations*, made under *An Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic Means of Carrying out Commercial Activities, and to Amend the Canadian Radio-Television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act*, S.C. 2010, c. 23, the Debtor and the Trustee are authorized and permitted to send, or cause to permit to be sent, commercial electronic messages to an electronic address of prospective purchasers or bidders and to their advisors but only to the extent desirable or required to provide information with respect to the SISP.

#### **EXTENSION OF TIME TO FILE PROPOSAL**

6. **THIS COURT ORDERS** that the time in which the Debtor is required to file a proposal be and is hereby extended to and including May 10, 2019.

#### **ADMINISTRATION CHARGE**

7. **THIS COURT ORDERS** that counsel to the Debtor, the Trustee and counsel to the Trustee (“**Administrative Parties**”) shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on all property, assets and undertakings of the Debtor (“**Property**”), as security for the fees and disbursements of the Administrative Parties, incurred

at their standard rates and charges and on the terms set forth in their respective engagement letters, both before and after the making of this Order.

8. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge shall not be required, and that the Administration Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

9. **THIS COURT ORDERS** that the Administration Charge shall constitute a charge on the Property and shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise, except that the Administration Charge shall be subordinate to the valid and enforceable security interests of the Royal Bank of Canada.

#### **APPROVAL OF TRUSTEE REPORT**

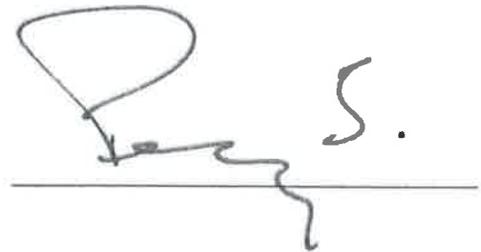
10. **THIS COURT ORDERS** that the First Report and the activities of the Trustee described therein be and are hereby approved, provided that only the Trustee, in its personal capacity and only with respect to its personal capacity, shall be entitled to rely upon or utilize in any way such approval.

#### **GENERAL**

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Debtor, the Proposal Trustee and their respective agents in

carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtor and the Proposal Trustee as may be necessary or desirable to give effect to this Order, or to assist the Debtor and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “Protocol”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05, the Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <https://mnpdebt.ca/en/corporate/engagements/itenecanada>



ENTERED AT THE COURT AT TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

MAR 28 2019

DE / PAR



**Alexandra Medelros Cardoso**  
Registrar, Superior Court of Justice

**IN THE BANKRUPTCY AND INSOLVENCY**

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

**MNP Ltd. In its capacity as Licensed Insolvency Trustee of FT ENE Canada Inc.**

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Commercial List Court File No. 32-2480036

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

Proceeding commenced at Toronto

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**ORDER**

---

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

**Mr. Mervyn Abramowitz (LSO #28325R)**  
Certified Specialist, Civil Litigation, Bankruptcy and  
Insolvency Law  
Tel: (416) 597-4887  
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**Ms. Alexandra Teodorescu (LSO #63889D)**  
Tel: (416) 596-4289  
Fax: (416) 594-2506  
Email: [ateodorescu@blaney.com](mailto:ateodorescu@blaney.com)

Counsel for FT ENE Canada Inc.



# COUNSEL SLIP

Court File No. Bk-32-2480036

Date: 28-MAR-2019

No. On List: 9

Title Of Proceeding

FT NE CANADA v.

STATUS PLEASE CHECK ONE

Opposed  Unopposed  On Consent  Opposed Adjournment  Consent Adjournment  Withdrawn

COUNSEL FOR:

PLAINTIFF(S)  A. Teodorescu for  
APPLICANT(S)  FT NE Canada Inc.  
PETITIONER(S)

TELEPHONE: 416-596-4279  
FAX: 416-594-2506  
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TELEPHONE:  
FAX:  
EMAIL:

COUNSEL FOR:

DEFENDANT(S)  ~~FT NE~~ MNP Limited  
RESPONDENT(S)  Proposal Trustee  
Alex Sichenko

TELEPHONE:  
FAX:  
EMAIL:

TELEPHONE:  
FAX:  
EMAIL:

JUDICIAL NOTES:

I am satisfied that the proposed SVP is ~~in~~ in the interest of stakeholders.

The structure is appropriate, seems calculable to enhance value and is supported by the Trustee.

The charge re: potential  
loss is appropriate in  
the circumstances and  
RBC is maintaining its priority.

In order to carry out the  
SISP the stay extension  
is necessary.

The first report of the  
committee is approved (Re Target).

# APPENDIX D

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

	1-Mar-19 (Actual)	8-Mar-19 (Forecast)	15-Mar-19 (Forecast)	22-Mar-19 (Forecast)	29-Mar-19 (Forecast)	5-Apr-19 (Forecast)	12-Apr-19 (Forecast)	19-Apr-19 (Forecast)	26-Apr-19 (Forecast)	3-May-19 (Forecast)	10-May-19 (Forecast)	17-May-19 (Forecast)	24-May-19 (Forecast)	31-May-19 (Forecast)	TOTAL
<b>Opening Cash Position</b>	8,740	1,149	3,051	1,089	4,937	2,229	1,928	4,954	2,379	4,455	1,875	155	1,547	2,369	8,740
<b>Receipts</b>															
Collection of A/R	93,535	109,652	130,494	79,222	149,827	79,293	55,908	122,946	32,750	+	129,215	154,663	299,246	20,000	1,455,751
SIMA Refund	-	-	-	-	-	-	-	-	-	-	-	-	-	56,100	56,100
HST Refunds	-	-	-	15,000	-	-	-	15,000	-	-	-	15,000	-	-	45,000
<b>Total Receipts</b>	93,535	109,652	130,494	94,222	149,827	79,293	55,908	137,946	32,750	+	129,215	169,663	299,246	76,100	1,556,851
<b>Disbursements</b>															
Payroll (Net)	2,614	42,232	42,232	42,232	42,232	2,259	42,232	42,232	42,232	2,259	42,232	42,232	42,232	42,232	260,573
Source Deductions (EI/CPF)	-	13,953	13,953	13,953	13,953	13,953	13,953	13,953	13,953	13,953	13,953	13,953	13,953	13,953	83,718
Material Purchases	-	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	596,005
Property Insurance	-	721	721	721	721	721	721	721	721	721	721	721	721	721	2,163
Utilities	-	7,489	7,489	7,489	7,489	7,489	7,489	7,489	7,489	7,489	7,489	7,489	7,489	7,489	22,467
Administration Expenses	35	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	13,035
Travel	934	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	41,579
Banking Charges and Interest	-	-	-	-	-	10,336	-	-	-	10,436	-	-	-	-	29,208
Property Tax	14,697	-	-	-	-	-	14,697	-	-	-	-	-	-	-	29,394
Vehicles	309	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	8,709
Repairs, Maintenance and Supplies	1,517	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	30,392
Logistics	-	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	41,500
Contingency	-	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	81,250
<b>Total Disbursements</b>	29,126	22,750	82,456	165,374	217,535	29,595	87,882	20,521	80,674	167,580	75,995	23,771	83,474	162,871	1,239,943
<b>Net Operating Cash Flows</b>	72,409	86,902	48,038	71,152	67,708	49,698	31,974	117,425	47,924	167,580	53,280	146,392	215,822	86,771	316,908
Operating Line (Repayments)/Advances	( 85,000)	( 85,000)	( 50,000)	( 75,000)	( 65,000)	( 50,000)	( 35,000)	( 120,000)	( 50,000)	( 165,000)	( 55,000)	( 145,000)	( 215,000)	( 85,000)	( 325,000)
<b>Closing Cash Position</b>	2,149	3,051	1,089	4,937	2,229	1,928	4,954	2,379	4,455	1,875	155	1,547	2,369	648	648

The Statement of Weekly Projected Cash-flow for the period from February 28 to May 31, 2019 has been prepared solely for the purpose of complying with S. 50.4(2)(a) of the Bankruptcy and Insolvency Act and must be read in conjunction with the attached assumptions (hypothetical and/or probable) to these projections and the Trustee's Report on Cash-flow Statement (Form 29) and the Report on Cash-flow Statement by the Person Making the Proposal (Form 30).

FT ENE CANADA INC.

MNP LTD.  
 Trustee acting in re the Proposal of  
 FT ENE Canada Inc.  
 Per:   
 Matthew Lem, C.I.P.P., C.T.

Per:   
 Yoonjun Park

Dated: March 8, 2019

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

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

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

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

-- FORM 29 --

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

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

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

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

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

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

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

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

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

MNP LTD. - Licensed Insolvency Trustee

Per:



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

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

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

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

Purpose:

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

Projection Notes:

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

Hypothetical Assumptions

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

Probable Assumptions

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

Assumptions:

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

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

MNP LTD. - Licensed Insolvency Trustee

Per:



Matthew Lem - Licensed Insolvency Trustee

300 - 111 Richmond Street West

Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242

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

- FORM 30 -

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

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

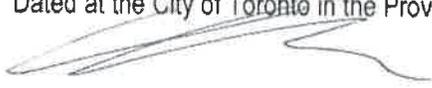
The Management of FT ENE CANADA INC., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 8th day of March 2019, consisting of Statement of Weekly Projected Cash-flow for the period from February 28 to May 31, 2019.

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

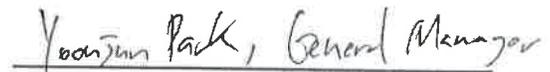
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

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

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



FT ENE CANADA INC.  
Debtor



Name and title of signing officer

Name and title of signing officer

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

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

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

Purpose:

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

Projection Notes:

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

Hypothetical Assumptions

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

Probable Assumptions

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

Assumptions:

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

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



FT ENE CANADA INC.

# APPENDIX E



**FT EnE Canada Inc.**

**Amended Assumptions to the Updated Statement of Weekly Projected Cash-flow  
For the period April 19 to June 28, 2019**

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

- The Cash-Flow does not consider the impact of any sale/investment transaction that is being contemplated by the SISF in the NOI proceedings.
- Sales projections are based on current purchase orders on-hand, management's best estimates and historical sale/order trends;
- The collection of accounts receivables are based on shortened payment terms agreed to by certain purchasers and management's best estimates and historical collection trends;
- A SIMA refund for duties paid pursuant to the *Special Import and Measures Act (SIMA)* will not be received during the forecast period due to a hold until the Company files outstanding corporate tax returns;
- HST Refunds will not be received during the forecast period due to a hold until the Company files outstanding corporate tax returns;
- The number of employees and associated payroll costs (i.e. wages, benefits, government remittances, etc.) are based on the 'actual' payroll costs during the NOI period including the reduction of payroll for a salary reduction to the Company's CEO;
- Material Purchases are based on recent orders, which have not yet been paid for and management's best estimates of production needs/upcoming sales and historical purchase trends;
- Logistics expenses are based on the costs related to the shipment and duties for material purchases, which are estimated based on production needs/upcoming sales and historical purchasing trends;
- Other disbursements are based on management's best estimates and historical purchase/payment trends. These other disbursements are assumed to be generally paid on receipt of the goods and/or service, unless payment terms have currently been extended;
- The Company's lender, Royal Bank of Canada, continues to allow the Operating Line to revolve based on the current credit facility terms and limits;
- No provisions for income taxes have been made;
- Pursuant to Section 69(1) of the *Bankruptcy and Insolvency Act*, all creditor's claims are subject to a stay of proceedings.

# APPENDIX F

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

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

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

The attached statement of projected cash flow of FT ENE CANADA INC., as of the 1st day of May 2019, consisting of Statement of Amended Updated Weekly Projected Cash-flow dated May 1, 2019 for the period from April 19 to June 28, 2019, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

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

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

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

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

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

Dated at the City of Toronto in the Province of Ontario, this 1st day of May 2019.

MNP LTD. - Licensed Insolvency Trustee  
Per:

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

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

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

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

Purpose:

The Statement of Amended Updated Weekly Projected Cash-flow dated May 1, 2019 has been prepared solely for the purpose of complying with S. 50.4(2)(a) of the Bankruptcy and Insolvency Act.

Projection Notes:

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

Hypothetical Assumptions

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

Probable Assumptions

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

Assumptions:

See assumptions attached to the Statement of Amended Updated Weekly Projected Cash-flow dated May 1, 2019

Dated at the City of Toronto in the Province of Ontario, this 1st day of May 2019.

MNP LTD. - Licensed Insolvency Trustee

Per:



Matthew Lem - Licensed Insolvency Trustee

300 - 111 Richmond Street West

Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242

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

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

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

Purpose:

The Statement of Amended Updated Weekly Projected Cash-flow dated May 1, 2019 has been prepared solely for the purpose of complying with S. 50.4(2)(a) of the Bankruptcy and Insolvency Act.

Projection Notes:

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

Hypothetical Assumptions

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

Probable Assumptions

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

Assumptions:

See assumptions attached to the Statement of Amended Updated Weekly Projected Cash-flow dated May 1, 2019

Dated at the City of Brantford in the Province of Ontario, this 1st day of May 2019.

  
FT ENE CANADA INC.

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

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

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

The Management of FT ENE CANADA INC., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 1st day of May 2019, consisting of Statement of Amended Updated Weekly Projected Cash-flow dated May 1, 2019 for the period from April 19 to June 28, 2019.

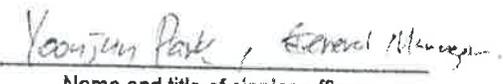
The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions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

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

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

Dated at the City of Brantford in the Province of Ontario, this 1st day of May 2019.

  
FT ENE CANADA INC.  
Debtor

  
Name and title of signing officer

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

# APPENDIX G

April 8, 2019

MNP Ltd., in its capacity as the  
Trustee of the Proposal of FT EnE Canada Inc.  
111 Richmond Street West  
Suite 300  
Toronto, Ontario M5H 2G4

**Attention: Matthew Lem**

**Re: Opinion on the validity, enforceability, and perfection of certain security granted by FT EnE Canada Inc. (the "Obligor") to and in favour of Royal Bank of Canada ("RBC") in connection with the Operating Facility and any and all other facilities and obligations owing under the Commitment Letter between the Obligor and RBC dated May 13, 2015, as acknowledged and executed by the Obligor on May 15, 2015 (collectively, the "Commitment Letter")**

We are independent Ontario counsel to MNP Ltd. in its capacity as the Trustee of the Proposal of the Obligor (the "Trustee"), as appointed pursuant to the Notice of Intention to Make a Proposal filed by the Obligor dated, February 27, 2019 (the "Filing Date").

You have asked us, in your capacity as Trustee, for our opinion as it relates to the validity, enforceability, and perfection of certain security granted by the Obligor to RBC to secure the payment and performance of the obligations of the Obligor to RBC. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Security Documents (as defined below).

#### **I. DOCUMENTS REVIEWED**

In connection with our opinion, we have reviewed electronic pdf copies of the following documents granted in favour of RBC:

##### **A. Loan Documents**

1. Commitment Letter (the "Loan Documents").

**B. Security Documents**

1. General Security Agreements granted to RBC by the Obligor (the "GSA") dated January 15, 2015;
2. Charge granted by the Obligor to RBC on a property located at 14 Sharp Road, Brantford, Ontario (the "**Brantford Property**") and registered on January 21, 2015 as Instrument BC269209 (the "**RBC Charge**"); and

(collectively, the "**Security Documents**" and, together with the Loan Documents, the "**Reviewed Documents**").

**II. SEARCHES**

We have obtained the following searches for the purpose of providing this opinion:

1. Federal Corporate Registry searches concerning the Obligor, dated March 4, 2019;
2. Ontario Personal Property Registry (the "**ONT PPR**") debtor searches, with respect to the name "FT ENE Canada Inc." dated April 2, 2019 with file currency to April 1, 2019.
3. Real Property Land Titles sub-search dated April 2, 2019 for PIN No. 32221-0432 LT (the "**Property**").

For convenience of reference, the Federal Corporate Registry search results and the ONT PPR search results are attached as Schedule "A" hereto.

We have conducted a real property parcel register sub-search (the "**Real Property Sub-search**") against the Property legally described above and the Real Property Sub-search is attached thereto at Schedule "C" hereto.

We confirm your instructions that our review is to be based upon and are to rely solely upon the Real Property Sub-search. As instructed, full title searches have not been conducted and we have made no other searches, investigations or inquiries with respect to the opinions expressed herein, including, without limitation, any inquiries as to access, and inquiries of authorities regarding realty taxes, provincial land taxes, building and zoning compliance, utilities, unregistered easements, conservation or environmental matters.

We have not examined any surveys of the Property for the purposes of this opinion and have not reviewed any of the encumbrances outstanding against the Property other than:

- i. The RBC Charge.

**III. ASSUMPTIONS, QUALIFICATIONS AND LIMITATIONS**

In preparing this opinion letter, we have made certain assumptions and our opinion is subject to certain qualifications and limitations. The opinions expressed in this opinion letter are based on, and subject to, the assumptions, qualifications and limitations set out throughout this opinion letter, including specifically, those set out in Schedule "B" to this opinion letter.

#### IV. APPLICABLE LAWS

The opinions expressed below are restricted to the laws of the Province of Ontario, as specifically identified herein, and the laws of Canada applicable therein. We express no opinion with respect to the laws of any other jurisdictions to the extent that those laws may govern the validity, perfection, effect of perfection, or non-perfection or enforcement of the security interests created by the Security Documents, or to the extent those laws may govern or affect the interpretations, validity, effect, or enforcement of any of the Security Documents, as a result of the application of Ontario conflict of laws rules. In addition, we express no opinion whether, pursuant to those conflict of laws rules, Ontario laws would govern the validity, perfection, effect of perfection, or non-perfection or enforcement of any corresponding or associated security interests.

#### V. OPINION

Based upon and subject to the assumptions, qualifications, and limitations set out in the body of this opinion letter and in Schedule "B" to this opinion letter, we are of the opinion that, as at the Filing Date or the search dates otherwise indicated herein:

1. the security interests over the personal property of the Obligor, granted pursuant to the Security Documents, are valid and enforceable against the Obligor, in accordance with the terms therein;
2. pursuant to the Security Documents, as general and continuing security to secure the payment and performance of all of the "Indebtedness" (as defined in the GSA) of the Obligor to RBC, the Obligor granted to RBC a security interest in all of its present and after acquired undertaking and property, as further described and defined as the "Collateral" in the GSA;
3. the security interests created by the Security Documents have been perfected to the extent capable by registration in the ONT PPR against the Obligor, as financing statements regarding such security interests have been registered in favour of RBC in the ONT PPR in accordance with the provisions of the *Personal Property Security Act*, (Ontario), R.S.O. 1990, as amended (the "PPSA").
4. Accordingly, the security interests granted to RBC under the GSA are perfected in Ontario as against the Obligor as of the date of this opinion letter.
5. Pursuant to Section 20 of the PPSA, the perfected security interests created by the GSA will have priority over the interests of a Trustee in Bankruptcy.
6. The Charge was properly registered against title to the Property and is enforceable in accordance with its terms.

#### VI. GENERAL

The opinions and views expressed herein are provided solely for the benefit of the addressee. This opinion letter may not be relied upon by or disclosed to anyone else or used for any purpose

other than in connection with the addressee's reporting obligations to the creditors, Inspectors, the Bankruptcy Court and the Superintendent of Bankruptcy, without our prior written consent. This opinion letter is given as of the date hereof and we disclaim any obligations or undertaking to advise the addressee or any other person of any change in fact or law which may come to our attention after the date hereof.

Yours very truly,

**PALLET VALO LLP**

*Pallett Valo LLP*

**SCHEDULE "A"**

**CORPORATE AND PERSONAL PROPERTY SEARCHES**



Government of Canada    Gouvernement du Canada

[Home](#) → [Innovation, Science and Economic Development Canada](#)

→ [Corporations Canada](#) → [Search for a Federal Corporation](#)

## Federal Corporation Information - 828836-4

Buy copies of corporate documents

### **i** Note

This information is available to the public in accordance with legislation (see [Public disclosure of corporate information](#)).

#### **Corporation Number**

828836-4

#### **Business Number (BN)**

848272043RC0001

#### **Corporate Name**

FT EnE Canada Inc.

#### **Status**

Active

#### **Governing Legislation**

*Canada Business Corporations Act - 2012-09-04*

### **Registered Office Address**

14 SHARP ROAD  
BRANT ON N3T 2L8  
Canada

**Note**

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

## Directors

**Minimum** 1  
**Maximum** 10

Jong Chul Park  
33 MISTY CRESCENT  
TORONTO ON M3B 1T2  
Canada

**Note**

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

## Annual Filings

**Anniversary Date (MM-DD)**

09-04

**Date of Last Annual Meeting**

2018-07-31

**Annual Filing Period (MM-DD)**

09-04 to 11-03

**Type of Corporation**

Non-distributing corporation with 50 or fewer shareholders

### Status of Annual Filings

2019 - Not due

2018 - Filed

2017 - Filed

## Corporate History

### Corporate Name History

2012-09-04 to 2013-12-13 8288364 Canada Inc.

2013-12-13 to Present FT EnE Canada Inc.

### Certificates and Filings

#### Certificate of Incorporation

2012-09-04

#### Certificate of Amendment :

2013-12-13

Amendment details: Corporate name

\* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed.  
For more information, [contact Corporations Canada](#).

[Buy copies of corporate documents](#)

[Start New Search](#)

[Return to Search Results](#)

**Date Modified:**

2019-03-04

RUN NUMBER : 092  
RUN DATE : 2019/04/02  
ID : 20190402163917.14

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 1  
7991

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE  
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : FT ENE CANADA INC.  
FILE CURRENCY : 01APR 2019

ENQUIRY NUMBER 20190402163917.14 CONTAINS 5 PAGE(S), 2 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME  
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER  
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

ESC REF: 6015992  
ESC CORPORATE SERVICES LTD.  
445 KING STREET WEST, SUITE 400  
TORONTO ON M5V 1K4



CONTINUED... 2

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

RUN NUMBER : 092  
RUN DATE : 2019/04/02  
ID : 20190402163917.14

TYPE OF SEARCH : BUSINESS DEBTOR  
BRANCH CONDUCTED ON : FT ERNE CANADA INC.  
FILE CURRENCY : 01 APR 2019

FORM IC FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER : 731451861

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION PERIOD  
FILING NO. OF PAGES SCHEDULE NUMBER NUMBER  
001 2 20170831 1234 1532 6470 P PPSA 04

02 DEBTOR FIRST GIVEN NAME INITIAL SURNAME  
03 BUSINESS NAME FT ERNE CANADA INC.  
04 ADDRESS 14 SHARP RD BRANTFORD  
ONTARIO CORPORATION NO. NET 518

05 DEBTOR FIRST GIVEN NAME INITIAL SURNAME  
06 BUSINESS NAME YEON  
07 ADDRESS 4302-65 ST MARYS ST TORONTO  
ONTARIO CORPORATION NO. NET 0A6

08 SECURED PARTY / ST LAURENT QC K4R 3B2  
09 LIES CLAIMANT VW CREDIT CANADA INC.  
ADDRESS 4865 MARC-BLAIN ST., SUITE 300

10 COLLATERAL CLASSIFICATION MOTOR VEHICLE AMOUNT DATE OF NO. FIXED  
CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MAINTENANCE OR MATURITY DATE  
X Y 28112.95 29AUG2020

11 YEAR MAKE 2018 VOLKSWAGEN  
12 VEHICLE MODEL REGNUM HIGHLINE VIN 3W4E7AX2JM007564

13 GENERAL THE FULL DEBTOR NAME IS - YEON JIN PARK

14 COLLATERAL  
15 DESCRIPTION

16 REGISTERING D + H LIMITED PARTNERSHIP ON L4J 1H8  
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA  
ONTARIO CORPORATION NO. NET 0A6

\*\*\* FOR FURTHER INFORMATION CONTACT THE SECURED PARTY. \*\*\*  
CONTINUED... 3



PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

RUN NUMBER : 092  
RUN DATE : 2019/04/02  
ID : 20190402163917.14

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : FT ERNE CANADA INC.  
FILE CURRENCY : 01APR 2019

FORM IC ZIMMANGING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
731451861

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION  
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD

00 002 2 20190831 1234 1532 6470

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME TORONTO  
03 NAME BUSINESS NAME ADDRESS 4302-65 ST HARVY ST  
04 ADDRESS

05 CREDITOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
06 NAME BUSINESS NAME ADDRESS

08 SECURED PARTY / LIBER CLAIMANT ADDRESS

09 COLLATERAL CLASSIFICATION CHARGEHOLDER MOTOR VEHICLE AMOUNT DATE OF Maturity OR Maturity DATE  
10 09005 IMPROVORY EQUIPMENT ACCOUNTS OTHER INCLUDED

11 MOTOR YEAR MAKE MODEL VIN  
12 VEHICLE

13 GENERAL  
14 COLLATERAL DESCRIPTION  
15

16 REGISTERING AGENT ADDRESS

\*\*\* FOR FURTHER INFORMATION CONTACT THE SECURED PARTY \*\*\*



PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

RUN NUMBER : 092  
RUN DATE : 2019/04/02  
ID : 20190402163917.14

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : FT ENE CANADA INC.  
FILE CURRENTLY : 01 APR 2019

YOUR IC FINANCING STATEMENT / CLAIM FOR FIDN

00 FILE NUMBER  
702527733

01 CAPTION PAGE MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION  
FILING NO. OF PAGES NUMBER UNDER PERIOD  
01 001 20141242 1440 1530 1872 P. PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME ONTARIO CORPORATION NO.  
03 NAME BUSINESS NAME FT ENE CANADA INC. ON N3T 5L8  
04 ADDRESS 14 SHARP ROAD BRANTFORD

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME ONTARIO CORPORATION NO.  
06 NAME BUSINESS NAME ROYAL BANK OF CANADA ON M2P D44  
07 ADDRESS 36 YORK MILLS ROAD, 4TH FLOOR TORONTO

08 SECURED PARTY / LIEN CLAIMANT ROYAL BANK OF CANADA ON M2P D44  
09 ADDRESS 36 YORK MILLS ROAD, 4TH FLOOR TORONTO

10 COLLATERAL CLASSIFICATION MOTOR VEHICLE AMOUNT DATE OF NO. FILED  
CONDENSED INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.T.N.  
12 VEHICLE

13 GENERAL  
14 COLLATERAL DESCRIPTION  
15

16 REGISTERING AGENT CANADIAN SECURITIES REGISTRATION SYSTEMS  
17 ADDRESS 4126 NORLAND AVENUE BORNABY BC V5G 3S8

\*\*\* FOR FURTHER INFORMATION CONTACT THE SECURED PARTY \*\*\*  
CONTINUED . . . 5



REPORT : P5SR060  
PAGE : 5  
( 7995)

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

RUN NUMBER : 092  
RUN DATE : 2019/04/02  
ID : 20190402163917.14

TYPE OF SEARCH \* BUSINESS DEBTOR  
SEARCH CONDUCTED ON \* FT EME CANADA INC.  
FILE CURRENCY \* 01APR 2019

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
731451861	20170831 1234 1532 6470		
702527733	20141222 1440 1530 1872		

2 REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.



**SCHEDULE "B"**

**ASSUMPTIONS**

For the purposes of delivering the opinions herein, we have assumed the following:

1. the genuineness of all signatures on all documents examined by us;
2. the authenticity of all documents submitted to us as originals;
3. the conformity to original documents of all documents submitted to us as copies, whether by facsimile, electronic, photostatic, certified, or otherwise, and the authenticity of the originals of all such copies;
4. that the Loan Documents constitute legal, valid, and binding obligations of the Obligor, and are enforceable against the Obligor, in accordance with the terms and conditions of such documents;
5. that the Security Documents and any and all interests, rights, and remedies, including but not limited to any and all security interests set out therein, have been properly, validly, and effectively, granted by the Obligor to RBC and that:
  - i) attachment has occurred;
  - ii) the PPSA applies to such security interests;
  - iii) the Obligor had rights in the collateral over which the security interests were granted at the time that they were granted; and
  - iv) valid valuable consideration has been given by RBC to the Obligor in respect of which the security interests were granted (within the meaning of Section 11(2) of the PPSA);
6. all notice provisions, requirements, and conditions precedent, as set out in the Security Documents have been complied with by RBC in order to allow for the effective and valid registration of any and all security interests granted in connection with or pursuant to the Reviewed Documents;
7. that the Security Documents remain in the possession of RBC, that no amendments have been made to the Security Documents, that the Security Documents have not been terminated or cancelled and remain in full force and effect and that value was given by RBC to the Obligor in connection therewith;
8. the accuracy, currency, and completeness of the indices and filing systems maintained at the public offices and registries where we have searched or made enquiries or have caused searches or enquiries to be made and of the information and advice provided to us by appropriate government, regulatory, and other like officials with respect to those matters referred to herein;
9. the completeness, truth, and accuracy of all facts and contents set forth in the Reviewed Documents, records, certificates, and security documents, examined by us;

10. that the Reviewed Documents were duly authorized, executed, and delivered by each of the parties thereto;
11. that the Obligor is a valid and subsisting corporation, that the parties to the Reviewed Documents had the power and capacity to execute and deliver the Reviewed Documents, and that such parties have the power and capacity to perform their obligations thereunder, that the parties thereto took all necessary actions to authorize the execution and delivery of the Reviewed Documents and the performance of their obligations thereunder;
12. that insofar as any obligation under any Reviewed Documents is to be performed in any jurisdiction outside the Province of Ontario its performance will not be illegal or unenforceable by virtue of the laws of that other jurisdiction;
13. that the conduct of the parties to the Reviewed Documents has complied with any requirement of good faith, fair dealing and conscionability, and that RBC, and any agent acting for RBC, in connection with the Reviewed Documents, have acted in good faith and without notice of any defence against the enforcement of any rights created by, or adverse claim to, any property or security interest transferred, or created, as part of, the Reviewed Documents;
14. that the Obligor was not insolvent, unable to pay its debts in full or on the eve of insolvency at the time the security interests were granted pursuant to the Reviewed Documents and that the Obligor was not rendered insolvent by the grant of such security interests;
15. that the Obligor has no legal defence against any applicable creditor(s), for, without limitation, absence of legal capacity, fraud, misrepresentation, undue influence or duress;
16. that the Obligor has rights, within the meaning of the PPSA (as defined below), in the personal property subject to the Reviewed Documents and such Obligor did not agree to postpone the time for attachment of such security interests constituted thereby;
17. that since the date of our searches, none of the financing statements registered on behalf of RBC pursuant to the PPSA have been discharged and no event or circumstance has occurred which would require action to be taken in order to maintain the perfection of the security interests granted to RBC by the Obligor pursuant to the PPSA;
18. that none of the collateral constitutes consumer goods or equipment within the meaning of the PPSA;
19. that the use of terminology in the Security Documents respecting a certain class of property that may, pursuant to the PPSA, be considered inadequate (namely "consumer goods") as an exclusion from the collateral may render only the exclusion of the said class of property invalid, and will not affect the security interests created by the Security Documents generally;
20. that the use of terminology in the Security Documents respecting a certain class of property that may, pursuant to the PPSA, be considered inadequate (namely "equipment") as an inclusion to the collateral may render only the inclusion of the said

class of property invalid, and will not affect the security interests created by the Security Documents generally; and

21. capitalized terms used in or referenced by the Security Documents which are not fully defined or set out in the Security Documents do not affect the validity and enforceability of the Security Documents.

#### QUALIFICATIONS AND LIMITATIONS

Our opinions are also subject to the following qualifications and limitations:

1. under the PPSA, a security interest perfected by registration will become unperfected in the event of any of the following:
  - (a) where the secured party learns that the name of the debtor has changed, the security interest in the collateral becomes unperfected 30 days after the secured party learns of the change of name and the new name of the debtor unless the secured party registers a financing change statement or takes possession of the collateral within such 30 days;
  - (b) where the debtor, with the prior consent of the secured party, transfers the debtor's interest in all or part of the collateral, the security interest in the collateral transferred becomes unperfected 15 days after the transfer is made unless the secured party registers a financing change statement within such 15 days; or
  - (c) where the debtor, without the prior consent of the secured party, transfers the debtor's interest in all or part of the collateral, the security interest in the collateral transferred becomes unperfected 30 days after the later of:
    - i. the transfer, if the secured party had prior knowledge of the transfer and if the secured party had, at the time of the transfer, the information required to register a financing change statement; and
    - ii. the day the secured party learns the information required to register a financing change statement,unless the secured party registers a financing change statement or takes possession of the collateral within such 30 days;
2. notwithstanding that, subject to attachment, registration under the PPSA is sufficient to perfect a secured party's security interest in all forms of personal property to the extent the PPSA applies to such personal property, only perfection by possession by or on behalf of the secured party of chattel paper, instruments (including certain types of letters of credit and advances of credit) and negotiable documents of title and by control by or on behalf of the secured party of investment property (or with respect to certificated security, by taking delivery thereof) is sufficient to defeat the interest of certain specified parties as provided for under the PPSA;

3. we have not conducted any searches in respect of any trade-marks, trade names, industrial designs, patents, copyrights or other intellectual property interests and no opinion is expressed with respect to the validity or effectiveness of the security interests of RBC with respect to these interests;
4. the enforceability of the Security Documents may be limited by general principles of equity and the jurisdiction of a court to stay or enjoin proceedings before it and to stay execution and no opinion is given concerning any specific remedy that may be granted, imposed, or rendered (including equitable remedies such as those of specific performance and injunction and the granting of legal costs which is also in the discretion of the Court);
5. Courts in Canada are precluded from giving a judgment in any currency other than the lawful money of Canada;
6. no opinion is expressed regarding the enforceability of any provision of the Security Documents which purports to provide that any portion thereof which is unenforceable may be severed without affecting the enforceability of the remaining portions;
7. no opinion is expressed regarding any provision of the Security Documents which requires the Obligor to pay or indemnify RBC, for any costs and expenses of RBC, their respective counsel, a receiver, trustee or a monitor, in connection with judicial or enforcement proceedings as such a provision may derogate from a court's discretion to determine by whom and to what extent these costs and expenses should be paid;
8. the enforceability of the Security Documents may be limited by the effect of bankruptcy, insolvency, liquidation, reorganization, arrangement, preference, moratorium, and other similar laws affecting the rights and remedies of creditors generally;
9. the enforceability of the Security Documents is subject to the *Limitations Act* (Ontario) and we express no opinion as to whether a court might find any provision or portion of the Security Documents to be unenforceable as an attempt to vary or exclude a limitation period under the *Limitations Act* (Ontario);
10. the enforceability of any provision of the Security Documents exculpating a person from any liability or duty otherwise owed by such person, waiving legal and equitable defences, agreeing not to challenge the validity or enforceability of remedies or that provides that a determination or calculation made by a person is conclusive and binding on any other person may be limited by applicable laws or purports to establish evidentiary standards;
11. we express no opinion as to the enforceability of any provisions of the Security Documents waiving the applicability of any provincial or federal statute; and
12. the right of a person under the Security Documents to exercise their sole discretion will not prevent a court from requiring such discretion to be exercised reasonably.

**We express no opinion as to:**

13. the right, title, or interest of the Obligor, if any, in any personal property;

14. the existence or amount of any indebtedness or obligations owed or guaranteed by the Obligor to or in favour of RBC;
15. other than as to the priority of the Security Documents over creditors not having perfected security interests over the property of the Obligor, under the provisions of Section 20 of the PPSA, the priority or ranking of the security interests created by the Security Documents as against any governmental liens, trusts, other secured claims, or interests generally;
16. the creation, validity, perfection, or priority of any other security interest or any floating charge against any of the real property of the Obligor under the Security Documents which is of a type or kind which may arise by way of any federal or provincial statute which would not be governed by the PPSA;
17. any provision of the Security Documents which provides that any amendments or waivers of the Security Documents that are not in writing will be ineffective;
18. any provision of the Security Documents which purports to restrict the access to, or waive the benefit of, statutory, legal, or equitable rights, remedies, or defences, which might be available to the Obligor or constitute a discharge of the Obligor;
19. any provision of the Security Documents which provides or has the effect of providing for a higher rate of interest after than before default or for the payment of rates and/or fees which may exceed the "criminal interest rate" provisions of the *Criminal Code* (Canada);
20. any provision of the Security Documents which limits rights of set-off otherwise than in accordance with applicable law;
21. any provision in the Security Documents which purports to bind or affect, or confer a benefit upon, persons who are not parties to the Security Documents;
22. whether contracts or agreements purporting to be charged or assigned or made subject to a mortgage, charge, or security interest pursuant to the Security Documents contain any provisions restricting or limiting the transferability or assignability of any such contract or agreement or the assignability of the Security Documents;
23. the validity or enforceability of any personal property security or the perfection of any security interest created thereby with respect to:
  - (a) property of the Obligor not situate in Ontario at the time of attachment of the security interest;
  - (b) personal property not in the possession of the Obligor at the time of the attachment of the security interest;
  - (c) any collateral that is not identifiable or traceable;
  - (d) other property to which the PPSA does not apply, including the types of collateral enumerated in Section 4 of the PPSA;

- (c) any collateral for which, pursuant to applicable conflict rules, the validity, perfection and the effect of perfection are governed by the laws of a jurisdiction other than Ontario;
  - (f) any policy of insurance or contract of annuity;
  - (g) personal property in respect of which the federal laws of Canada apply including, without limitation, personal property in respect of which the federal laws of Canada would require that notices, filings, or recordings be made or other steps be taken in order to register or perfect a security interest in such personal property;
  - (h) contractual rights, which by their terms, or any collateral which, by its nature or by the business of the Obligor, cannot be the subject of a security interest without the consent, authorization, or approval of third parties;
  - (i) the existence or absence of any liens, claims under any trusts or deemed trusts, encumbrances, registrations or security interests other than encumbrance, registrations or security interests expressly referred to herein;
  - (j) personal property that would constitute "consumer goods" as defined in the PPSA;
  - (k) aircraft or other items which would require compliance with the *Convention on International Interests in Mobile Equipment* and the *Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Aircraft Equipment*; and
  - (l) debts owing by a Crown Agent.
24. whether a security interest may be created in property consisting of a receivable (other than a receivable subject to Subsection 40(4) of the PPSA, a licence, approval, privilege, franchise, permit, quota, lease or agreement (other than accounts or chattel paper) (collectively, "**Special Property**"):
- (a) which by their nature cannot be the subject of a security interest; or
  - (b) to the extent that the terms of the Special Property or any applicable law prohibit its assignment or require, as a condition of its assignability or of the creation of a security interest therein, a consent, approval or other authorization or registration which has not been made or given.
25. Any provisions purporting to appoint or constitute any person as attorney for the Obligor to execute any document or do any other act on behalf of the Obligor; and
26. Other than as explicitly stated herein, whether factually RBC obtained "control", as defined in Section 1(2) of the PPSA, over any form of collateral over which the provisions of the Ontario *Securities Transfer Act, 2006* ("STA") apply, or whether security interests in any personal property collateral have been perfected by RBC or any other person other than by registration in accordance with the provisions of the PPSA.

27. With respect to the charges created under the RBC Charge against any of the Property:
- (a) realization under the RBC Charge may be limited or conditioned by statutory conditions contained in the *Mortgages Act* (Ontario) or the *Planning Act* (Ontario);
  - (b) any interest in the Property registered before the RBC Charge may rank in priority to the RBC Charge;
  - (c) other interests in the Property registered subsequent to the RBC Charge may rank in priority to the RBC Charge; and
  - (d) enforcement and realization of the RBC Charge may also be limited or conditioned by any:
    - i. unregistered liens, charges, adverse claims, security interests or other encumbrances of any nature claimed or held by Her Majesty the Queen in Right of Canada or Ontario, or by any governmental ministry, department, agency, municipality or authority under or pursuant to any applicable legislation, statute, or regulation;
    - ii. mechanics, construction, laborers, vendors, materials, or other similar liens arising in the ordinary course of business and out of the construction or improvement of real property or out of the furnishing of materials or supplies therefor, a claim for which shall not have been registered against such property or which notice in writing shall not at the time have been given;
    - iii. undetermined or inchoate liens arising or potentially arising under statutory provisions which have not at the time been filed and of which written notice has not been served pursuant to law or which related to obligations not due or delinquent.
28. Our opinions do not address any of the following matters:
- (a) any required registration, filing, recording or notice in respect of any fixtures, or goods that may become fixtures; and
  - (b) any required registration, filing, recording or notice in respect of any real property rights or interests of any of the Loan and Security Documents, except as specifically provided for in this Letter, and subject to the Assumptions and Qualifications.
29. We express no opinion on the priority or ranking of any real property charges vis-a vis, *inter alia*, any liens under the *Construction Act* (Ontario) (the "CA") to the extent of deficiency in the holdbacks required to be made under the CA, or to the extent provided by section 78(3) of the CA, any liens for taxes, rates, assessments, or governmental or public utility charges or levies not yet due and payable, and any unregistered lease, interest, claim or encumbrance of which the addressee of this Letter has actual notice. We

express no opinion as to the RBC Charge constitutes a "Building Mortgage" as defined in the CA.

**SCHEDULE "C"**

**REAL PROPERTY SEARCHES**



PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND  
REGISTRY  
OFFICE #2

32221-0432 (LT)

PAGE 1 OF 4  
PREPARED FOR thancock  
ON 2019/04/02 AT 16:41:20

\* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT \* SUBJECT TO RESERVATIONS IN CROWN GRANT \*

PROPERTY DESCRIPTION: PART OF LOT 18 CON 1 (GEOGRAPHIC TOWNSHIP OF BRANTFORD) AS IN A177918; N OF PART 3, 2R-3243; S OF PART 1, 2R-3554; E OF PART 1, 2R-3383 & PART 1, 2R-5309; W OF SHARP RD. EXCEPT PART 1 ON 2R-6027; COUNTY OF BRANT.

PROPERTY REMARKS:

ESTATE/QUALIFIER:  
FEE SIMPLE  
LT CONVERSION QUALIFIED

RECENTLY:  
DIVISION FROM 32221-0370

PIN CREATION DATE:  
2003/04/25

OWNERS' NAMES:  
FT EME CANADA INC.

CAPACITY SHARE  
R00N

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
<p>** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2003/04/24 **</p> <p>**SUBJECT: ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO</p> <p>** SUBSECTION 4 (1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES * AND ESCHEATS OR FORFEITURE TO THE CROWN.</p> <p>** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY CONVENTION.</p> <p>** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.</p> <p>**DATE OF CONVERSION TO LAND TITLES: 1999/1/29 **</p>						
2R612	1975/09/11	PLAN REFERENCE				C
A177918	1975/09/24	TRANSFER		*** DELETED AGAINST THIS PROPERTY ***	THE CORPORATION OF THE TOWNSHIP OF BRANTFORD	
BC5087	2002/12/20	APL CH NAME OWNER		*** DELETED AGAINST THIS PROPERTY *** THE CORPORATION OF THE COUNTY OF BRANT	THE CORPORATION OF THE COUNTY OF BRANT	
BC34974	2004/04/15	LR'S AMENDMENT		*** COMPLETELY DELETED ***		
REMARKS: TO AMEND THUMBNAIL TO READ "N OF PT 3 ON 2R-3243 INSTEAD OF "N OF PT 1 ON 2R-3243"						
BC35025	2004/04/15	TRANSFER		*** COMPLETELY DELETED *** THE CORPORATION OF THE COUNTY OF BRANT	SHARP ROAD DEVELOPMENTS LTD.	
BC35026	2004/04/15	NO OPTION PURCHASE		*** COMPLETELY DELETED *** SHARP ROAD DEVELOPMENTS LTD.	THE CORPORATION OF THE COUNTY OF BRANT	

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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
BC43083	2004/08/11	CHARGE		*** COMPLETELY DELETED *** SHARP ROAD DEVELOPMENTS LTD.	ROYAL BANK OF CANADA	
BC43084	2004/08/11	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** SHARP ROAD DEVELOPMENTS LTD.	ROYAL BANK OF CANADA	
		REMARKS: BC43083				
BC43085	2004/08/11	CHARGE		*** COMPLETELY DELETED *** SHARP ROAD DEVELOPMENTS LTD.	ROYAL BANK OF CANADA	
BC50310	2004/11/29	CHARGE		*** COMPLETELY DELETED *** SHARP ROAD DEVELOPMENTS LTD.	ROYAL BANK OF CANADA	
BC50313	2004/11/29	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** SHARP ROAD DEVELOPMENTS LTD.	ROYAL BANK OF CANADA	
		REMARKS: BC50310				
BC51431	2004/12/14	POSTPONEMENT		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA	ROYAL BANK OF CANADA	
		REMARKS: BC43085 TO BC50310 ; DELETED AS PER BC133474		ON 2011/10/14 BY MICHELLE CZEKAJ		
BC51432	2004/12/14	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA		
		REMARKS: RE: BC43083				
BC96968	2006/11/09	NOTICE		*** COMPLETELY DELETED *** SHARP ROAD DEVELOPMENTS LTD.	THE CORPORATION OF THE COUNTY OF BRANT	
BC96969	2006/11/09	POSTPONEMENT		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA	THE CORPORATION OF THE COUNTY OF BRANT	
		REMARKS: BC43085, BC96968				
BC96970	2006/11/09	POSTPONEMENT		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA	THE CORPORATION OF THE COUNTY OF BRANT	
		REMARKS: BC50310, BC96968 ; DELETED AS PER BC133474		ON 2011/10/14 BY MICHELLE CZEKAJ		
BC100197	2006/12/12	NOTICE	92	SHARP ROAD DEVELOPMENTS LTD.	THE CORPORATION OF THE COUNTY OF BRANT	C
BC100202	2006/12/12	POSTPONEMENT		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA	THE CORPORATION OF THE COUNTY OF BRANT	
		REMARKS: BC43085 & BC100197				
BC100205	2006/12/12	POSTPONEMENT		*** COMPLETELY DELETED ***		

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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
				ROYAL BANK OF CANADA REMARKS: BC50310 AND BC100197; DELETED MARCH 11, 2013 AS CHARGE HAS BEEN DELETED. (EN)	THE CORPORATION OF THE COUNTY OF BRANT	
BC105337	2007/02/15	NOTICE		*** COMPLETELY DELETED *** SHARP ROAD DEVELOPMENTS LTD.	ROYAL BANK OF CANADA	
				REMARKS: AMENDING CHARGE BC43085		
BC115811	2007/06/19	CHARGE		*** COMPLETELY DELETED *** SHARP ROAD DEVELOPMENTS LTD.	ROYAL BANK OF CANADA	
BC115812	2007/06/19	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** SHARP ROAD DEVELOPMENTS LTD.	ROYAL BANK OF CANADA	
				REMARKS: BC115811		
BC115816	2007/06/19	POSTPONEMENT		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA	ROYAL BANK OF CANADA	
				REMARKS: BC43085, BC115811		
BC133474	2008/02/26	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA		
				REMARKS: RE: BC50310		
BC211643	2011/10/11	CHARGE		*** COMPLETELY DELETED *** SHARP ROAD DEVELOPMENTS LTD.	COMMUNICATION TECHNOLOGIES CREDIT UNION LIMITED	
BC211644	2011/10/11	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** SHARP ROAD DEVELOPMENTS LTD.	COMMUNICATION TECHNOLOGIES CREDIT UNION LIMITED	
				REMARKS: BC211643		
BC214056	2011/11/18	APL (GENERAL)		*** COMPLETELY DELETED *** THE CORPORATION OF THE COUNTY OF BRANT		
BC214207	2011/11/23	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA		
				REMARKS: BC115811		
BC219177	2012/03/01	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA		
				REMARKS: BC43085		
BC237301	2013/03/08	APL (GENERAL)		*** COMPLETELY DELETED *** THE CORPORATION OF THE COUNTY OF BRANT		
				REMARKS: TO DELETE BC96968		

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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
BC237392	2013/03/08	TRANSFER	\$1,400,000	SHARP ROAD DEVELOPMENTS LTD.	8288364 CANADA INC.	C
BC238744	2013/04/10	DISCH OF CHARGE		*** COMPLETELY DELETED *** COMMUNICATION TECHNOLOGIES CREDIT UNION LIMITED		
		REMARKS: BC211(13).				
BC265208	2015/01/21	APL CH NAME OWNER		8288364 CANADA INC.	FT EME CANADA INC.	C
BC269209	2015/01/21	CHARGE	\$1,267,000	FT EME CANADA INC.	ROYAL BANK OF CANADA	C

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# APPENDIX H

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

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

**AFFIDAVIT OF MATTHEW LEM**  
(Sworn May 2, 2019)

I, Matthew Lem, of the Town of Erin, in the Province of Ontario, make oath and say as follows:

1. I am Senior Vice President of MNP LTD., Licensed Insolvency Trustee (the "**Proposal Trustee**") *in re* the Proposal of FT EnE Canada Inc. (the "**Company**") and as such I have knowledge of the matters deposed to herein, except where such knowledge is stated to be based on information and belief, in which case I state the source of the information and verily believe such information to be true.
2. The Proposal Trustee has prepared the following invoice in connection with its appointment as the Proposal Trustee detailing its services rendered and disbursements incurred for the period February 19, 2019 to March 31, 2019. Attached hereto and marked as **Exhibit "A"** is a copy of the Proposal Trustee's invoice. The fees and disbursements itemized in the invoice total \$68,046.30, excluding applicable Harmonized Sales Tax.
3. The hourly billing rates applied to the invoice are the Proposal Trustee's current hourly rates. The average hourly rate in respect of this invoice is \$407.71.
4. The particulars of the professionals who performed the work, the time spent and fees associated with such work are contained in the attached invoice.
5. This Affidavit has been prepared to support a motion to, *inter alia*, approve the fees and disbursements of the Proposal Trustee and its accounts.

SWORN before me at the City of )  
Toronto, in the Province of Ontario )  
this 2<sup>nd</sup> day of May, 2019. )  
)

  
\_\_\_\_\_  
A Commissioner, etc.

**MICHAEL BENJAMIN LITWACK,**  
a Commissioner, etc.,  
Province of Ontario,  
while a Barrister and Solicitor.

  
\_\_\_\_\_  
Matthew Lem, CIRP, LIT

Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF MATTHEW LEM

Sworn before me

This 2<sup>nd</sup> day of May, 2019



---

Commissioner for taking Affidavits, etc

# Invoice



Invoice Number : 8835897

Client Number : 0757904

Invoice Date : May 2 2019

Invoice Terms : Due Upon Receipt

FT ENE CANADA INC.  
14 Sharp Road  
Brantford, ON N3T 5L8

## For Professional Services Rendered :

For the period from 19 February 2019 to 31 March 2019, In connection with us acting as Licensed Insolvency Trustee *in re* the proposal of FT EnE Canada Inc. (detailed time descriptions attached)

OUR FEE in all 68,046.30

Sub Total : 68,046.30

Harmonized Sales Tax : 8,846.02

Total (CAD) : 76,892.32

HST Registration Number : 103697215 RT 0001

Invoices are due and payable upon receipt.

Thank you for your business. We sincerely appreciate your trust in us.

Licensed Insolvency Trustees  
111 RICHMOND STREET WEST, SUITE 300;  
TORONTO ON; M5H 2G4  
P: (416) 596-1711 F: (416) 596-7894 www.MNP.ca

## DETAILED TIME CHARGES

DATE	PROFESSIONAL	HOURS	DETAILED TIME DESCRIPTIONS
19-Feb-2019	Matthew Lem	1.50	Attend meeting at Blaneys with the Company re: notice of intention to make a proposal (NOI) process and next steps.
21-Feb-2019	Matthew Lem	2.50	Attend premise and meet with the Company and Blaneys; Review of current situation, draft cash flow projections and discussion of next steps.
22-Feb-2019	Matthew Lem	.20	Follow-up email to the Company re: information required.
25-Feb-2019	Matthew Lem	.80	Review of documents and correspondence received from the Company; Attend to call from Blaneys re: NOI filing timing.
26-Feb-2019	Angela Liu	.80	Prepare NOI filing documents.
26-Feb-2019	Matthew Lem	1.60	Various discussions with Blaneys re: Parent company's activities, NOI filing, advising Royal Bank of Canada (RBC), projected cash flows and other matters; Review and adjust draft NOI filing documents; Discussion with the Company re: cash flow projections and NOI filing documents; Call to RBC re: contemplated NOI filing.
27-Feb-2019	Matthew Lem	2.60	Calls to RBC; Email to RBC to advise of file and reason for same; Various correspondence and discussions with Blaneys and the Company re: RBC and filing; Attend to update NOI filing documents; forward same to the Company for execution; coordination NOI filing with OR; Update correspondence with the Company and Blaneys.
28-Feb-2019	Angela Liu	.40	Prepare NOI cover letter and forward to M. Lem for review.
28-Feb-2019	Matthew Lem	1.40	Arrange for follow-up on certificate of filing; forward certificate to the Company, Blaneys and RBC; Various discussions with Blaneys and the Company re: cash flows projections and next steps; Discussions and correspondence with RBC re: arrange meeting; Preparation of preliminary sales process documents.
28-Feb-2019	Michael Litwack	3.60	Review of cash flow documents; Meeting with Y. Park and M. Lem re: filing matters and cash flow projections; Conference call with Y. Park and counsel; Prepared cash flow projections; Discussions with M. Lem.
01-Mar-2019	Matthew Lem	1.10	Meet with I. Bogdanovich; Attend to correspondence to arrange meeting between the Bank and the Company; Update discussion with Blaneys; discussion with M. Litwack re: cash flow projections.

DATE	PROFESSIONAL	HOURS	DETAILED TIME DESCRIPTIONS
01-Mar-2019	Michael Litwack	1.10	Review of data received from the Company; Discussions with M. Lem; Response to query by Y. Park; Revision to cash flow projections; Email to Y. Park re: cash flow model and assumptions.
03-Mar-2019	Michael Litwack	.60	Review and revision to cash flow projections.
04-Mar-2019	Jessie Hue	.30	Attend to accounting and banking matters.
04-Mar-2019	Matthew Lem	2.30	Coordination of meeting with RBC and the Company; various correspondence with Blaneys and Y. Park re: notice to creditors and company letter to be included in mailing; Review of creditor notice documents; Preparation of draft sale and solicitation process (SSP).
04-Mar-2019	Michael Litwack	.40	Discussion with M. Lem; Email to Y. Park with revised cash flow projections; Email to Y. Park re: assumptions for cash flow.
05-Mar-2019	Jessie Hue	2.00	Prepare and send NOI notice to creditors; Prepare affidavit of mailing re: same.
05-Mar-2019	Matthew Lem	2.20	Forward to Blaneys and the Company the draft SSP and confidentiality and non-disclosure agreement (NDA) for review and comments; Review and adjust cover letter for notice to creditors; Review of the Company's letter to creditors following comments for inclusion with notice; Correspondence and discussions with Y. Park re: meeting with RBC and SSP; Forward electronic copy of notice to creditors to Blaneys and RBC.
05-Mar-2019	Michael Litwack	1.50	Emails with Y. Park re: information needed for cash flow projections; Revision to cash flow projections to include materials for RBC's review; Discussions with M. Lem; Review of banking information provided by Y. Park; Emails with Y. Park re: receivables balance reconciliation.
06-Mar-2019	Matthew Lem	.10	Attend to follow-up with Blaneys re: draft SSP
06-Mar-2019	Michael Litwack	1.20	Further revision to cash flow projections; Email to M. Lem .
07-Mar-2019	Matthew Lem	3.40	Review cash flow projections for filing; Meet with M. Litwack re: same; correspondence and discussions with M. Litwack re: same.
07-Mar-2019	Michael Litwack	.90	Emails re: cash flow disbursements; Meeting with M. Lem re: review of cash flow projections; Email to Y. Park with questions to complete cash flow projections; Prepare Forms 29 and 30 for cash flow projections filing.
08-Mar-2019	Jessie Hue	.30	Efile the statement of projected cash flows, Form 29 and Form 30 with the OSB as per BIA.

DATE	PROFESSIONAL	HOURS	DETAILED TIME DESCRIPTIONS
08-Mar-2019	Matthew Lem	4.80	Review of cash flow projections; Meet with Y. Park re: same; forward draft projections and draft sales process to RBC; Attend meet with RBC, together with Y. Park; Attend to finalize cash flow projection for filing with OSB; Attend to correspondence from BLG; discussion with R. Jaipargas re: same; Update discussion with Blaneys and correspondence re: same; Correspondence with RBC re: information requested.
08-Mar-2019	Michael Litwack	.20	Emails re: assumptions for the cash flows.
11-Mar-2019	Matthew Lem	1.90	Correspondence with Y. Park re: information for sales process; correspondence with Blaneys re: same and NDA; Coordination of staff for preparation of confidential information memorandum (CIM) for SSP.
11-Mar-2019	Michael Coulter	3.30	Discussion with the M. Lem re: preparation of CIM; Review of Company information received from M. Lem and commence preparation of CIM; Discussion re: preparation of CIM
12-Mar-2019	Matthew Lem	3.80	Discussions and correspondence with M. Coulter re: CIM; assemble potential purchaser list; correspondence with Y. Park re: SSP issues.
12-Mar-2019	Michael Coulter	4.70	Review of information provided by Y. Park and available online. Preparation of draft CIM; Call with M. Lem re: preliminary draft of CIM.
13-Mar-2019	Michael Coulter	5.00	Preparation of draft CIM.
13-Mar-2019	Michael Litwack	1.00	Drafting of first report to court; Research on the Company background information.
14-Mar-2019	Jessie Hue	.20	Attend to conduct PPSA (Ontario) search as per M. Litwack.
14-Mar-2019	Matthew Lem	1.20	Review of file matter with S. Title; Various discussions with Y. Park and M. Litwack re: SSP matters.
14-Mar-2019	Michael Coulter	2.50	Various adjustments to draft CIM.
14-Mar-2019	Michael Litwack	1.60	Continued drafting of first report; Email to M. Lem; Call and emails with M. Lem; Revisions to draft report; Email to Y. Park requesting further information; Email re: PPSA search; Review of PPSA results.
14-Mar-2019	Sheldon Title	.30	Discussion re: status of file, sales process, court Attendance, etc.
15-Mar-2019	Matthew Lem	.30	Review of information received from the company re: sales process.
15-Mar-2019	Michael Coulter	.10	Email to Y. Park re: various questions on company information (competitive advantages, growth opportunities, etc.) for CIM.

DATE	PROFESSIONAL	HOURS	DETAILED TIME DESCRIPTIONS
15-Mar-2019	Michael Litwack	2.40	Call with M. Lem re: SSP; Discussion with S. Title re: SSP; Review of data sent by Y. Park re: sales process; Call with Y Park; Create tracking schedule for interested parties; Research for obtaining contact information for interested parties list; Call with M. Lem; Review of affidavit.
16-Mar-2019	Matthew Lem	1.20	Review and revise draft motion materials prepared by Blaneys; correspondence with Pallett Valo re: independent legal counsel.
17-Mar-2019	Matthew Lem	.30	Correspondence with S. Title re: draft motion materials; coordination of SSP matters.
17-Mar-2019	Michael Litwack	3.10	Research for contacts on interested party list to support sales process; Draft of e-mail for sending teaser to interested party list; Emails with Y. Park and M. Lem ; Prepare data-room and uploaded files; Review of draft CIM; Revision to draft teaser.
17-Mar-2019	Sheldon Title	1.20	Review of draft Notice of Motion order, affidavit, discussion with M. Lem.
18-Mar-2019	Matthew Lem	.90	Conference call with MNP, Blaneys and the Company re: sales process and motion materials; Follow-up on sale and investment solicitation process (SISP) commencement; Correspondence with Y. Park re: potential purchaser contact list; Attend to various correspondence.
18-Mar-2019	Michael Coulter	2.50	Call with M. Lem re: access to data room and information, request to confer with Y. Park; Review of information provided on firmex and update content of draft CIM report.
18-Mar-2019	Michael Litwack	2.60	Emails with Y Park; Review of information sent by Y Park; Review and revisions to CIM; Call to M Coulter re: CIM; Review of financial statements provided; Discussion with S. Title re: revisions to SISP; Revised SISP draft; Emails re: sales process timing.
18-Mar-2019	Sheldon Title	1.30	Conference call with Blaneys team, MNP team and Y. Park and conference call with Blaneys, BLG and Pallett Valo; Subsequent call with Blaneys re: revisions to SISP and email to M. Lem and discussion with M. Litwack on changes.
19-Mar-2019	Michael Coulter	2.50	Email to M. Lem re: information needed to complete CIM; Additional changes and updates to layout and content of the draft CIM.
19-Mar-2019	Michael Litwack	1.70	Discussion with S Title; Emails re: data for CIM; Emails re: sending out teaser emails; Email to Y. Park re: industry publications; Research on industry publications for notice; Revised draft for SISP; Preparing cash flow variance report.

DATE	PROFESSIONAL	HOURS	DETAILED TIME DESCRIPTIONS
19-Mar-2019	Sheldon Title	.80	Review and adjust latest version of SISP before sending to Blaneys for comments; Discussion with Blaneys on SISP and next steps; Review of CIM and provide M. Litwack comments; Attend to email correspondence from BLG and Pallett Valo
20-Mar-2019	Matthew Lem	.50	Attend to various correspondence re: sales process matters
20-Mar-2019	Michael Coulter	3.70	Emails re: information requested with Y. Park and M. Lem; Update draft CIM.
20-Mar-2019	Michael Litwack	1.10	Emails with Y. Park and M. Coulter re: information for CIM; Revised teaser for new dates; Emails with S. Title; Direction to open website and email address for estate; Review of materials available on company website for incorporation in to CIM; Prepared teaser e-mail to be sent; Emails re: property tax.
20-Mar-2019	Sheldon Title	2.70	Call with M. Lem and exchange of emails with M. Lem and M. Litwack; call with BLG and follow up email to Blaneys; review and consideration of R. Jaipargas changes to SISP; call with Blaneys and follow-up email to M. Lem on Colliers/independent counsel/ preliminary review of draft first report; emails case website; email to M. Litwack to send out teaser and NDA; email to Blaneys on our sending notice of NOI and letter to creditors; Review of revisions to SISP; notice of motion, order, affidavit, comments to Pallett Valo and Blaneys on same; emails to Blaneys re: the Company's letter was circulated to creditors with the NOI; review of draft notice being sent to interested parties and comments on same; review of customs brokers issue; series of emails with M. Lem and M. Litwack on various issues concerning cash flow, sales process, case management site, conference call scheduled on CIM
21-Mar-2019	Angela Liu	.30	Attend to set-up Case website.
21-Mar-2019	Matthew Lem	.50	Correspondence with Pallett Valo; Correspondence with RBC and the Company re: confirm meeting at premises on 25th; Attend to correspondence re: customs issue; Attend to correspondence with Blaneys and S. Title re: SISP.
21-Mar-2019	Michael Coulter	4.00	Update draft CIM; Discussions with S. Title and M. Lem re: same; Review of financial statements and inventory information provided. Preparation of draft financial summary for CIM. Adjustments to CIM content based on call with S. Title and M. Lem.

DATE	PROFESSIONAL	HOURS	DETAILED TIME DESCRIPTIONS
21-Mar-2019	Michael Litwack	4.10	Review of draft CIM; Call with S. Title and M. Coulter; Emails with Y. Park throughout the day; Calls to customs broker, Canada Border Services and Canada Revenue Agency re: customs account clearance problems; Drafting of trustee's report to court; Emails re: sales process; Sent teaser e-mail to interested party list; Calls and emails re: sales opportunity; Emails re: engagement website.
21-Mar-2019	Sheldon Title	2.20	Call with M. Lem and review of string of emails sent out by BLG and Blaneys ; Call with Blaneys on immigration spot audit and Blaneys making pre-emptive call to regulator as statutory stay does not apply and to avoid disruption with process, SISP (deposit), etc. call from and to Y. Park re: customs brokerage issue and need for information for CIM; call with M. Litwack to obtain update on status of report, advertising etc. and email to M. Litwack on same; Meeting with M. Coulter and M. Litwack on CIM; call with R. Jaipargas on arranging conference call and on status of materials; Call with Blaneys on SISP (deposits, RBC's comments, report and CIM); Call with Blaneys re: IP; Conference call with BLG and Pallett Valo and Blaneys re: RBC's being content with SISP and materials and discussion re: Colliers; Email to M. Litwack re: summary of IP information required and call with M. Lem on foregoing.
22-Mar-2019	Angela Liu	.30	Efile and post motion record to Case website
22-Mar-2019	Matthew Lem	.30	Attend to correspondence re: SISP; Email to RBC re: information requested.
22-Mar-2019	Michael Coulter	2.00	Various emails with M. Lem and S. Title; Adjustments to financial information section and timetable based on revised version; Adjustments to CIM.
22-Mar-2019	Michael Litwack	3.10	Draft of advertisement re: SISP; Emails re: advertisement; Emails re: information still needed; Completed draft court report; Emails re: timeline; Discussion re: changes to SISP; Review of draft CIM and comments provided; Emails re: financial reports.
22-Mar-2019	Sheldon Title	1.50	Review of CIM; email to Blaneys re: list of information required for CIM and its meeting with Y. Park; review of SISP advertisement and modify same; start work on review of report to Court; call with Blaneys on filing of motion with OSB and follow up on information requesting information from the Company.
24-Mar-2019	Matthew Lem	.90	Discussions with S. Title re: file matters; Preliminary review of cash flow projection - projected to actuals analysis; Review and adjust draft SISP newspaper advertisement; Correspondence with Y. Park.

DATE	PROFESSIONAL	HOURS	DETAILED TIME DESCRIPTIONS
24-Mar-2019	Sheldon Title	1.30	Review with comments on first report; Call with M. Lem; Review of outstanding issues in preparation for call on Monday morning; Email to Blaneys on following up for additional information on CIM.
25-Mar-2019	Jessie Hue	.40	Attend to SISP advertisement re: National Post.
25-Mar-2019	Matthew Lem	4.30	Review draft report to court; update call with S. Title and M. Litwack; update discussions with Blaneys; Attend premises and meet with Y. Park and JC Park; Attend meeting with RBC; update discussion with S. Title and review cash flow variance; call to Colliers; second partner review on report to court; forward draft report to BLG, Blaneys, Pallett Valo and Company; forward information requested by RBC.
25-Mar-2019	Michael Litwack	5.30	Call with M. Lem and S Title; Emails re: bank statements; Prepared cash flow variance report; Call with M. Lem ; Review of bank statements and reconciled with reports previously provided; Reconciled cash flow reporting to line of credit statement from RBC; Review and revision to SISP newspaper advertisement; Call with C Armstrong; Review of CIM; Revised draft of court report; Discussion with S. Title and further revisions to court report; Email to interested party re: NDA; Emails with Y. Park.
25-Mar-2019	Sheldon Title	.90	Discussion with M. Litwack and M. Lem re: file matters; Call to Blaneys; Call with M. Lem and discussions with M. Litwack on cash flow variances; Review of further version of report and provide preliminary comments
26-Mar-2019	Jessie Hue	.70	Prepare and assemble appendices for the first report; Attend to SISP advertisement coordination with National Post.
26-Mar-2019	Matthew Lem	4.90	Attend to finalize First Report to Court; Discussion with Pallett Valo re: filing/serving report to court; Discussion with C. Thoms of Colliers re: offers; Discussion with M. Litwack re: sales process matters; CIM review.
26-Mar-2019	Michael Litwack	2.20	Review of comments on court report; update court report; Email to Y. Park re: values of assets; Discussion re: court report; Discussions with M. Lem; Review of modified NDA received from interested party; Email re: NDA; Email re: including offerors on real property in sale and required NDAs; Modified cash flow variance to include sales data; Call and emails with C. Armstrong re: notification to creditor; Draft of management representation letter; Email to H. Louis re: posting advertisement in Insolvency Insider; Review of media contacts for publication of sale opportunity; Email to media relations for the INDA.

DATE	PROFESSIONAL	HOURS	DETAILED TIME DESCRIPTIONS
26-Mar-2019	Sheldon Title	.40	Review of BLG comments; Discussion with staff re: assembly of documents for report to Court; Email to M. Lem on comments; Email from M. Litwack on report; Email to M. Lem and Pallett Valo re: required amendments to draft court order.
27-Mar-2019	Angela Liu	.60	Review and update file; Post Court report and update Case website; Efile with the OSB.
27-Mar-2019	Jessie Hue	.40	Review of the tear sheet and request correct publication re: SISP advertisement; Update file.
27-Mar-2019	Matthew Lem	3.20	Attend to review of data room; Various discussions with M. Litwack re: SISP; various correspondence with Y. Park re: SISP matters; Correspondence with Blaneys re: extension motion, revised draft order, and information for sales process.
27-Mar-2019	Michael Coulter	3.00	Follow-up emails on CIM with M. Lem. Receipt of new information for draft CIM; Update of draft CIM to incorporate new information received from Y. Park re: product lines, bios and labour costs.
27-Mar-2019	Michael Litwack	6.40	Various discussions with M. Lem re: SISP and file matters; Emails re: license agreements; Various emails with Y. Park re: information needed for the data room and information to explain variances in cash flows; Revision to schedule on cash flow variance; Update data room; Review of documents and redactions to documents and placed in data room; Extraction of data for city planning and by laws and placed in data room; Emails re: information for CIM; Emails with M Coulter re: revisions to CIM; Calls with Y Park; Emails and direction to J Hue re: website domain change; Emails re: SISP advertisement in National Post; Emails with interested parties; Review of proposed changes to NDA by interested parties; Addition of disclaimer to certain documents in data room; Modified access for certain parties to data room; Emails re: environmental report.
27-Mar-2019	Sheldon Title	.20	Email to/from Pallett Valo re: amendments to the order.
28-Mar-2019	Jessie Hue	.30	Attend to call from creditor and forward NOI Notice; update Case website.
28-Mar-2019	Matthew Lem	4.70	Attend to review and adjust CIM; review and adjust variance analysis; Discussions with M. Litwack re: same; Review and adjust data room; Various correspondence with the company re: information required and supplier issues; Follow-up with Blaneys and Pallett Valo re: extension motion.
28-Mar-2019	Michael Coulter	.30	Review of changes to draft CIM and emails with M. Lem re: same.

DATE	PROFESSIONAL	HOURS	DETAILED TIME DESCRIPTIONS
28-Mar-2019	Michael Litwack	4.00	Calls with M. Lem ; Review and adjust cash flow variances reporting; Call with C Armstrong; Review of documents related to license agreement; Modified access to data room; Emails re: data room; Emails with Blaneys re: data room and license agreement; Review of receivables report; Emails re: receivables report; Emails re: management representation letter; Modified disclaimer for document in data-room.
29-Mar-2019	Jessie Hue	.30	Update the Case website and efile the endorsement and Extension Order with the OSB.
29-Mar-2019	Matthew Lem	5.80	Various discussion with M. Litwack re: SISP and variance analysis; Review and adjust variance analysis; Attend to review and update data room; Emails to Blaneys re: data room information; call to RBC; Discussion with BLG re: stay extension order.
29-Mar-2019	Michael Litwack	4.50	Emails re: reconciliation of receivables; Calls with C. Armstrong; Receipt and organization of NDAs; Calls with Blaneys; Discussions with M. Lem; Review of current draft of CIM; Emails re: photographs; Emails re: SIMA and shipping costs; Emails re: bank information for variance analysis and monitoring; Revisions to documents in data room; Revisions to disclaimers; Email re: additional documents and removal of documents in data room; Added parties to data-room.
30-Mar-2019	Matthew Lem	.60	Attend to various correspondence with Blaneys and Colliers re: sales process; correspondence with BLG re: extension order; adjust variance analysis.
31-Mar-2019	Michael Litwack	.80	Uploading photos sent by C Armstrong; Review of invoice data sent and updated receivables schedule; Update to variance analysis and monitoring; Emails re: variance; Review of blacklined NDA from Dupont and email to Blaneys.

**SUMMARY OF TIME CHARGES**

	Professional	Average Hourly Rate	Hours	Amount
Sheldon Title	Partner/Senior Vice President	\$ 615.00	12.80	\$ 7,872.00
Matthew Lem	Partner/Senior Vice President	\$ 540.00	59.80	32,292.00
Michael Litwack	Manager	\$ 359.00	53.40	19,170.60
Michael Coulter	Associate	\$ 213.00	33.60	7,156.80
Jessie Hue	Associate	\$ 213.00	4.90	1,043.70
Angela Liu	Associate	\$ 213.00	2.40	511.20
<b>TOTAL</b>			<b>166.90</b>	<b>\$ 68,046.30</b>

# APPENDIX I

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

**AFFIDAVIT OF GIOVANNI RUSSO**

I, GIOVANNI RUSSO, of the Town of Richmond Hill, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

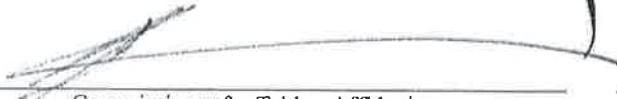
1. I am the Managing Partner at Pallett Valo LLP (“**PV**”), solicitors for MNP Limited (“**MNP**”), in its capacity as Proposal Trustee (in such capacity, the “**Proposal Trustee**”), of all of the assets, undertakings and properties of the debtor, FT ENE CANADA INC. and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.
2. Attached hereto and marked as **Exhibit “A”** are detailed Invoices (the “**Invoices**”) issued to the Proposal Trustee by PV for fees and disbursements incurred by PV in the course of the matter between March 22, 2019 and April 30, 2019 (the “**Appointment Period**”). The total fees charged by PV to the Proposal Trustee during the Appointment Period were \$11,593.00, plus disbursements of \$402.20, plus HST of \$1,559.38 totaling \$13,554.58.
3. The Invoices are a fair and accurate description of the services provided and the amounts charged by PV.

4. Attached hereto and marked as **Exhibit "B"** is a schedule summarizing each invoice in Exhibit "A", the total billable hours charged per invoice, the total fees charged per Invoice and the average hourly rate charged per Invoice. The average hourly rate during the Appointment Period was \$491.14.

5. Attached hereto and marked as **Exhibit "C"** is a schedule summarizing the billing rates and year of call for each lawyer and Law Clerk that has completed work on this file during the Appointment Period.

6. I make this affidavit in support of a motion for, *inter alia*, the approval of the interim fees and disbursements of the Interim Receiver and its counsel and for no other or improper purpose.

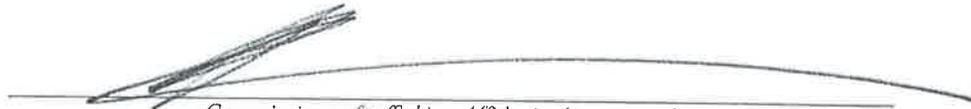
**SWORN BEFORE ME** at the City of  
Mississauga, in the Regional Municipality of  
Peel on April 30, 2019

  
Commissioner for Taking Affidavits  
(or as may be)

Alex Sichenko

  
GIOVANNI RUSSO

This is Exhibit "A" referred to in the Affidavit of Giovanni Russo  
sworn April 30, 2019



*Commissioner for Taking Affidavits (or as may be)*

**ALEX ILCHENKO**

# **EXHIBIT "A"**

## **Detailed Invoices**

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

**BILL OF COSTS FOR SERVICES RENDERED TO THE TRUSTEE**

March 29, 2019

Statement No.: 194511

TO PROFESSIONAL SERVICES RENDERED ON YOUR BEHALF in connection with the above-noted matter including the following:

Re: **23487-81388 / Bankruptcy Proposal of FT EnE Canada Inc.**

<b>Professional Fees</b>		Hours	Amount
03/22/2019 AAI	Reviewing correspondence from MNP and counsel for Bank regarding security review and schedule for extension motion	0.20	111.00
03/25/2019 AAI	Call with M. Litwack, MNP regarding terms of draft order extending stay period and approving sale process; reviewing draft Order and report of the Trustee and providing comments	1.30	721.50
03/26/2019 AAI	Reviewing revisions made by counsel for RBC and providing comments; calls with M. Litwack and M. Lem regarding report and service; preparing report for service	2.20	1,221.00
03/26/2019 MAM	Service of First Report; Compile and duplication of First Report; Prepare instruction memo to Profile Legal Service; Email to Profile Legal Services; Prepare Service List; Prepare Affidavit of Service	1.90	228.00
03/27/2019 AAI	Emails from and to S. Title, MNP; call with counsel for Debtor regarding revisions to Order; emails to S. Title; circulating revisions to Order	0.80	444.00
03/28/2019 AAI	Attend at Commercial Court; meet with counsel for Debtor; make submissions to Court	1.80	999.00



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

**BILL OF COSTS FOR SERVICES RENDERED TO THE TRUSTEE**

April 30, 2019

Statement No.: 195002

TO PROFESSIONAL SERVICES RENDERED ON YOUR BEHALF in connection with the above-noted matter including the following:

Re: **23487-81388 / Bankruptcy Proposal of FT EnE Canada Inc.**

<b>Professional Fees</b>		Hours	Amount
04/02/2019 AAI	Reviewing RBC loan and security documentation; reviewing and updating real property and PPSA searches; preparing opinion letter on RBC security	3.30	1,831.50
04/02/2019 HVO	Instructions from Alex Ilchenko, requested certified PPSA search against FT EnE Canada Inc. and corporation profile search and provided results of search to Alex Ilchenko by email	0.30	34.50
04/03/2019 AAI	Revising opinion; discussing with R. Mikkola Planning Act search results	1.10	610.50
04/03/2019 BPE	Pull Subsearches for T. Hancock	0.30	33.00
04/03/2019 RHM	Review email regarding opinion regarding mortgage validity and Planning Act compliance; review mortgage and note part of lot and instructions to clerk; review five (5) adjoining parcels; instructions to clerk for further search resulting in division from prior PIN; brief report to A. Ilchenko	0.70	385.00
04/03/2019 TMH	Instructions to assistant to obtaining adjoining land PINs; conduct name search on previous owner (prior to name change); conduct search on registered owner of Part 1, 2R-6087	0.40	90.00
04/04/2019 AAI	Discussing with Real Estate Clerk real property search results	0.20	111.00

04/05/2019	AAI	Preparing Opinion letter and attachments; call to counsel for RBC regarding confirmation of all security documentation	1.30	721.50
04/07/2019	AAI	Call with counsel for RBC regarding security documentation required for opinion	0.30	166.50
04/08/2019	AAI	Review updated real property and PPSA searches; reviewing further security documentation provided by counsel for RBC; call with Counsel for RBC regarding security documentation; revise and finalize RBC security opinion; circulate to trustee	1.80	999.00
04/09/2019	AAI	Call with counsel for RBC regarding status of opinion letter and sales process and request for further extension by counsel for Debtor	0.40	222.00
04/11/2019	AAI	Reviewing disclaimer for Sales Process; call with M. Lem	0.80	444.00
04/23/2019	AAI	Reviewing correspondence from Counsel for Debtor and for RBC regarding extension motion scheduling and possible conversion to CCAA; call with M. Lem, MNP	1.10	610.50
04/24/2019	AAI	Call with counsel for Debtor regarding extension motion	0.30	166.50
04/25/2019	AAI	Reviewing correspondence from and to counsel for Debtor and counsel for RBC; call with counsel for debtor	0.30	166.50
04/26/2019	AAI	Call with counsel for Debtor regarding status of motion materials for extension and discussions with counsel for RBC	0.50	277.50
04/29/2019	AAI	Reviewing draft Debtors Notice of Motion, Affidavit and Order for extension motion; call with M. Lem, MNP regarding comments on court materials; reviewing draft report of the Proposal Trustee and providing comments; reviewing comments received from counsel for RBC	1.80	999.00

AND TO reporting to the Trustee throughout; to all telephone communications, correspondence, memoranda and necessary attendances with respect to the foregoing but not specifically referred to herein; and to the attendance on the taxation of the Trustee's accounts.

<u>Initials</u>	<u>Name</u>	<u>Title</u>	<u>Hours</u>	<u>Billing Rate</u>	<u>Amount</u>
TMH	Teresa Hancock	Law Clerk	0.40	\$225.00	\$90.00
AAI	Alex Ilchenko	Associate	13.20	\$555.00	\$7,326.00
RHM	Ray Mikkola	Partner	0.70	\$550.00	\$385.00
BPE	Brittany Petrou	TimeKeeper	0.30	\$110.00	\$33.00
HVO	Helen Voinou	TimeKeeper	0.30	\$115.00	\$34.50

**OUR FEES FOR SERVICES RENDERED HERIN**

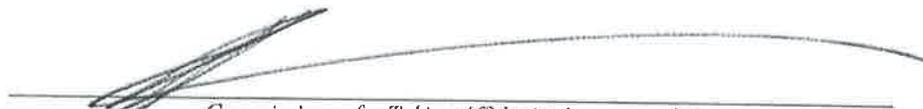
**FEES (subject to HST) \$7,868.50**

**DISBURSEMENTS (\*\*Subject to HST)**

Agents Fee **	\$65.50
PPSA Search**	\$8.00
Photocopies/Printing **	\$8.00
Search/Sub-search of Title **	\$279.40



This is Exhibit "B" referred to in the Affidavit of Giovanni Russo  
sworn April 30, 2019



*Commissioner for Taking Affidavits (or as may be)*

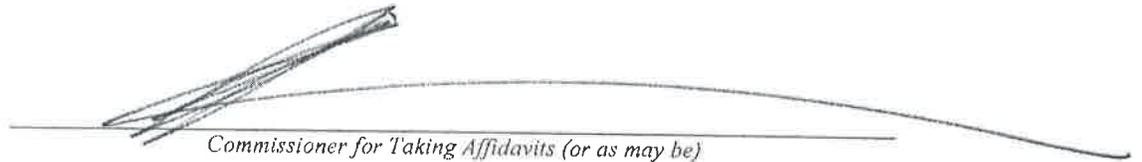
**ALEX ILCHENKO**

## EXHIBIT "B"

### Calculation of Average Hourly Billing Rates of Pallett Valo LLP for the Appointment Period

Invoice No.	Fees	Fee Reduction	Disburs.	HST	Hours	Average Hourly Rate	Total
194511	\$3,724.50	\$0.00	\$0	\$484.19	8.2	\$454.21	\$4,208.69
195002	\$7,868.50	\$0.00	\$402.20	\$1,075.19	14.9	\$528.08	\$9,345.89
Total Fees	\$11,593.00	-\$0.00	\$402.20	\$1,559.38	23.1	\$491.14	\$13,554.58

This is Exhibit "C" referred to in the Affidavit of Giovanni Russo  
sworn April 30, 2019



*Commissioner for Taking Affidavits (or as may be)*

**ALEX ILCHENKO**

## EXHIBIT "C"

### Billing Rates of Pallet Valo LLP

For the Appointment Period

TIMEKEEPER	HOURLY RATE	YEAR OF CALL	HOURS WORKED	TOTAL
Alex Ilchenko, C.S. (Senior Counsel- Insolvency)	\$555.00	1993	19.5	\$10,822.50
Ray Mikkola (Real Estate Partner)	\$550.00	1988	0.7	\$385.00
Mary Menalo (Litigation Clerk)	\$120.00	n/a	1.9	\$228.00
Teresa Hancock (Senior Real Estate Clerk)	\$225.00	n/a	0.4	\$90.00
Helen Voinou (Corporate Clerk)	\$115.00	n/a	0.3	\$34.50
Brittany Petrou (Real Estate Clerk)	\$110.00	n/a	0.3	\$33.00
		<b>Total</b>	<b>23.1</b>	<b>\$11,593.00</b>

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

Court No. 32-2480036

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

PROCEEDING COMMENCED AT  
TORONTO

**AFFIDAVIT OF GIOVANNI RUSSO**

**PALLET VALO LLP**

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

**ALEX ILCHENKO, C.S. (LSUC # 33944Q)**

Tel: (905) 273-3300

Fax: (905) 273-6920

Lawyers for MNP Limited

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

Court No. 32-2480036

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**SECOND REPORT OF THE PROPOSAL TRUSTEE  
( MOTION RETURNABLE MAY 3, 2019)**

**PALLET VALO LLP**

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

Alex Ilchenko, C.S. (LSO # 33944Q)  
[ailchenko@pallettvalo.com](mailto:ailchenko@pallettvalo.com)

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Lawyers for MNP Limited