

**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**

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

(Returnable June 7, 2019)

JUNE 6, 2019

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 Limited

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

INDEX

DOCUMENT	TAB
Third Report of MNP Limited as Proposal Trustee, dated June 6, 2019	
Appendix "A" - Notice of Intention to Make a Proposal	A
Appendix "B"- First Report dated March 26, 2019	B
Appendix "C" - First Extension Order dated March 28, 2019	C
Appendix "D"-Second Report dated May 2, 2019	D
Appendix "E"- Second Extension Order dated May 3, 2019	E
Appendix "F" – Redacted Agreement of Purchase and Sale	F
Appendix "G" – Abstract of Title to Purchased Real Property	G
Appendix "H" – PPSA Search for Debtor	H

**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**

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

June 6, 2019

I. INTRODUCTION

1. On February 27, 2019, FT EnE Canada Inc. (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;
- 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. On April 30, 2019, the Company filed a Notice of Motion and a Motion Record returnable May 3, 2019, seeking, among other things, a Court Order extending the time within which the Company had to file a proposal. The Proposal Trustee served its second report, dated May 2, 2019 (the “**Second Report**”) on same date. A copy of the Second Report, without exhibits, is attached hereto and marked as **Appendix “D”**.
5. On May 3, 2019, the Court issued an Order (the “**Second Extension Order**”) and Endorsement that, *inter alia*:
 - a. Extended the time for filing a proposal to and including June 24, 2019 (the “**Second Extension Deadline**”);
 - b. Approved the activities of the Proposal Trustee as set out in the Second Report;
 - c. Approved the fees and disbursements of the Proposal Trustee and its legal counsel as set out in the Second Report; and
 - d. Sealing the confidential appendices that provided the confidential information memorandum prepared for the SISP and the letters of intent (“**LOIs**”) received under the SISP.

Copies of the Second Extension Order and Endorsement issued on May 3, 2019 are attached hereto as **Appendix “E”**

6. On May 14, 2019, the Proposal Trustee’s legal counsel, Pallett Valo LLP (“**PV**”) was contacted by Michael Nowina of Baker McKenzie (“**BM**”) to advise that his firm was being retained by Finetex EnE Inc., the Company’s parent company in the Republic of Korea (“**FTEI**”).
7. On May 21, 2019 Counsel for the Company, RBC, the Proposal Trustee and FTEI attended a 9:30 Court Appearance to apprise the Honourable Mr. Justice Penny of FTEI’s planned motion seeking, among other things, a Court Order to stay the SISP and remove the Company’s Management (the “**FTEI Motion**”), as well as to change a scheduled hearing date requested by the Company from June 3, 2019 to June 7, 2019 in order to allow FTEI time to file and serve materials in connection with its planned motion. As of the date of this Report, Motion materials with some, but not all exhibits that were provided in Korean have been translated and have been served on the parties.
8. On May 29, 2019, the Company filed a Notice of Motion and a Motion Record returnable June 7, 2019, seeking, among other things, a Court Order approving the Agreement of Purchase and Sale dated May 15, 2019 (the “**APS**”) entered into between the Company and Edwards Protech Ltd. (the “**Purchaser**”).
9. Information regarding the proceedings has been posted to the Proposal Trustee’s website at <https://mnpdebt.ca/en/corporate/Engagements/ft-ene-canada-inc>.
10. The primary purpose of these proceedings is to provide stability to the Company’s business while the Company 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

11. 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**”), and the affidavit of Yoonjun Park, sworn on May 27, 2019 (the “**May 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.

12. 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

13. The purpose of this Report is to, *inter alia*:

- a. Provide information to the Court regarding to the administration of the Company’s BIA Proceedings, including:
 - i. Report on the Company’s cash flows; and
 - ii. An update on the status of the SISP and the Proposal Trustee’s activities associated therewith.

- b. Provide the Court with the Proposal Trustee's recommendations for an Order(s), *inter alia*:
- i. Approving the APS entered into between the Company and the Purchaser, and authorizing the Company and Proposal Trustee to take all steps necessary to complete the transaction contemplated under the APS;
 - ii. Vesting title in and to the Purchased Assets (as such term is defined in the APS) in the Purchaser or as it may direct, free and clear of any encumbrances, save and except as otherwise contemplated by the APS;
 - iii. Sealing the confidential appendices described below, pending the closing of the contemplated APS;
 - iv. Authorizing the Receiver to make a distribution to the RBC, as well as to establish the Reserve (as such term is later defined); and
 - v. Approving the activities of the Proposal Trustee and legal counsel, as set out this Report.

IV. BACKGROUND INFORMATION

14. The Company is a Canadian corporation carrying on business from owned premises in Brantford, Ontario. The Company is a wholly owned subsidiary corporation of FTEI. The Company produces nanofibers and nanofiber coated filter media for the global industrial filtration market through a proprietary electrospinning process. The Company employs 18 people and operates out of its approximately 37,000 square-foot production facility located at 14 Sharp Rd, Brantford, Ontario (the "**Real Property**").
15. Prior to the NOI filing, the Company listed the Real Property for sale through Collier Macaulay Nicolls Inc. ("**Colliers**").
16. FTEI's shares were publicly traded on the Korean Securities Dealers Automated Quotations (KOSDAQ) but were delisted on April 26, 2019. As reported and described in greater detail in the April Park Affidavit, FTEI filed for a form of insolvency protection on February 27, 2019 in the Republic of Korea.

17. The Company felt that there was reasonable concern that without the filing of the NOI, the Company could lose its ability to act independently from FTEI and may otherwise have been drawn into the insolvency filings of FTEI, to the detriment of the Company and therefore its creditors. FTEI is shown to be the largest creditor (unsecured) in the Company'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). As no proposal has yet been filed, no proofs of claim have been filed to date with the Trustee by the creditors.
18. 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. THE COMPANYS ACTIVITIES

19. The Company has provided the Proposal Trustee with its full co-operation and access to its premises, books and records and management for the purpose of monitoring the Company's business and financial affairs. The Proposal Trustee implemented procedures for monitoring the Company's actual receipts and disbursements as compared to the cash flow projections.
20. As noted in the Second Report on March 8, 2019, the Company filed its cash flow projections and related assumptions for the period of February 28, 2019 to May 31, 2019 together with the statutory reports (the "**Cash Flow Projections**") with the Official Receiver (the "**OR**"). A copy of the Cash Flow Projections was attached as Appendix "D" to the Second Report.
21. As also noted in the Second Report, the Company showed positive Net Operating Cash Flows of \$558,813.57 and a positive actual variance of \$475,507.82 as compared to the projected figure for the monitored period from March 2, 2019 to April 26, 2019. Details and commentary on the projected to actual results for the monitored period from March 2, 2019 to April 26, 2019 was reported by the Proposal Trustee in paragraphs 17 and 18 of the Second Report.

22. On April 30, 2019, the Company and the Proposal Trustee filed with the OR an updated statement of weekly projected cash flows to update and extend the cash flow projections through to June 28, 2019. 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 OR on May 1, 2019 (the “**Amended Updated Cash Flow Projections**”). A copy of the Amended Updated Cash Flow Projections was attached as Appendix “E” to the Second Report.

23. A summary of the Company’s actual receipts and disbursements as compared to the those presented in the Amended Updated Cash Flow Projections for the monitored period from April 27, 2019 to May 31, 2019 (the “**Monitored Period**”) are as follows:

	April 27, 2019 to May 31, 2019				
	(Projected)	(Actual)	(Variance \$)	(Variance %)	
Receipts					
Collection of A/R	688,267.00	504,706.70	(183,560.30)	-27%	▲
SIMA Refund	-	-	-	0%	▬
HST Refunds	-	-	-	0%	▬
Other	-	508.51	508.51	0%	▲
Total Receipts	688,267.00	505,215.21	(183,051.79)	-27%	▼
Disbursements					
Payroll (Net)	75,128.05	87,476.61	(12,348.56)	-16%	▼
Source Deductions (EI/CPP/Taxes)	23,331.68	25,072.11	(1,740.43)	-7%	▼
Material Purchases	693,291.20	607,975.26	85,315.94	12%	▲
Property Insurance	721.00	720.30	0.70	0%	▲
Utilities	9,989.00	6,392.61	3,596.39	36%	▲
Administration Expenses	12,300.00	12,757.09	(457.09)	-4%	▼
Travel	15,625.00	26,419.00	(10,794.00)	-69%	▼
Banking Charges and Interest	18,872.00	8,656.36	10,215.64	54%	▲
Property Tax	14,696.00	14,696.59	(0.59)	0%	▼
Vehicles	2,500.00	1,321.99	1,178.01	47%	▲
Repairs, Maintenance and Supplies	27,033.10	32,625.31	(5,592.21)	-21%	▼
Logistics	76,168.70	71,700.38	4,468.32	6%	▲
Professional Fees	25,000.00	-	25,000.00	100%	▲
Contingency	31,250.00	49,136.05	(17,886.05)	-57%	▼
Total Disbursements	1,025,905.73	944,949.65	80,956.08	8%	▲
Net Operating Cash Flows	(337,638.73)	(439,734.44)	(102,095.71)	30%	▼

24. As noted above, the Company had negative Net Operating Cash Flows of \$439,734.44, and although a negative variance was projected, it was higher than had been expected, resulting in a negative actual variance of \$102,095.71 for the Monitored Period. The

following is commentary with respect to material variances in the Amended Updated Cash Flow Projections noted above:

- a. Receivable Collections – The negative variance of \$183,560.03 can be attributed to a combination of a cut-off error (approximately \$78,000) in the projections associated with a receivable collection during the week ended April 26, 2019 that was not removed from the Amended Updated Cash Flow Projections, a timing difference associated with the non-collection of two (2) accounts (approximately \$91,000) when projected, and a large customer’s change in the priority of its orders to be produced, which resulted in approximately \$22,000 in lower sales in the period than had been projected.
- b. Payroll – The negative variance can be attributed largely to vacation accruals that were paid out as lump sums to three (3) employees totalling approximately \$12,000, rather than being paid in the ordinary course as had been projected. The Company has advised that the lump sum payment of vacation was following the request from the employees.
- c. Material Purchases – Material Purchases’ positive variance (\$85,315.94) is attributable primarily to a combination of a timing difference associated with a projected filter media purchase (valued at approximately \$132,000) that was ordered but has not been shipped/arrived and therefore not paid for and an offsetting permanent difference associated with a non-projected repurchase of materials (valued at approximately \$44,500) that had been sent to FT Philippines for processing in December 2018, but was not returned to the Company.
- d. Travel –The Company’s Travel expenditures continue to be significantly higher than what has been projected. The Company has advised that this increased level of travel expenditures has 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.
- e. Bank Charges and Interest – The variance is primarily attributable to the projections erroneously including an interest payment that had previously been projected to be

paid in the week ended May 3, 2019 but was in fact paid during the week ended April 26, 2019.

- f. Repairs, Maintenance and Supplies – The higher than projected Repairs, Maintenance and Supplies expenditures is primarily attributed increased purchases of shipping pallets and paper cores (totalling approximately \$9,060 above projections) to fulfil the increase in orders. Additional expenditures were made for materials related to the ongoing retrofit of their production line.
- g. Professional Fees – The projected Professional Fees figure is based on an estimate of \$5,000 per week in connection with the restructuring. No payments have been made during the projection period towards the Proposal Trustee, its counsel or the Company’s counsel during this period.
- h. Contingency Expense – The projected Contingency Expense figure is based on estimate of \$25,000 per month allocated evenly over the month. The actual amount paid relates to an invoice of \$13,605.20 from Gowling WLG (“**Gowlings**”), counsel to Jongchul Park (“**JC Park**”). The Company has advised that the invoice is for services related to the intellectual property rights, as they relate to the NOI proceedings and JC Park as a director of the Company, and accordingly it is the Company’s position that the cost is appropriately borne/indemnified by the Company. In addition, \$35,000 was advanced for a retainer of same amount to Gowlings, in connection with Yoonjun Park’s retention of counsel in response to accusations by FTEI against him in the materials it served.

25. Overall, the Company’s actual net operating cash flows (receipts and disbursements) for the total monitored period from March 2, 2019 to May 31, 2019 are as follows:

Receipts	
Collection of A/R	\$ 1,712,436.85
SIMA Refund	-
HST Refunds	-
Other	508.51
Total Receipts	1,712,945.36
Disbursements	
Payroll (Net)	220,095.04
Source Deductions (EI/ CPP/Taxes)	66,661.99
Material Purchases	889,634.42
Property Insurance	2,160.90
Utilities	19,615.73
Administration Expenses	21,068.03
Travel	61,739.97
Banking Charges and Interest	26,529.92
Property Tax	14,696.59
Vehicles	3,239.52
Repairs, Maintenance and Supplies	48,090.77
Logistics	134,693.63
Professional Fees	-
Contingency	85,639.73
Total Disbursements	1,593,866.24
Net Operating Cash Flows	\$ 119,079.12

26. As shown above, the Company has positive Net Operating Cash Flows of \$119,079.12 for the total monitored period from March 2, 2019 to May 31, 2019.
27. As of May 31, 2019, the Company's operating line facility at RBC reduced from approximately \$1.889MM (as at March 1, 2019) to approximately \$1.764MM or by approximately \$124,800, excluding accrued interest and expenses.
28. The Company has remained current with all of its remittances to Canada Revenue Agency ("CRA") in connection with source deductions and Harmonized Sales Tax ("HST"). However, as reported in the Second Report (paragraphs 38 to 40), the Company has not yet filed its 2017 corporate tax returns, which has resulted in refunds associated with HST and the *Special Import Measures Act* being withheld by CRA.

VI. THE SISP

29. Details of the steps taken by the Proposal Trustee, with the assistance of the Company, to conduct the SISP up to April 24, 2019, the LOI Deadline Extension (as such term was defined in the Second Report), were outlined in paragraphs 24 to 26 of the Second Report.
30. Based on the LOIs submitted, the potential bidders were looking to either acquire the Real Property only, or some combine of the inventory, equipment and other personal property (collectively, the “**Personal Property**”), but not both.
31. Under the SISP, parties that have submitted LOIs were allowed to 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**”).
32. Since the LOI Deadline Extension the following steps were taken by the Proposal Trustee, with the assistance of the Company, in connection with the SISP up to the Final Bid Deadline:
 - a. Coordination of site visits/inspections of the Personal Property and the Real Property, as applicable. The site visits/inspections occurred May 2, 7 and 10, 2019, and under the supervision of the Proposal Trustee and/or a representative of the Company. It should be noted and as reflected at paragraph 29 of the Second Report, notwithstanding that interested parties had executed a non-disclosure and confidentiality agreement, the Company did not permit access for potential bidders 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;
 - b. Provided the template forms of agreement of purchase and sale for the Real Property and the Personal Property;
 - c. Attended to information requests and queries in connection with the information in the data room and the Personal Property and the Real Property; and

- d. Followed-up with bidders on the submission of a final offer, and in respect of parties looking to submit an offer on the Real Property only, their interest in leasing back the Real Property to the Company on a short term or longer basis.
33. During the second due diligence period and based on the Proposal Trustee's discussions with Colliers and the bidders interested in the Real Property only, it was conveyed to the Proposal Trustee that these bidders interested in the Real Property only were reluctant to incur "out-of-pocket" due diligence costs (e.g. appraisal fees, environmental assessment, etc.) prior to knowing if they were the successful bidder. This delay in due diligence activities by the bidders had the impact of potentially necessitating the extension of the timetable of the SISP beyond the three (3) week extension provision already incorporated into the SISP. As such, and following discussions with the Company and the SISP Team, the bidders interested in the Real Property only were encouraged to submit their final bids by May 15, 2019 in order to expedite the decision on which bidder for the Real Property would be the successful bidder.
34. On or before the Final Bid Deadline a number of the offers were received for either certain of the Personal Property or the Real Property, but not both. A summary of the offers received by the Final Bid Deadline as compared to the LOIs and commentary associated therewith is attached hereto as **Confidential Appendix "1"**.
35. Upon review of the offers received, the Company, in consultation with its counsel, the Proposal Trustee and RBC (collectively, the "**SISP Team**"), decided to proceed with the sale of the Real Property only, wherein further discussions and negotiations ensued with one (1) party and ultimately resulted in the APS.
36. The offers received for the Personal Property were all rejected, and as reported in paragraph 25 of the May Park Affidavit, "because the amounts offered for those assets were not in keeping with the Company's expectations, and the Company believes that greater value will be realized from those assets at a future date."

VII. THE APS AND SALE APPROVAL

37. The Purchaser is a local business in Brantford, Ontario and appears unrelated to the Company or JC Park. The Purchaser had in fact submitted through the Purchaser's own real estate broker, Ed Doucet of Re/Max Twin City Realty ("**Re/Max**"), an offer to purchase the Real Property in mid March 2019, prior to the start of SISP.
38. A redacted copy of the signed APS is attached hereto **Appendix "F"**, with a full unredacted copy of the signed APS attached as **Confidential Appendix "2"**.
39. The keys terms of the APS are as follows:
- a. It is conditional on the Purchaser securing financing or waiving such condition by 2:59 PM on May 31, 2019. The Purchaser delivered on May 31, 2019 at 2:49 PM a Notice of Fulfillment of Conditions, waiving the financing condition;
 - b. The Purchaser has provided an initial deposit of \$50,000, and a further deposit of \$50,000 that was paid following the Purchaser waiving its conditions under the APS. The conditions were waived on May 31, 2019 and the second deposit was received by the Proposal Trustee on June 4, 2019;
 - c. A total commission of five (5%) percent is to be paid and split between Colliers and Re/Max;
 - d. Includes a six (6) month lease back provision. The lease agreement is the process of being finalized at the time of writing this Report; and
 - e. Is conditional on the Company obtaining an Order approving the sale and vesting title to the Real Property in and to the Purchaser, free and clear of any and all encumbrances ("**Approval and Vesting Order**") by June 10, 2019, with closing by no later than June 21, 2019.
40. Since the execution of the APS as amended, the Proposal Trustee has endeavoured to assist in expediting the waiver of the financing waiver, including securing a reliance letter for the Purchaser's lender from Pinchin Ltd. ("**Pinchin**") in connection with the phase I environmental site assessment and supplementary report prepared by Pinchin for the

Company in late 2018/early 2019, and the coordination with the Purchaser's broker, Re/Max, and its appraiser.

41. The Proposal Trustee is of the view that the transaction negotiated with the Purchaser, as detailed in the APS, should be approved for the following reasons:

- a. A broad marketing of the Real Property was conducted by the Company, with the assistance of the Proposal Trustee, in accordance with the SISP approved by the Court. Furthermore, the Real Property had been fully exposed to the market having been listed by the Company for sale through Colliers since November 15, 2018. Accordingly, the market has dictated that the APS negotiated with the Purchaser represents a commercially reasonable result in the circumstances;
- b. The leaseback provision and non-sale of the Personal Property allows the Company to continue to operate in the short term, with the possibility of its business to be potentially sold as a going concern under the larger sales process being contemplated by its parent, FTEI;
- c. An appraisal of the Real Property obtained by the Company prior to the date of appointment supports the commercial reasonableness of the selling price. A copy of the Summary Appraisal Report dated June 29, 2018 prepared by Jacob Ellens & Associates Inc. (the "**Real Property Appraisal**") is attached hereto as **Confidential Appendix "3"**;
- d. RBC, as first secured creditor, is supportive of the contemplated transaction; and
- e. The contemplated transaction out of the ordinary course of business complies with the criteria set out in Section 65.13 of the BIA for the Court to approve, including the ability of the Company to pay of the employee amount¹ (see COMPLIANCE WITH S. 65.13 OF THE BIA section below).

Overall, the contemplated sale appears to be in the best interest of all the stakeholders, as it would repay RBC, avoids a bankruptcy or receivership liquidation sale, and allows the Company to continue as a going concern, thereby

¹ Subsection 65.13(8) of the BIA

accommodating FTEI's desire for the Canadian business to continue and to potentially be part of its larger sales process.

42. As note above and as a condition of the APS, the Purchaser requires an Approval and Vesting Order.
43. In addition, and pursuant to the SISP approved by he Court, the Company requires Court's approval to sell the Purchased Assets and it therefore requests the authorization of the Court to enter into and complete the APS and vest title in the Purchased Assets in favour of the Purchaser, or as it may direct, free and clear of any encumbrances, save and except as otherwise contemplated by the APS.
44. Given the commercially sensitive nature of certain documents and the potential impact on the closing of the contemplated transaction, the Proposal Trustee is requesting that certain documents identified as a "Confidential Appendix" be sealed pending the closing of a transaction contemplated under the SISP.

VIII. COMPLIANCE WITH S. 65.13 OF THE BIA

45. As set out under Subsection 65.13(4) of the BIA, the Court is to consider the following factors in granting authorization for the sale:
 - a. Whether the process leading to the proposed sale or disposition was reasonable in the circumstances;
 - b. Whether the trustee approved the process leading to the proposed sale or disposition;
 - c. Whether the trustee filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;
 - d. The extent to which the creditors were consulted;
 - e. The effects of the proposed sale or disposition on the creditors and other interested parties; and

- f. Whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

46. In connection with the above factors, the Proposal Trustee advises as follows:

- a. The Company and the Proposal Trustee have carried out the court approved SISP and made reasonable and good faith efforts to sell the Purchased Assets to persons not believed to be related to the Company or its director;
- b. The Proposal Trustee worked closely with the Company, playing a major role in the development and implementation of the SISP, as well as the negotiation of the sale contemplated by the APS;
- c. The APS is more beneficial to the creditors as compared with a liquidation through a bankruptcy or a receivership proceeding commenced by RBC should this sale not be approved;
- d. RBC, the Company's senior secured creditor, has been consulted throughout the SISP, has been provided with notice of the request for the issuance of an approval and vesting order and supports the sale to the Purchaser;
- e. The sale to the Purchaser contemplated under the APS will allow RBC to be paid out in full. The Proposal Trustee understands that the non-sale of the Personal Property and the ability for the Company to continue as a going concern were issues raised by FTEI, the largest stakeholder, after RBC's secured claim, in its motion to stay the continuation of the SISP; and
- f. The sale contemplated by the APS is reasonable in circumstances, given the marketing process undertaken before and after the NOI filing and the Real Property Appraisal.

47. In connection with the Company's compliance with Subsection 65.13(8) of the BIA, the net proceeds generated from the sale contemplated by APS and produced from general operations should be sufficient for the Company to pay such amounts. Notwithstanding, in order to ensure compliance, it is contemplated that the Reserve (as such term is later defined) to be held by the Proposal Trustee shall include a component to cover such amount, in this case for any potential remaining accrued vacation pay to a maximum of

\$2,000 per employee, to be paid under Subsection 65.13(8) of the BIA, should such amounts not be paid in the ordinary course of business by the Company.

IX. FTEI'S OPPOSITION TO SISP AND SALE APPROVAL MOTION

48. Since having been advised that BM had been retained by FTEI as its legal counsel in Canada, the Proposal Trustee, its counsel and counsel for the Company and RBC have exchanged numerous correspondence and attended several conference calls in connection the FTEI Motion, FTEI's opposition to the Company's Sale Approval Motion and the disclosure of information from both FTEI and the Company.
49. As at the time of writing this Report, completely translated Motion Materials in connection with the FTEI Motion and FTEI's opposition to the Company's Sale Approval Motion had not yet been filed with this Court. Accordingly, it is difficult for the Proposal Trustee to comment thereupon at this time.
50. Notwithstanding the above, the Proposal Trustee has the following comments in connection with the impact of the approval/non-approval of the APS on all of the stakeholders:
- a. There is a binding contract in place between the Company and the unrelated Purchaser in connection with the sale of the Purchased Assets, being the Real Property only;
 - b. Significant time and money has been expended by the Company, the Proposal Trustee and their respective counsel in connection with the SISP and APS;
 - c. The Purchaser, together with Re/Max, its real estate broker, have in good faith expended significant time and have incurred legal, appraisal and other costs in connection with submitting an offer and the negotiation of the APS, as well as leaseback agreement. The Purchaser has met all of the requirements of the APS;
 - d. The sale of the Real Property alone still allows the Company's business to continue and does not preclude future coordination with FTEI's Korean rehabilitation proceeding and the inclusion in its larger sale process;

- e. The Company's decision to pursue a leaseback arrangement, rather than pursue a sale of the Real Property on a vacant possession basis may have slightly reduced potential realizations, however, this decision preserved the opportunity for the Company's potential future coordination with FTEI's Korean rehabilitation proceeding and the inclusion in its larger sale process;
- f. RBC, who has the first priority and financial interest in the Real Property, has advised the Company and the Proposal Trustee since the NOI filing that it wishes to be repaid as soon as possible;
- g. The Proposal Trustee has been advised by RBC that the information before or to be before the Court from FTEI in connection with JC Park, compounded by the foreign insolvency proceeding in Republic of Korea, would have raised concerns for RBC and could have precipitated enforcement steps;
- h. RBC continues to retain the right to appoint a receiver to recover its indebtedness, and should that occur, significant additional costs (legal and receiver's costs) and priority claims will arise, including employee priority claims under Section 81.4 of the BIA and the Wage Earners Protection Program; and
- i. If RBC is repaid, FTEI would become the largest stakeholder and would have greatest economic interest in the Company's outcome going forward;
- j. At an update hearing on June 6, 2019 counsel for FTEI advised the Court that it is not opposing the Sale Approval Motion.

51. In the materials served by FTEI, it mentions the termination by JC Park of the intellectual property licence between JC Park and FTEI (the "**License Termination**") and that it is also being contested by FTEI. Notwithstanding, the Proposal Trustee was aware of an arrangement entered into by the Company and JC Park in March 2019 to ensure that the Company's continued use of the intellectual property, patented inventions and technology thereby allowing the Company to continue to operate the business, and not be negatively impacted by the License Termination. That said the Company has appeared to continue operate as normal, and the Proposal Trustee is not aware of any negative impact to the operations of the Canadian business as a result of the License Termination. Based on the

information that has been reviewed by the Proposal Trustee, the Company does not have any ownership interests or right in the intellectual property associated with the technology and manufacturing process used to produce the nanofibers by the Company that is being disputed.

X. RESERVE AND DISTRIBUTION TO RBC

52. As reported in paragraphs 30 and 31 of the Second Report, the Proposal Trustee had retained PV as its independent legal counsel and sought an independent legal opinion on the validity and enforceability of the RBC's security as against the Company (the "**Security Opinion**"). The Security Opinion prepared by PV confirmed, 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 was attached as Appendix "G" to the Second Report.
53. An Ontario *Land Titles Act* parcel registry search on the Real Property dated March 20, 2019 (the "Title Search") indicates that RBC has a first charge on the Real Property in the amount of \$1.267MM. A copy of the Title Search is attached hereto as **Appendix "G"**.
54. As per an Ontario *Personal Property Search Act* registry search – file currency date: March 13, 2019 (the "**PPSA Search**"), RBC is shown to be the first secured creditor over the Company's personal property, save and except for a specific charge held by VW Credit Canada Inc. over one (1) leased vehicle. A copy of the PPSA Search is attached hereto as **Appendix "H"**.
55. Based on searches in the above paragraphs, RBC would appear to have priority to the net proceeds to be realized (after real estate brokerage commissions) from the Real Property, subject to only trust claims and any applicable statutory priority claims; the Proposal Trustee is not aware of any trust claims and any applicable statutory priority claims.
56. As at June 4, 2019, the Company's indebtedness to RBC was in the amount of \$1,711,233.87, plus accrued interest and expenses, including the legal fees and disbursements of its counsel (the "**RBC Indebtedness**").

57. Following the closing of the transaction contemplated by the APS, the Company seeks the Court's approval of a distribution of any available funds to RBC, to the full extent of the RBC Indebtedness, as well as providing monies to the Proposal Trustee for:

- a. The potential amounts payable to employees under Section 65.13(8) in the amount of \$36,000; and
- b. The Proposal Trustee and its counsel's fees and disbursements of \$224,000.

(collectively, the "Reserve")

58. At the time of writing this Report, the Receiver proposes the Reserve to be set at \$260,000.

59. Based on the net proceeds contemplated to be realized from the sale of the Real Property to the Purchaser, there should be more than sufficient funds to repay the RBC Indebtedness in full and to fully withhold the Reserve.

XI. RECOMMENDATION

60. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief detailed in paragraph 13(b) of this Report.

All of which is respectfully submitted on this 6th day of June 2019.

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



Matthew E. Lem, CIRP
Licensed Insolvency Trustee

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.

Dated at Toronto, Ontario this 5th day of March 2019.

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



Matthew Lem, CIRP, LIT
Senior Vice President

Encl.

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

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

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

Take notice that:

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

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



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 Environment & Infrastructure Solutions	10-900 Maple Grove Road Cambridge ON N3H 4R7		4,400.00
Workplace Safety and Insurance Board c/o Collection Services	200 Front St W Toronto ON M5V 3J1	5521919	3,500.00
Total			7,996,214.56


FT ENE CANADA INC.
Insolvent Person

- Proposal Consent -

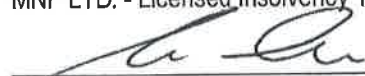
In the matter of the proposal of
FT ENE CANADA INC.
of the City of Brantford
in the Province of Ontario

To whom it may concern,

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

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

MNP LTD. - Licensed Insolvency Trustee



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



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

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

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

FT ENE CANADA INC.

Insolvent Person

MNP LTD / MNP LTÉE

Licensed Insolvency Trustee

Date of the Notice of Intention: February 27, 2019

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

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

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

Date: February 28, 2019, 10:31

E-File/Dépôt Electronique

Official Receiver

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

Canada

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:

Creditor	Estimated Amount Owed at the Filing Date
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:

	TOTALS FOR MARCH 1, 2019 to MARCH 22, 2019		
	(forecast)	(actual)	(variance)
Receipts			
Collection of A/R	411,903	460,077	48,174
SIMA Refund	-	-	-
HST Refunds	15,000	-	(15,000)
Total Receipts	<u>426,903</u>	<u>460,077</u>	<u>33,174</u>
Disbursements			
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
Total Disbursements	<u>290,706</u>	<u>233,006</u>	<u>57,700</u>
Net Operating Cash Flows	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 26th 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

Court File No. 32-2480036
Estate File No. 32-2480036

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"



Court File No. 32-2480036
Estate File No. 32-2480036

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

IN BANKRUPTCY AND INSOLVENCY

THE HONOURABLE) THURSDAY, THE 28th 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

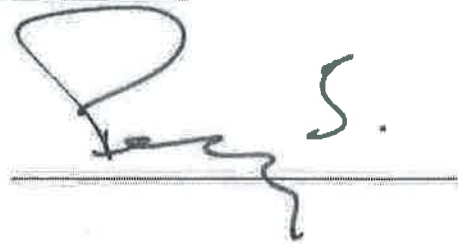
10. **THIS COURT ORDERS** that the First Report and the activities of the Trustee described therein be and are hereby approved, provided that only the Trustee, in its personal capacity and only with respect to its personal capacity, shall be entitled to rely upon or utilize in any way such approval.

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/tenecanada>



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAR 28 2019

PER / 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.

Commercial List Court File No. 32-2480036

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

Proceeding commenced at Toronto

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
Fax: (416) 594-4289
Email: ateodorescu@blaney.com

Ms. Alexandra Teodorescu (LSO #63889D)
Tel: (416) 596-4289
Fax: (416) 594-2506
Email: 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

FTNE CANADA v.

STATUS PLEASE CHECK ONE

Opposed Unopposed On Consent Opposed Adjournment Consent Adjournment Withdrawn

COUNSEL FOR:

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

TELEPHONE: 416-596-4279
FAX: 416-594-2506
EMAIL: ateodorescu@laney.com

TELEPHONE:
FAX:
EMAIL:

COUNSEL FOR:

DEFENDANT(S) ~~FTNE~~ MNP Limited
RESPONDENT(S) Proposal Trustee
Alex Tichenko

TELEPHONE:
FAX:
EMAIL:

TELEPHONE:
FAX:
EMAIL:

JUDICIAL NOTES:

I am satisfied that the proposed SVP is ~~in~~ in the interests of the shareholders.

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
Trustee is approved (Re Trust).

APPENDIX "D"

**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 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 %)	
Receipts					
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%)	▼
Total Receipts	790,092.27	1,207,730.15	417,637.88	52.86%	▲
Disbursements					
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%	▲
Total Disbursements	706,786.52	648,916.58	57,869.94	8.19%	▲
Net Operating Cash Flows	83,305.75	558,813.57	475,507.82	570.80%	▲

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 15th 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 amended¹ 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.

¹ 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 2nd 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. Lem', written in a cursive style.

Matthew E. Lem, CIRP
Licensed Insolvency Trustee

Court File No. 32-2480036
Estate File No. 32-2480036

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

SECOND 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 "E"

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN BANKRUPTCY AND INSOLVENCY



THE HONOURABLE)
The Honourable)
Mr. Justice)
Penny)

FRIDAY, THE 3rd
DAY OF MAY, 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, among other things, extending the stay of proceedings in this matter to and including June 24, 2019, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Debtor, the Second Report to the Court (“**Second Report**”) submitted by MNP Ltd., in its capacity as trustee in the proposal of the Debtor (“**Trustee**”), and on hearing the submissions of counsel for the Debtor, counsel for the Trustee, counsel for the Royal Bank of Canada, and all other counsel listed on the counsel slip, no one appearing for any other person on the service list, although duly served as appears in the affidavit of service of Ariyana Botejue, sworn May 1, 2019, 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.

EXTENSION OF STAY PERIOD

2. **THIS COURT ORDERS** that the stay of proceedings herein be and is hereby extended to and including June 24, 2019.

APPROVAL OF TRUSTEE REPORT AND ACTIVITIES

3. **THIS COURT ORDERS** that the Second 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.

4. **THIS COURT ORDERS** that the fees and disbursements of the Trustee and its legal counsel as set out in the Second Report, the Affidavit of Matthew Lem, sworn May 2, 2019, and the Affidavit of Giovanni Russo, sworn April 30, 2019, are hereby authorized and approved.

SEALING ORDER

5. **THIS COURT ORDERS** that Confidential Appendix "1" and Confidential Appendix "2" described in and attached to the Second Report are hereby sealed until further Order of this Court.

GENERAL

6. **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.

A handwritten signature in black ink, appearing to be "R. J.", is written above a horizontal line. The signature is stylized and cursive.

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

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

Commercial List Court File No. 32-2480036

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER
(Returnable May 3, 2019)

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

Fax: (416) 594-4289

Email: mabramowitz@blaney.com

Ms. Alexandra Teodorescu (LSO #63889D)

Tel: (416) 596-4289

Fax: (416) 594-2506

Email: ateodorescu@blaney.com

Counsel for FT ENE Canada Inc.

COUNSEL SLIP

COURT FILE NO BK-19-02480036-0032

DATE May 3rd 2019

NO ON LIST 4

TITLE OF
PROCEEDING

FT ENÉ Canada Inc. v. MNP Limited

COUNSEL FOR: M. Abramowitz, A. Teodorescu
PLAINTIFF(S) for FT ENÉ Canada Inc.
APPLICANT(S)
PETITIONER(S)

PHONE & FAX NOS
(T) 416-597-4887
(F) 416-594-4289
mabramowitz@blaney.com

COUNSEL FOR:
DEFENDANT(S)
RESPONDENT(S)

PHONE & FAX NOS

Alex Ichenko
For MNP Limited
Proposed Trustee

905-273-3022
ext. 203
oilchenko@
pallottvco.com

ROGER TRIPARTITE
(for RAC)


(T) 416 367-6266
(F) 416 367-6749

May 3, 2019

I am satisfied that the
extension is warranted to enable
the SISP to proceed.
RBC is not opposed but has
made it clear it is not necessarily
accepting any other process, such as

a CCA conversion.

Order to issue in the
form signed by me this
day.



A large handwritten signature, possibly 'R. J.', written in cursive.

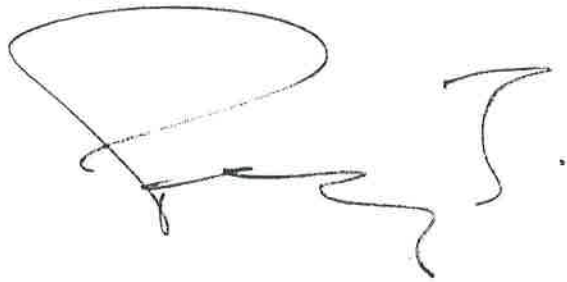
I am further satisfied

that Appendix 1 and 2
are confidential and

The sealing of these documents
is necessary to avoid a

violation of the Access to Information Act,

and the Privacy Act.



A second handwritten signature, similar to the first one, written in cursive.

APPENDIX "F"

AGREEMENT OF PURCHASE AND SALE

This AGREEMENT dated the 15th day of May, 2019.

BETWEEN:

FT EnE Canada Inc., a company incorporated in accordance with the laws of Canada

(the "Vendor")

OF THE FIRST PART

and

Edwards Protech Ltd., a company incorporated in accordance with the laws of the Province of Ontario

(the "Purchaser")

OF THE SECOND PART

WHEREAS

- (a) On February 27, 2019, the Vendor filed a Notice of Intention to Make a Proposal pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (the "BIA") and appointed MNP Ltd. as its proposal trustee (the "Trustee");
- (b) On March 28, 2019, the Vendor sought and obtained an order from the Ontario Superior Court of Justice (Commercial List) (the "Court") approving, *inter alia*, sale and investment solicitation process (the "SISP") in respect of the Vendor and its property;
- (c) In accordance with the SISP, the Purchaser has offered to buy the Purchased Assets;
- (d) Subject to the approval of the transaction contemplated in this Agreement (the "Transaction") by the Court, the Vendor agrees to sell to the Purchaser and the Purchaser agrees to purchase from the Vendor the Purchased Assets (as defined below) upon the terms and conditions contained in this Agreement.

NOW THEREFORE, in consideration of the mutual agreements contained in this Agreement, the receipt and sufficiency of which are acknowledged by each of the Vendor and the Purchaser, the Vendor and the Purchaser agree as follows:

1. DEFINITIONS

In this Agreement, unless the context clearly indicates otherwise, the following terms shall have the following meanings:





- 2 -

- (a) "Act" means, for purposes of Section 22 only, the *Excise Tax Act* (Canada);
- (b) "Agreement" means this agreement together with the attached schedules;
- (c) "Approval and Vesting Order" means an order of the Court substantially in the form attached hereto as Schedule 1(c) approving the Transaction and ordering that the Vendor's right, title and interest in the Purchased Assets be vested in the Purchaser free and clear of encumbrances, except for Permitted Encumbrances, upon satisfaction by the Purchaser of its obligations under this Agreement;
- (d) "Buildings" means the buildings situate on the Lands, including all improvements thereto and all fixtures forming a part thereof, and including all of the Vendor's rights and interests under leases entered into with tenants in the Buildings;
- (e) "Business Day" means any day other than a Saturday or a Sunday or a statutory holiday in the Province of Ontario;
- (f) "Closing" means the completion of the Transaction;
- (g) "Closing Date" shall have the meaning ascribed to it in Section 9 hereof;
- (h) "Court" means the Ontario Superior Court of Justice (Commercial List);
- (i) "Deposit" shall have the meaning ascribed to it in Section 5;
- (j) "Environmental Law" means any and all applicable international, federal, provincial, municipal or local laws, by-laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations relating to the environment, occupational health and safety, health protection or any Hazardous Materials;
- (k) "Government Authority" means any person, body, department, bureau, agency, board, tribunal, commission, branch or office of any federal, provincial or municipal governments having or claiming to have jurisdiction over part or all of the Purchased Assets, the transaction contemplated in this Agreement and/or one or both of the parties hereto;
- (l) "HST" shall have the meaning ascribed thereto in Section 22 hereof;
- (m) "Hazardous Materials" means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Government Authority and any "Contaminants", "Dangerous Substances", "Hazardous Materials", "Hazardous Substances", "Hazardous Wastes", "Industrial Wastes", "Liquid Wastes", "Pollutants" and "Toxic Substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal

DS DS DS
TAE Bl

40

legislation, regulations, orders and/or ordinances relating to environmental, health and/or safety matters and, not to limit the generality of the foregoing, includes asbestos, urea formaldehyde foam insulation and mono or poly-chlorinated biphenyl wastes;

- (n) "Indemnitees" shall have the meaning ascribed thereto in Section 15 hereof;
- (o) "Lands" means the lands and premises municipally known as 14 Sharp Road, Brantford, Ontario, as legally described in Schedule 1(o);
- (p) "Lease Agreement" means the lease agreement between the Purchaser as landlord and the Vendor as tenant, in form and substance to be agreed to by the parties acting reasonably prior to Closing which shall include the minimum lease agreement deal terms set forth in Schedule 1(p);
- (q) "Permitted Encumbrances" means those encumbrances listed in Schedule 1(p).
- (r) "Purchase Price" shall have the meaning ascribed thereto in Section 4 hereof;
- (s) "Purchased Assets" means the interests of the Vendor in the Buildings and Lands. For greater certainty, the Purchased Assets do not include any other property, assets or undertakings of the Vendor;
- (t) "Purchaser" shall have the meaning ascribed to it on page 1 above;
- (u) "Purchaser's Solicitors" means Alan Lovett, Waterous Holden Amey Hitchon LLP;
- (v) "Registry Office" shall have the meaning ascribed thereto in Section 10 hereof;
- (w) "Time of Closing" means 10:00 a.m. (Toronto time), and effective as of and from 12:01 a.m. (Toronto) on the Closing Date, or such other time on the Closing Date the parties may agree;
- (x) "Transaction" means the transaction contemplated under this Agreement;
- (y) "Trustee" has the meaning set forth in the recitals above;
- (z) "Trustee Certificate" means the certificate contemplated by the Approval and Vesting Order;
- (aa) "Vendor" shall have the meaning ascribed to it on page 1 above;
- (bb) "Vendor's Solicitors" means Blaney McMurtry LLP.

2. SCHEDULES AND EXHIBITS

The following Schedules are appended to this Agreement:

DS DS DS
T.H.E. B.L.



- Schedule 1(c) Approval and Vesting Order
- Schedule 1(o) Lands
- Schedule 1(p) Minimum Lease Agreement Deal Terms
- Schedule 1(q) Permitted Encumbrances

3. NATURE OF TRANSACTION

Subject to the provisions of this Agreement and pursuant to the Approval and Vesting Order, the Vendor will sell, assign and transfer to the Purchaser and the Purchaser will purchase from the Vendor, effective as of the Time of Closing on the Closing Date, all of the right, title and interest of the Vendor in and to the Purchased Assets.

4. PURCHASE PRICE

The aggregate purchase price (the "Purchase Price") for the Purchased Assets shall be the sum of

5. METHOD OF PAYMENT

The Purchase Price shall be paid, accounted for and satisfied as follows.

- (a) **Deposit:** A deposit equal to the amount of Fifty Thousand Dollars (\$50,000.00) (the "Deposit") (less any deposit previously paid by the Purchaser to, and held by, the Trustee, in trust, within two (2) business days of acceptance) to be deposited in the trust account of the Trustee, to be paid upon the execution of this Agreement. The Deposit will be held by the Trustee in a non-interest bearing account until completion or termination of this Agreement and then distributed or returned pursuant to Section 6; no interest shall be earned, received or paid on the Deposit.
- (b) **Balance Due at Closing:** The balance of the Purchase Price, subject to the adjustments contemplated in this Agreement, by payment at Closing to the Vendor or to the order of the Vendor.

The Deposit and the balance due on Closing shall be paid, at the option of the Vendor, by way of certified cheque, bank draft or wire drawn on or issued by a Canadian chartered bank.

The Vendor and the Purchaser acknowledge and agree that they shall each make their own allocations of the Purchase Price between the Buildings and Lands for the purposes of the *Income Tax Act* (Canada) and any filings in accordance with the provisions thereof.

DS OS DS
 [Handwritten initials/signatures in boxes]
 [Handwritten signature]

6. DEPOSIT

The Deposit shall be held in trust by the Trustee and shall be:

- (a) returned to the Purchaser without interest or deduction if the Vendor does not accept the offer represented by this Agreement as executed by the Purchaser and delivered to the Trustee;
- (b) credited to the Purchaser as an adjustment against the Purchase Price on Closing;
- (c) refunded to the Purchaser without interest or deduction if the Transaction is not completed, provided that the Purchaser is not in default under this Agreement; or,
- (d) retained by the Vendor as a genuine pre-estimate of liquidated damages and not as a penalty, in addition to any other rights and remedies that the Vendor may have under this Agreement and at law, including offering the Purchased Assets for sale to another person, if the Transaction is not completed as a result of the Purchaser's breach or default hereunder. Upon any such resale, the Purchaser shall pay to the Vendor: (i) an amount equal to the amount, if any, by which the Purchase Price under this Agreement exceeds the net purchase price received by the Vendor pursuant to such resale (net of any commissions and costs and expenses incurred to effect the completion of such resale), and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of the Transaction or occasioned by the Purchaser's failure to comply with this Agreement.

7. APPROVAL AND VESTING ORDER

Within 7 days after the Vendor's acceptance (subject to approval of the Court) of this Agreement and payment by the Purchaser of the Deposit, the Vendor will seek an appointment with the Court for a motion to seek the Approval and Vesting Order on or prior to June 10, 2019. The Vendor and the Purchaser acknowledge and agree that the above-noted term is a true condition precedent to the completion of the Transaction that cannot be waived by either party (but may be extended by mutual written agreement or by an order of the Court).

8. CLOSING ADJUSTMENTS

Adjustments shall be made, as of 12:01 a.m. on the Closing Date, for realty taxes, local improvement rates, rental payments, municipal/provincial levies and charges, water and assessment rates, and utilities. The day of Closing shall be for the account of the Purchaser.

If the final cost or amount of an item that is to be adjusted cannot be determined at Closing, then an initial adjustment for such item shall be made at Closing, such amount to be estimated by the Vendor, acting reasonably, as of the Closing Date on the basis of the best evidence available at the Closing as to what the final cost or amount of such item will be. In each case, when such cost or amount is determined, the Vendor or Purchaser, as the case may be, shall, within 30 days of determination, provide a complete statement thereof to the other and within 30 days thereafter the Vendor and Purchaser shall make a final adjustment as of the Closing Date for the item in question. In the absence of agreement by the parties, the final cost or amount of an item shall be determined

DS DS DS
TAE 51



by an accountant or such other financial professional appointed jointly by the Vendor and the Purchaser, with the cost of such accountant's or other financial professional's determination being shared equally between the parties. All re-adjustments shall be requested in a detailed manner on or before the 60th day after the Closing Date, after which time neither party shall have any right to request re-adjustment.

9. CLOSING DATE

The Closing will occur on June 21, 2019, or such other date as agreed between the Vendor and Purchaser in writing (the "Closing Date"). If, prior to the Closing, the Approval and Vesting Order (or any orders dismissing appeals thereof) shall have been appealed or a proceeding shall have been commenced to restrain or prevent the completion of the Transaction, then the Closing Date may be extended by the Vendor, in which case the Closing Date shall mean the day that is two Business Days after the date on which any such appeals and/or proceedings are dismissed.

10. ELECTRONIC REGISTRATION

- (a) In the event that the electronic registration system ("TERS") is operative in the relevant land registry office (the "Registry Office"), the following provisions shall apply:
- (i) The Purchaser shall be obliged to retain a solicitor who is both an authorized TERS user and is in good standing with the Law Society of Upper Canada to represent the Purchaser in connection with the completion of the transaction and shall authorize such solicitor to enter into a document registration agreement with the Vendor's Solicitors in the form as agreed by the parties (the "DRA"), establishing the procedures and timing for completing this transaction.
 - (ii) The delivery and exchange of the closing documents:
 - (A) shall not occur contemporaneously with the registration of the Application for Vesting Order and other registerable documentation; and
 - (B) shall be governed by the DRA, pursuant to which the Vendor's Solicitors and Purchaser's Solicitors shall hold all closing documents in escrow, and will not be entitled to release them except in strict accordance with the provisions of the DRA.
- (b) The Purchaser expressly acknowledges and agrees that the Vendor will not release the Trustee's Certificate confirming the effectiveness of the Approval and Vesting Order until the balance of funds due on Closing, in accordance with the Statement of Adjustments, are remitted by wire transfer to the Vendor's Solicitors (or in such other manner as the Vendor or Vendor's Solicitors may in writing direct).
- (c) Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the parties hereto that an effective tender shall

DS DS DS
TAE SA

mp

be deemed to have been made by the Vendor upon the Purchaser, or by the Purchaser upon the Vendor, when the Vendor's Solicitors have:

- (i) delivered all documents required to be delivered by the Vendor to the Purchaser pursuant to Section 18 hereof;
- (ii) advised the Purchaser's Solicitors in writing that the Vendor is ready, willing and able to complete the Transaction in accordance with the terms and provisions of this Agreement; and
- (iii) completed all steps required by TERS to complete the Transaction that can be performed or undertaken by the Vendor's Solicitors without the cooperation or participation of the Purchaser's Solicitors, and specifically when the "completeness signatory" for the Application for Vesting Order has been electronically "signed" by the Vendor's Solicitors,

without the necessity of personally attending upon the Purchaser or the Purchaser's Solicitors with the closing documents, and without any requirement to have an independent witness evidencing the foregoing.

- (d) Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by the Purchaser upon the Vendor, when the Purchaser's Solicitors have:

- (i) delivered the balance due at Closing and all the documents required to be delivered by the Purchaser to the Vendor pursuant to Section 19 hereof;
- (ii) advised the Vendor's Solicitors in writing that the Purchaser is ready, willing and able to complete the transaction in accordance with the terms and provisions of this Agreement; and
- (iii) completed all steps required by TERS to complete this transaction that can be performed or undertaken by the Purchaser's Solicitors without the cooperation or participation of the Vendor's Solicitors, and specifically when the "completeness signatory" for the Application for Vesting Order has been electronically "signed" by the Purchaser's Solicitors,

without the necessity of personally attending upon the Vendor or the Vendor's Solicitors with the closing documents, and without any requirement to have an independent witness evidencing the foregoing.

- (e) If through no fault of the Purchaser's Solicitors or the Vendor's Solicitors TERS is unavailable on the Closing Date, such that the Purchaser's Solicitors are unable to register the Application for Vesting Order, then the Transaction shall be completed in escrow in accordance with the terms of the DRA which shall apply until such time as TERS becomes available. Upon TERS becoming available, the Vendor's Solicitors shall advise the Purchaser's Solicitors forthwith and the parties shall

DS DS DS
T.E. Bl

mf

- 8 -

arrange to complete the registration of the Approval and Vesting Order as expeditiously as possible, whereupon the escrow shall be released.

In the event of any conflict or inconsistency between the terms of this Section 10 and the terms of the DRA, the terms of this Section 10 shall prevail.

11. PRE-CLOSING RISK

The Purchased Assets are and shall remain at the Vendor's risk until Closing and the Vendor shall hold all insurance policies and the proceeds thereunder, in trust, for the parties as their respective interests may appear pending Closing. In the event that the Purchased Assets shall be materially damaged prior to Closing, then the Vendor shall promptly notify the Purchaser in writing of such damage. If the cost of rectifying such damage exceeds Five Hundred Thousand (\$500,000) Dollars, as determined by an independent third party expert appointed by the Vendor, then the Purchaser shall be entitled, in its sole and absolute discretion, to elect to terminate this Agreement, by delivery of written notice to the Vendor within ten (10) Business Days following receipt of the Vendor's notice of damage, and in such event the parties hereto shall be released from all obligations and liabilities hereunder and the Deposit shall be returned to the Purchaser forthwith, without interest or deduction. If the Purchaser does not elect to terminate this Agreement as set out above, or if the cost of rectifying such damage does not exceed Five Hundred Thousand (\$500,000) Dollars, then the Transaction shall be completed and the Vendor shall release its interest in the insurance proceeds payable in respect thereof, if any, to the Purchaser.

12. PURCHASER'S REPRESENTATIONS AND WARRANTIES

The Purchaser represents and warrants to the Vendor that, as at the date hereof:

- (a) the Purchaser is a corporation duly incorporated, organized and validly subsisting under the laws of the Province of Ontario and has all requisite corporate power, authority and capacity to execute and deliver and to perform each of its obligations pursuant to this Agreement; neither the execution of this Agreement nor the performance (such performance shall include, without limitation, the exercise of any of the Purchaser's rights and compliance with each of the Purchaser's obligations hereunder) by the Purchaser of the Transaction will violate:
 - (i) the Purchaser's articles of incorporation and by-laws;
 - (ii) any agreement to which the Purchaser is bound;
 - (iii) any judgement or order of a court of competent authority or any Government Authority; or
 - (iv) any applicable law;

and the Purchaser has duly taken, or has caused to be taken, all requisite corporate action required to be taken by it to authorize the execution and delivery of this Agreement and the performance of each of its obligations hereunder;

DS DS DS
THE SA

4

- 9 -

- (b) this Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms;
- (c) there are no orders or proceedings pending before any Government Authority, or threatened to be brought by or before any Government Authority by or against the Purchaser, affecting the legality, validity or enforceability of this Agreement or the consummation of the transaction contemplated hereby by the Purchaser;
- (d) the Purchaser has made adequate arrangements to have sufficient funds available to satisfy its obligations to pay the Purchase Price to the Vendor on Closing; and
- (e) the Purchaser is not a "non-Canadian", as defined in the *Investment Canada Act* (Canada) ("ICA"); or (ii) if the Purchaser is a "non-Canadian", this transaction is not a reviewable transaction under the ICA.

The Purchaser shall promptly deliver to the Vendor written notice specifying the occurrence or likely occurrence of any event which may result in any of the Purchaser's representations and warranties contained in this Agreement not continuing to be true as at Closing.

13. NO REPRESENTATIONS OR WARRANTIES BY VENDOR

The Purchaser acknowledges and agrees that:

- (a) it is relying entirely upon its own searches, investigations and inspections in entering into this Agreement;
- (b) the Vendor makes no representation or warranty of any kind that the present use or future intended use by the Purchaser of the Purchased Assets are or will be lawful or permitted;
- (c) it is satisfied with the Purchased Assets and all matters and things connected therewith or in any way related thereto;
- (d) it is purchasing the Purchased Assets on an "as is, where is" and "without recourse" basis including, without limitation, outstanding work orders, deficiency notices, compliance requests, development fee, imposts, lot levies, sewer charges, zoning and building code violations and any outstanding requirements which have been or may be issued by any governmental authority having jurisdiction over the Purchased Assets;
- (e) any documentation relating to the Purchased Assets obtained from the Vendor has been prepared or collected solely for the convenience of prospective purchasers and is not warranted to be complete or accurate and is not part of this Agreement;
- (f) the Vendor shall have no liability for, or obligation with respect to, the value, state or condition of the Purchased Assets;

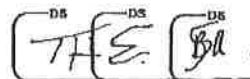
DS DS DS
TAE Bl

- 10 -

- (g) the Vendor has made no representations or warranties with respect to or in any way related to the Purchased Assets, including without limitation, the following:
- (i) the title, quality, quantity, marketability, zoning, fitness for any purpose, state, condition, encumbrances, description, present or future use, value, location or any other matter or thing whatsoever related to the Purchased Assets, either stated or implied;
 - (ii) the environmental state of the Purchased Assets, the existence, nature, kind, state or identity of any Hazardous Materials on, under, or about the Purchased Assets, the existence, state, nature, kind, identity, extent and effect of any administrative order, control order, stop order, compliance order or any other orders, proceedings or actions under the *Environmental Protection Act* (Ontario), or any other statute, regulation, rule or provision of law and the existence, state, nature, kind, identity, extent and effect of any liability to fulfill any obligation to compensate any third party for any costs incurred in connection with or damages suffered as a result of any discharge of any Hazardous Materials whether on, under or about the Purchased Assets or elsewhere;
 - (iii) the compliance of the Purchased Assets with applicable laws, by-laws or regulations including without limitation, municipal zoning by-laws and regulations; the fire codes or the building codes;
 - (iv) any easements, rights of way, instruments, documents, agreements or other registered or unregistered interest in the Purchased Assets which impacts the use, enjoyment, income or development opportunities connected with the Purchased Assets;
 - (v) that the present use or any future use of the Purchased Assets intended by the Purchaser is or will be lawful or permitted;
 - (vi) the revenue, rents or other income from the Purchased Assets; and
 - (vii) the execution, good standing, validity, binding effect or enforceability of the Permitted Encumbrances;
- (h) it will ensure that any environmental and/or structural reports prepared on behalf of the Purchaser shall also be addressed to the Vendor and a copy of each such report shall be delivered to the Vendor promptly after the completion thereof, regardless of whether the transaction contemplated by this Agreement closes.

14. ENCROACHMENTS

The Purchaser agrees that the Vendor shall not be responsible for any matters relating to encroachments on or to the Buildings or Lands, or encroachments onto adjoining lands, or to remove same, or for any matters relating to any applicable zoning regulations or by-laws in existence now or in the future affecting any of the Purchased Assets.





15. INDEMNIFICATION

The Purchaser shall indemnify and save harmless the Vendor and its directors, officers, employees, agents and representatives (collectively, the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, notices, judgments, suits, claims, demands, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Indemnitees or any of them arising out of or in connection with the operations of the Purchaser on the Buildings or Lands after the Closing Date, or any order, notice, directive, or requirement under, or breaches, violations or non-compliance with any Environmental Laws after the Closing Date, or as a result of the disposal, storage, release or spill, or threat of release or spill, on or about the Lands and/or the Building, of any Hazardous Substance after the Closing Date. The obligation of the Purchaser hereunder shall survive the Closing Date.

16. RELEASE

The Purchaser agrees to release and discharge the Vendor together with its directors, officers, employees, agents and representatives from every claim of any kind that the Purchaser may make, suffer, sustain or incur in regard to any Hazardous Substance relating to the Buildings or Lands. The Purchaser further agrees that the Purchaser will not, directly or indirectly, attempt to compel the Vendor to clean up or remove or pay for the cleanup or removal of any Hazardous Substance, remediate any condition or matter in, on, under or in the vicinity of the Buildings or Lands, or seek an abatement in the Purchase Price or damages in connection with any Hazardous Materials. This provision shall not expire with, or be terminated or extinguished by or merged in, the Closing of the Transaction and shall survive the termination of this Agreement for any reason or cause whatsoever and the closing of this transaction.

17. NON-REGISTRATION

The Purchaser hereby covenants and agrees not to register this Agreement or notice of this Agreement or a caution, certificate of pending litigation, or any other document, instrument or court order or judgement providing evidence of this Agreement against title to the Buildings or Lands. Should the Purchaser be in default of its obligations under this Section, the Vendor may (as agent and attorney of the Purchaser) cause the removal of such notice of this Agreement, caution, certificate of pending litigation or other document providing evidence of this Agreement or any assignment of this Agreement from the title to the Buildings or Lands. The Purchaser irrevocably nominates, constitutes and appoints the Vendor as its agent and attorney in fact and in law to cause the removal of such notice of this Agreement, any caution, certificate of pending litigation or any other document or instrument whatsoever from title to the Buildings or Lands. The Purchaser acknowledges and agrees that the Vendor may rely on the terms of this Section 17 as a full estoppel to any proceeding, suit, claim, motion or other action brought by the Purchaser in order to obtain and attempt to register against the title to the Buildings or Lands any of the items set out in this Section 17.

18. VENDOR'S CLOSING DELIVERIES

The Vendor covenants to execute, where applicable, and deliver the following to the Purchaser at Closing or on such other date expressly provided herein:

DS DS DS
TAE. [Signature]

[Handwritten mark]

- 12 -

- (a) the Approval and Vesting Order;
- (b) the Lease Agreement;
- (c) a statement of adjustments prepared in accordance with Section 8 hereof;
- (d) the Vendor's certificate setting out that the Vendor is not a "non-resident" of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada); and
- (e) One (1) set of master keys relating to the Purchased Assets in the Vendor's possession.

19. PURCHASER'S CLOSING DELIVERIES

The Purchaser covenants to execute, where applicable, and deliver the following to the Vendor at or prior to Closing:

- (a) **Purchaser's Certificates:** the Purchaser's certificate and indemnity setting out that each of the Purchaser's representations and warranties contained in this Agreement are true as at Closing and, if applicable, the Purchaser's certificate described in Subsection 22(b) hereof;
- (b) the Lease Agreement;
- (c) **Balance Due at Closing:** the balance of the Purchase Price described in Subsection 5(b) hereof;
- (d) **Application for Vesting Order(s):** the Purchaser's solicitor will prepare the application for vesting order in Teraview in accordance with the Purchaser's direction re title; and
- (e) **Further Documentation:** any other documentation relative to the completion of this Agreement as may reasonably be required by the Vendor or its solicitors.

20. DOCUMENTATION PREPARATION AND REGISTRATION

The Vendor shall prepare or cause to be prepared all documentation described in Sections 18 and 19 hereof and shall deliver draft documentation to the Purchaser not less than three (3) Business Days prior to Closing. Except as otherwise expressly provided in this Agreement, all such documentation shall be in form and substance satisfactory to the Vendor and the Purchaser, acting reasonably. The Purchaser shall be responsible for and pay all registration costs incurred in connection with the Transaction. Except as otherwise expressly provided in this Agreement, each of the Vendor and the Purchaser shall be responsible for and pay all legal and other professional/consultant fees and disbursements incurred by it, directly or indirectly, in connection with this Agreement.

DS DS DS
T H E . S A .

mp

21. LAND TRANSFER TAXES AND RETAIL SALES TAXES

The Purchaser shall pay all land transfer taxes (as required pursuant to the *Land Transfer Tax Act* (Ontario)) and, if applicable, all retail sales taxes (as required pursuant to the *Retail Sales Tax Act* (Ontario)) payable in connection with the transfer of the Purchased Assets pursuant to this Agreement.

Notwithstanding any other provision of this Agreement, the Purchaser acknowledges and agrees that there shall be no adjustment in favour of the Purchaser for any increase in realty taxes for the Purchased Assets resulting from changes in the assessed value of the Purchased Assets in respect of any period prior to the Closing Date. Without limiting the foregoing, the Purchaser acknowledges and agrees that, notwithstanding any other provision of this Agreement, the Vendor shall have no obligation or liability of any kind whatsoever for payment of any additional or supplementary taxes that may become payable in respect of the year of Closing and/or prior taxation years as a result of Reassessments.

The Purchaser further acknowledges and agrees that the Approval and Vesting Order to be requested by the Vendor shall provide that title to the Purchased Assets shall vest in the Purchaser subject to any potential liability for increased realty taxes (including, without limitation, any increases in taxes and/or supplementary taxes in respect of the current taxation year and taxation years prior to Closing) as a result of the Reassessments,

22. HARMONIZED SALES TAX

- (a) **Application of HST to this Agreement:** The Purchaser acknowledges and agrees that the transaction contemplated hereunder shall be subject to the goods and services tax and harmonized sales tax ("HST") levied pursuant to the Act and that HST shall be in addition to and not included in the Purchase Price and shall be collected and remitted in accordance with the Act.
- (b) **Self-Assessment:** If:
- (i) the Vendor is a non-resident of Canada or the Vendor would be a non-resident of Canada but for Subsection 132(2) of the Act; and/or
 - (ii) the Purchaser is a "prescribed recipient" under the Act and/or is registered under the Act,

then the Purchaser shall deliver, prior to Closing, its certificate in form prescribed by the Act or, if no such form is prescribed, then in form satisfactory to the Vendor and the Vendor's Solicitors, certifying that the Purchaser shall be liable for, shall self-assess and shall remit to the appropriate Government Authority all HST payable in respect of the transaction contemplated hereunder. If Subsection (b)(i) hereof shall be applicable, then the Purchaser's certificate shall also include certification of the Purchaser's prescription and/or registration, as the case may be, and the Purchaser's HST registration number. If the Purchaser shall fail to deliver its certificate, then the Purchaser shall tender to the Vendor, at Closing, in addition

DS DS DS
THE BA

ml

- 14 -

to the balance otherwise due at Closing, an amount equal to the HST that the Vendor shall be obligated to collect and remit in connection with the said transaction.

- (c) **HST Indemnity:** The Purchaser shall indemnify and save harmless the Vendor, its directors, officers, employees, agents and representatives from all claims, liabilities, penalties, interest, costs and legal and other expenses incurred, directly or indirectly, in connection with the assessment of HST payable in respect of the transaction contemplated hereunder.

23. PLANNING ACT (ONTARIO)

This Agreement shall be effective to create an interest in the Buildings or Lands for the Purchaser only if Part VI of the *Planning Act* (Ontario) is complied with prior to Closing or if a Court orders the completion of the Transaction notwithstanding what would otherwise be non-compliance with Part VI of the *Planning Act* (Ontario).

24. NOTICE

Any notice given hereunder shall be in writing and delivered or communicated by telecopier machine or e-mail to:

in the case of the Purchaser at:

RE/MAX Twin City Realty – Doucet Group
Suite 10 – 515 Park Road North
Brantford, Ontario
N3R 7K8

Attention: Ed Doucet
Email: eddoucet@remax.net

and in the case of the Vendor at:

FT EnE Canada Inc.
14 Sharp Rd
Brantford, ON N3T 5L8

Attention: Yoonjun Park
Email: yoon.park@ftene.ca

with a copy to the Trustee:

MNP Ltd.
111 Richmond Street West, Suite 300
Toronto, ON M5H 2G4

Fax: 416.596.7894
Attention: Michael Litwack

- 15 -

Email: Michael.litwack@mnp.ca

with a copy to the Vendor's Solicitors:

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

Fax: 416.593.3396
Attention: Mervyn D. Abramowitz C.S.
Email: mabramowitz@blaney.com

Such notice shall be deemed to have been delivered upon delivery or communicated upon transmission unless such notice is delivered or transmitted outside of usual business hours, in which event the notice shall be deemed to have been delivered or transmitted on the next Business Day. A party may change its address and/or telecopier machine number by providing notice in accordance with this Section 24.

25. WAIVER OF CONDITIONS

- (a) **Conditions in Favour of the Purchaser.** The Purchaser's obligations under this Agreement are conditional upon the performance of or compliance with the following terms and conditions (which are included in this Agreement for the benefit of the Purchaser and where applicable, may be waived in writing in whole or in part by the Purchaser at any time):
- (i) at the Time of Closing, no order will have been issued by a court of competent jurisdiction which remains in effect, and no action or proceeding will have been instigated which remains pending before a court of competent jurisdiction, to prevent or otherwise adversely affect the purchase and sale of the Purchased Assets or any portion thereof pursuant to this Agreement; and
 - (ii) the Vendor shall have executed and delivered all necessary agreements, instruments and documentation, and complied with all the terms, covenants and conditions of this Agreement to be performed or complied with by the Vendor to conclude the Transaction at or prior to the Time of Closing.
- (b) **Purchaser's Right to Terminate.** Provided the Purchaser has complied with its conditions contained in Section 25(b) of this Agreement, if any of the conditions contained in Section 25(a) are not performed or fulfilled at or prior to the Time of Closing to the satisfaction of the Purchaser acting reasonably or where applicable, waived by the Purchaser, the Purchaser may terminate this Agreement by notice to the Vendor and the Vendor and the Purchaser will be released from all obligations hereunder other than those obligations of the Purchaser set out in Section 6 hereof.

DS DS DS
THE BA

mf

- (c) **Conditions in Favour of the Vendor.** The Vendor's obligations under this Agreement are conditional upon the performance of or compliance with the following terms and conditions (which are included in this Agreement for the benefit of the Vendor and where applicable, may be waived in writing in whole or in part by the Vendor at any time):
- (i) the representations and warranties of the Purchaser set forth in Section 12 hereof shall be true and correct as of the Time of Closing and have the same force and effect as if made at and as of such time;
 - (ii) the Vendor obtaining the Vesting Order;
 - (iii) at the Time of Closing, no order will have been issued by a court of competent jurisdiction which remains in effect, and no action or proceeding will have been instigated which remains pending before a court of competent jurisdiction, to prevent or otherwise adversely affect the purchase and sale of the Purchased Assets or any portion thereof pursuant to this Agreement;
 - (iv) the Purchaser shall have executed and delivered all necessary agreements, instruments and documentation and complied with all the terms, covenants and conditions of this Agreement to be performed or complied with by the Purchaser to conclude the Transaction at or prior to the Time of Closing;
 - (v) no legal or regulatory action or proceeding will be pending or threatened by any Person to enjoin, restrict or prohibit the purchase and sale of the Purchased Assets contemplated hereby.
- (d) **Vendor's Right to Terminate.** If any of the conditions contained in Section 25(c)(i) or (iv) are not performed or fulfilled at or prior to the Time of Closing to the satisfaction of the Vendor or where applicable, waived by the Vendor, the Vendor may terminate this Agreement by notice to the Purchaser, and in such event the Vendor and the Purchaser will be released from all obligations hereunder other than those obligations of the Purchaser set out in Section 6 hereof. If any of the conditions contained in Sections 25(c)(ii), (iii), or (v) are not performed or fulfilled at or prior to the Time of Closing to the satisfaction of the Vendor acting reasonably or where applicable, waived by the Vendor, the Vendor may terminate this Agreement by notice to the Purchaser, and in such event the Deposit shall be returned to the Purchaser without interest, and the Vendor and the Purchaser will be released from all obligations hereunder, provided the Purchaser has complied with its conditions contained in Section 25(b) of this Agreement.

26. SEVERABILITY

If any provision contained in this Agreement or the application thereof to any person/entity or circumstance is, to any extent, invalid or unenforceable, the remainder of this Agreement and the application of such provision to persons/entities or circumstances other than those to whom/which

DS DS DS
TAE Bill

nd

it is held invalid or unenforceable, shall not be affected thereby and each provision contained in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

27. DIVISION/HEADINGS

The division of this Agreement into Sections, Subsections, Paragraphs and Subparagraphs and the insertion of headings or captions are for convenience of reference only and shall not affect the construction or interpretation of this Agreement or any part hereof.

28. ENTIRE AGREEMENT

This Agreement and the schedules attached hereto constitute the entire agreement between the Vendor and the Purchaser in respect of the Purchased Assets. Each of the parties acknowledges that, except as contained in this Agreement, there is no representation, warranty, collateral agreement or condition (whether a direct or collateral condition or an express or implied condition) which induced it to enter into this Agreement. Each of the parties agrees that all provisions of this Agreement, and all provisions of any and all documents and security delivered in connection herewith, shall not merge and except where otherwise expressly stipulated herein, shall survive the closing of the transactions contemplated by this Agreement.

29. CUMULATIVE REMEDIES

No remedy conferred upon or reserved to one or both of the parties hereto is intended to be exclusive of any other remedy, but each remedy shall be cumulative and in addition to every other remedy conferred upon or reserved hereunder, whether such remedy shall be existing or hereafter existing, and whether such remedy shall become available under common law, equity or statute.

30. INTERPRETATION

This Agreement shall be read with all changes of gender and number as required by the context.

31. REFERENCES TO STATUTES

Except as otherwise provided in this Agreement, references to any statute herein shall be deemed to be a reference to such statute and any and all regulations from time to time promulgated thereunder and to such statute and regulations as amended or re-enacted from time to time. Any reference herein to a specific section or sections, paragraph or paragraphs and/or clause or clauses of any statute or regulations promulgated thereunder shall be deemed to include a reference to any corresponding provision of future law.

32. COMMISSIONS

The Purchaser acknowledges that a total agent or brokerage fee/commissions is payable on Closing by the Vendor on the Purchase Price equal to five and one-half percent (5.0%), to be split two and one-half percent (2.5%) to the Purchaser's agent/broker, Ed Doucet - RE/MAX Twin City Realty - Doucet Group and two and one-half percent (2.5%) to the Vendor's brokerage, Colliers Macauley Nicolls Inc. ~~OR The Purchaser acknowledges that there are no agent's or broker's fees or other commissions payable by the Vendor on the Purchase Price and Purchaser-~~

Handwritten initials: JP ml

^{DS}

^{DS}

^{DS} ^{DS} ^{DS}

- 18 -
yp ml [DS] [DS] [DS]

~~agrees to indemnify and save the Vendor harmless with respect to any claims for compensation or commission by any third party or agent retained by the Purchaser.]~~

33. TIME OF ESSENCE

Time shall in all respects be of the essence hereof provided that the time for the doing or completing of any matter referred to herein may be extended or abridged by an agreement, in writing, executed by the Vendor and the Purchaser or their respective solicitors who are hereby expressly appointed for that purpose.

34. CANADIAN FUNDS

All references to dollar amounts contained in this Agreement shall be deemed to refer to Canadian funds.

35. TENDER

Any tender of notices, documents and/or monies hereunder may be made upon the Vendor or the Purchaser or their respective solicitors. Monies may be tendered by a negotiable cheque certified or bank draft or wire transfer drawn on, issued or initiated by a Canadian chartered bank.

36. FURTHER ASSURANCES

Except as otherwise expressed herein to the contrary, each party shall, without receiving additional consideration therefor, co-operate with and take such additional actions as may be requested by the other party, acting reasonably, in order to carry out the purpose and intent of this Agreement.

37. CONFIDENTIALITY

The Purchaser agrees that all information and documents supplied by the Vendor or anyone on its behalf to the Purchaser or anyone on the Purchaser's behalf (including but not limited to information in the schedules hereto) shall, unless and until Closing occurs, be received and kept by the Purchaser and anyone acting on the Purchaser's behalf on a confidential basis and, without the Vendor's prior written consent shall not be disclosed to any third party. If for any reason Closing does not occur, all such documents shall forthwith be returned intact to the Vendor and no copies or details thereof shall be retained by the Purchaser or anyone acting on its behalf. The Purchaser and Vendor further agree that unless and until the terms of this Agreement become public knowledge in connection with an application to the Court, the Purchaser shall keep such terms confidential and shall not disclose them to anyone except the Purchaser's solicitors, agents or lenders acting in connection herewith and then only on the basis that such persons also keep such terms confidential as aforesaid.

38. NON-BUSINESS DAYS

In the event that any date specified or any date contemplated in this Agreement shall fall upon a day other than a Business Day, then such date shall be deemed to be the next following Business Day.

[DS] [DS] [DS]

ml

39. GOVERNING LAWS

This Agreement has been executed in the Province of Ontario and, for all purposes, shall be construed in accordance with and governed by the laws in effect within the Province of Ontario.

40. ASSIGNMENT

No party may assign its rights or obligations under this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, the Purchaser shall have the right, until five (5) Business Days prior to the granting of the Approval and Vesting Order, upon written notice to the Vendor's Solicitors, to assign, in whole or part, its rights to acquire the Purchased Assets hereunder to any company or companies affiliated (as that term is defined in the Ontario *Business Corporations Act*) with the Purchaser, provided that such assignment shall not release the Purchaser from its obligations under this Agreement.

41. TRUSTEE'S CAPACITY

The Trustee hereby intervenes to the present Agreement solely to confirm its agreement to hold and distribute the Deposit in strict accordance with this Agreement.

42. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

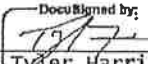
[signature page follows]

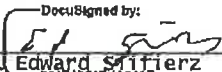
DS DS DS
T.E. Bl.

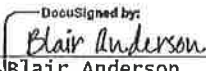


DATED as of the date first mentioned above.

EDWARDS PROTECH LTD.

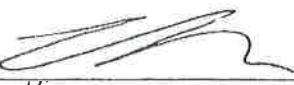
DocuSigned by:
Per: 
Name: Tyler Harris
Title: vp
I/We have authority to bind the Corporation.

DocuSigned by:
Per: 
Name: Edward Stiflerz
Title: President
I/We have authority to bind the Corporation.

DocuSigned by:
Per: 
Name: Blair Anderson
Title: VP
I/We have authority to bind the Corporation.

AGREED TO AND ACCEPTED this 17 day of May, 2019

FT ENE CANADA INC.


Per: 
Name: Yoonjun Park
Title:

I have authority to bind the corporation.

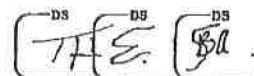
- 21 -

INTERVENTION OF:

**MNP LTD., in its capacity as proposal trustee
to Vendor and not in its personal capacity**

Per: 
Name: Matthew Lam
Title: Senior Vice President

I have authority to bind the corporation.

 DS THE DS SA

Schedule 1(c)

Approval and Vesting Order

Court File No. 32-2480036
Estate File No. 32-2480036

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

IN BANKRUPTCY AND INSOLVENCY

THE HONOURABLE)
) , THE ____
) DAY OF MAY, 2019
)

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

APPROVAL AND VESTING ORDER

THIS MOTION, made by FT EnE Canada Inc. (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Debtor and • (the "Purchaser") dated •, and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of • and the exhibits attached thereto, the • Report to the Court submitted by MNP Ltd., in its capacity as trustee in the proposal of the Debtor ("Trustee"), and on hearing the submissions of counsel for the Debtor, counsel for the Trustee, counsel for the Royal Bank of Canada, and all other counsel listed on the counsel slip, no one appearing for any other person on the service list, although duly served as appears in the affidavit of service of •, filed.

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Debtor is hereby authorized and approved, with





such minor amendments as the Debtor may deem necessary. The Debtor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of the Trustee's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto ("Trustee's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Penny dated March 28, 2019; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the appropriate Land Titles Division of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule "B" hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule "C" hereto.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets (the "Sale Proceeds") shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Trustee's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the

DS DS DS
T H E S A

mp

Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.


5. **THIS COURT ORDERS AND DIRECTS** the Trustee to file with the Court a copy of the Trustee's Certificate, forthwith after delivery thereof.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Debtor is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule "•" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

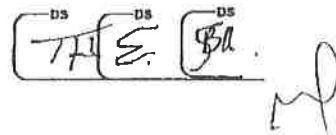
7. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

DS DS DS
TAE. SA. 

8. **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 and its 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, as may be necessary or desirable to give effect to this Order or to assist the Debtor and its agents in carrying out the terms of this Order.



Schedule A – Form of Trustee’s Certificate

Court File No. 32-2480036
Estate File No. 32-2480036

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

IN BANKRUPTCY AND INSOLVENCY

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

TRUSTEE’S CERTIFICATE

RECITALS

- A. Pursuant to the Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* filed by FT EnE Canada Inc. (the “Debtor”) on February 27, 2019, MNP Ltd. was named as the Debtor’s proposal trustee (in such capacity, the “Trustee”).
- B. Pursuant to an Order of the Honourable Mr. Justice Penny of the Ontario Superior Court of Justice (the “Court”) dated March 28, 2019, the Court approved a sale and investment solicitation process with respect to the assets and business of the Debtor.
- B. Pursuant to an Order of the Court dated •, the Court approved the agreement of purchase and sale made as of • (the “Sale Agreement”) between the Debtor and • (the “Purchaser”) and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section • of the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Trustee.
- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

DS DS DS
THS. Bl.



THE TRUSTEE CERTIFIES the following:

1. The Purchaser has paid and the Debtor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section 6 of the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Trustee.
4. This Certificate was delivered by the Trustee at _____ [TIME] on _____ [DATE].

**MNP Ltd., in its capacity as proposal trustee
for the Debtor, and not in its personal
capacity**

Per: _____

Name:

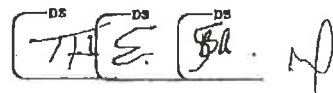
Title:

DS DS DS
TAE. [Signature]

DocuSign Envelope ID: 64BE3B61-4361-45D9-985C-CA9945FCFAAB

DocuSign Envelope ID: 8FAD4CB1-C3E1-48CE-89AB-E6E03B3C1CB4

Schedule B – Purchased Assets

Three DocuSign signature boxes are present at the bottom right of the page. The first box contains the initials 'TH', the second contains 'E.', and the third contains 'Ba.'. To the right of these boxes is a handwritten mark that looks like the letter 'M'.

DocuSign Envelope ID: 64BE3B61-4361-45D9-985C-CA9945FCFAAB

DocuSign Envelope ID: 8FAD4CB1-C3E1-48CE-89AB-E6E03B3C1CB4

Schedule C – Claims to be deleted and expunged from title to Real Property

DS DS DS
T.H.E. S. 2

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

DS DS DS
THE BA.

J

Schedule 1(o)

Lands

PIN: 32221-0432 (LT)

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-6087; County of Brant.

DS DS DS
TH E BA .

Schedule 1(p)

Minimum Lease Agreement Deal Terms

14 Sharp Road, Brantford, Ontario, N3T 5L8

1. **Premises:** Entire Premises;
2. **Term:** [REDACTED] commencing on Closing;
3. **Rent:** [REDACTED] gross / sq. ft. of rentable area consisting of Net Rent, Taxes and building insurance. (estimated area 35,000 sq. ft.). The Tenant agrees that they are responsible for all maintenance and upkeep on the building and premises;
4. **Use:** Continued industrial manufacturing use (carrying on current business of Vendor).

[DS] [DS] [DS] . N

Schedule 1(q)
Permitted Encumbrances

 TAE Ba . 

Schedule 1(r)

DS [Signature] DS [Signature] DS [Signature]

Irrevocability:

This offer shall be irrevocable by the Buyer until 2:59pm on the 21st day of May 2019, after which time, if not accepted, this offer shall be null and void and the deposit shall be returned to the Buyer in full without interest.

Assignment:

They Purchaser shall have the right prior to MNP applying through the court for a vesting order, to assign this Offer to any person, persons or corporation, either existing or to be incorporated, and upon delivery to the Vendor of notice of such assignment together with the assignee's covenant in favour of the Vendor to be bound hereby as Purchaser, the Purchaser herein before named shall not stand released from liability hereunder.

Purchaser's Condition - Financing:

This Agreement of Purchase and Sale shall be conditional until 2:59pm on the 31st day of May 2019, upon the Purchaser arranging, at the Purchaser's own expense, financing satisfactory to the Purchaser in the Purchaser's sole and absolute discretion. Unless the Purchasing gives notice in writing delivered to the Vendor personally or in accordance with any other provisions for the delivery of notice in this Agreement of Purchase and Sale or any Schedule thereto within the time period stated above that this condition is fulfilled, this Offer shall be null and void and the deposit shall be returned to the Purchaser in full without deduction. This condition is included for the sole benefit of the Purchaser and may be waived at the Purchaser's sole option by notice in writing to the Vendor personally or the Vendor's Agent within the time period stated herein.

Reliance Letter:

The Trustee will employ "best efforts" to acquire written permission prior to May 29, 2019 from the Vendor FT EnE Canada Inc. for Pinchin Environmental to provide a Reliance Letter in favour of the Purchaser and their Lender for the existing Phase 1/Phase 2 Environmental Report. Any costs for such letter shall be at the Purchaser's expense. Cost to not exceed \$1,000.00.

Permission to Access:

The Seller agrees to allow the Buyer and the Buyer's representatives access to the property for the purpose of their condition, provided that reasonable notice is given to the Seller. The Buyer agrees to indemnify and hold harmless to the Seller from and against any claims, demands, losses, costs, damages, actions, suits or proceedings which may be brought or commenced by anyone or any group as a result of the Buyer's access to the property, as well as restoring the property to its current state.

YP
rf
Upon Satisfying or waiving the Financing Condition set out above, the Purchaser shall provide a further additional deposit (which shall be subject to the same terms and conditions as the "Deposit") in the amount of \$50,000.

DS [Signature] DS [Signature] DS [Signature]

DS [Signature] DS [Signature] DS [Signature]

rf

APPENDIX "G"



Ontario ServiceOntario

LAND
REGISTRY
OFFICE #2

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 1 OF 4
PREPARED FOR HYChan14
ON 2019/03/20 AT 13:38:12

32221-0432 (LT)

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-6087; COUNTY OF BRANT.

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

OWNERS' NAMES
FT VNE CANADA INC.

RECENTLY:
DIVISION FROM 32221-0370

CAPACITY SHARE
ROWN

FIN CREATION DATE:
2003/04/25

REG. NBR.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD	
		** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2003/04/24 **					
		**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:					
		SUBSECTION 4(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES * AND ECHSAYS OR FORFEITURE TO THE CROWN.					
		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.					
		ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.					
		**DATE OF CONVERSION TO LAND TITLES: 1995/11/29 **					
2R612	1975/09/11	PLAN REFERENCE					
A177918	1975/09/24	TRANSFER		*** DELETED AGAINST THIS PROPERTY ***	THE CORPORATION OF THE TOWNSHIP OF BRANTFORD		
BC3087	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 THUMBNAI TO READ "N OF PT 3 ON 2R-3243 INSTEAD OF "N OF FT 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		

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



Ontario ServiceOntario

LAND
REGISTRY
OFFICE #2

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

32221-0432 (LT)

PAGE 2 OF 4
PREPARED FOR HYChan14
ON 2019/03/20 AT 13:38:12

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
BC43073	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	THE CORPORATION OF THE COUNTY OF BRANT	
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	\$2	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 ***	THE CORPORATION OF THE COUNTY OF BRANT	

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



Ontario ServiceOntario

LAND
REGISTRY
OFFICE #2

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 3 OF 4
PREPARED FOR HYChen14
ON 2019/03/20 AT 13:38:12

32221-0432 (LT)

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
				ROYAL BANK OF CANADA 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	
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	
BC115816	2007/06/19	POSTPONEMENT		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA	ROYAL BANK OF CANADA	
BC133474	2009/02/26	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA	ROYAL BANK OF CANADA	
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	
BC214056	2011/11/19	APL (GENERAL)		*** COMPLETELY DELETED *** THE CORPORATION OF THE COUNTY OF BRANT		
BC214207	2011/11/23	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA		
BC219177	2012/03/01	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA		
BC237381	2013/03/08	APL (GENERAL)		*** COMPLETELY DELETED *** THE CORPORATION OF THE COUNTY OF BRANT		
				REMARKS: TO DELETE BC6969		

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY; WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



Ontario ServiceOntario

LAND
REGISTRY
OFFICE #2

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 4 OF 4
PREPARED FOR HYChan14
ON 2019/03/20 AT 13:38:12

32221-0432 (LT)

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

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		
BC269208	2015/01/21	APL CH NRMW OWNER		8288364 CANADA INC.	FT ENE CANADA INC.	C
BC269209	2015/01/21	CHARGE	\$1,257,000	FT ENE CANADA INC.	ROYAL BANK OF CANADA	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

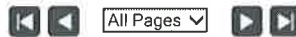
APPENDIX "H"

ServiceOntario

[Main Menu](#) [New Enquiry](#)

Enquiry Result

File Currency: 13MAR 2019



Show All Pages

Note: All pages have been returned.

Type of Search Business Debtor
 Search Conducted On FT ENE CANADA INC.
 File Currency 13MAR 2019

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
702527733	1	2	1	3	22DEC 2019	

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
702527733		01	001		20141222 1440 1530 1872	P PPSA	5

Individual Debtor Date of Birth First Given Name Initial Surname

Business Debtor Business Debtor Name Ontario Corporation Number
 FT ENE CANADA INC.
 Address City Province Postal Code
 14 SHARP ROAD BRANTFORD ON N3T 5L8

Individual Debtor Date of Birth First Given Name Initial Surname

Business Debtor Business Debtor Name Ontario Corporation Number
 Address City Province Postal Code

Secured Party Secured Party / Lien Claimant
 ROYAL BANK OF CANADA
 Address City Province Postal Code
 36 YORK MILLS ROAD, 4TH FLOOR TORONTO ON M2P 0A4

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

Motor Vehicle Description Year Make Model V.I.N.

General Collateral Description General Collateral Description

Registering Agent	Registering Agent			
	CANADIAN SECURITIES REGISTRATION SYSTEMS			
	Address	City	Province	Postal Code
	4126 NORLAND AVENUE	BURNABY	BC	V5G 3S8

END OF FAMILY

Type of Search	Business Debtor						
Search Conducted On	FT ENE CANADA INC						
File Currency	13MAR 2019						
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status
	731451861	2	2	2	3	31AUG 2021	

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
731451861		001	2		20170831 1234 1532 6470	P PPSA	04

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
Business Debtor	Business Debtor Name			Ontario Corporation Number
	FT ENE CANADA INC.			
	Address	City	Province	Postal Code
	14 SHARP RD	BRANTFORD	ON	N3T 5L8

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
	13JAN1987	YEON	J	PARK
Business Debtor	Business Debtor Name			Ontario Corporation Number
	Address	City	Province	Postal Code
	4302-65 ST MARYS ST	TORONTO	ON	M5S 0A6

Secured Party	Secured Party / Lien Claimant			
	VW CREDIT CANADA INC.			
	Address	City	Province	Postal Code
	4865 MARC-BLAIN ST., SUITE 300	ST-LAURENT	QC	H4R 3B2

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
	X		X		X	X	28312.95	29AUG2020	

Motor Vehicle Description	Year	Make	Model	V.I.N.
	2018	VOLKSWAGEN	TIGUAN HIGHLINE	3VV4B7AX2JM007564

General Collateral Description	General Collateral Description
	THE FULL DEBTOR NAME IS - YEON JIN PARK

Registering Agent	Registering Agent			
	D + H LIMITED PARTNERSHIP			
	Address	City	Province	Postal Code
	2 ROBERT SPECK PARKWAY, 15TH FLOOR	MISSISSAUGA	ON	L4J 1H8

CONTINUED

Type of Search	Business Debtor						
	FT ENE CANADA INC						

Search Conducted On

File Currency 13MAR 2019
 File Number Family of Families Page of Expiry Date Status

731451861 2 2 3 3 31AUG 2021

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
731451861		002	2		20170831 1234 1532 6470		

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
	13JAN1987	YOUNG JIN		PARK
Business Debtor	Business Debtor Name			Ontario Corporation Number
	4302-65 ST MARYS ST			
Address		City	Province	Postal Code
		TORONTO	ON	M5S 0A6

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
Business Debtor	Business Debtor Name			Ontario Corporation Number
Address		City	Province	Postal Code

Secured Party	Secured Party / Lien Claimant			
Address		City	Province	Postal Code

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description

Registering Agent	Registering Agent			
Address		City	Province	Postal Code

LAST PAGE

Note: All pages have been returned.

[BACK TO TOP](#)

◀ ◀ All Pages ▶ ▶

Show All Pages

This service is tested daily with McAfee SECURE™ to ensure the security of the transaction and information.

At ServiceOntario, we respect your right to privacy and value the trust you place in us. [Read more about ServiceOntario's Privacy Statement.](#)

ServiceOntario Contact Centre

Web Page ID: WEnqResult

System Date: 14MAR2019

Last Modified: March 14, 2019

[Privacy](#)

[Accessibility](#)

[Contact us](#)

[FAQ](#)

[Terms of Use](#)

© Queen's Printer for Ontario 2015

**IN THE MATTER OF THE PROPOSAL OF
FT ENNE 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

**THIRD REPORT OF THE PROPOSAL TRUSTEE
(MOTION RETURNABLE JUNE 7, 2019)**

PALLETT VALIO 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

Tel: (905) 273-3300

Fax: (905) 273-6920

Lawyers for MNP Limited