

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

FCMI PARENT CO.

Applicant

- and -

**GEDEX SYSTEMS INC., GEDEX AVIATION INC., BLACK BAY
MINERALS CORPORATION, GEDEX EXPLORATION INC., and
GEDEX EARTH INC.**

Respondents

**APPLICATION UNDER THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C 1985, c. C-36**

**PRE-FILING REPORT OF THE PROPOSED MONITOR
DATED AUGUST 9, 2019**

INTRODUCTION

1. Zeifman Partners Inc. ("**Zeifman**") understands that FCMI Parent Co. ("**FCMI**"), in its capacity as secured creditor of Gedex Systems Inc. ("**Gedex**"), Gedex Aviation Inc. ("**Aviation**"), Black Bay Minerals Corporation ("**Black Bay**"), Gedex Exploration Inc. ("**Exploration**") and Gedex Earth Inc. ("**Earth**") (collectively, the "**Respondents**") and as agent for certain lenders has brought an application before this Court seeking an Initial Order (the "**Proposed Initial Order**"), among other things, granting protection to the Respondents under the *Companies' Creditors Arrangements Act*, R.S.C. 1985 c. C-36, as amended ("**CCAA**") and appointing Zeifman (the "**Proposed Monitor**") as monitor over all of the assets, undertakings and properties (the "**Property**") of each of the Respondents (in such capacity, the "**Monitor**") and an order (the "**SISP Approval Order**") approving a sales and investor solicitation process ("**SISP**").

2. This report (the "**Pre-filing Report**") has been prepared by the Proposed Monitor of the Respondents prior to its appointment as Monitor, should this Court grant the Proposed Initial

Order, to provide information to this Court for its consideration in respect of the FCMI's CCAA Application. Zeifman has consented to act as Monitor in these CCAA proceedings should this Court grant the Proposed Initial Order.

3. Capitalized terms not defined in this Pre-filing Report are defined in the Affidavit of Friedman affirmed on August 9, 2019 (the "**Friedman Affidavit**") in support of the application filed by FCMI in connection with these CCAA proceedings and the Proposed Initial Order.

PURPOSE

4. The purpose of this Pre-filing Report is to provide the Court with:

- (a) Zeifman's qualifications to act as Monitor;
- (b) Certain background information on the Respondents;
- (c) FCMI decision to commence these CCAA proceedings;
- (d) An overview of the 13 week cash flow forecast (the "**Cash Flow Forecast**");
- (e) Debtor-in-possession financing ("**DIP Financing**") for the Respondents;
- (f) Select relevant matters addressed in the Proposed Initial Order; and
- (g) The proposed SISP.

TERMS OF REFERENCE

5. In preparing this Pre-filing Report and making the comments herein, the Proposed Monitor has been provided with, and has relied upon certain unaudited financial information, books, records and financial information prepared by the Respondents, financial information prepared by the Applicants, discussions with FCMI and information from other third-party sources (collectively, the "**Information**"). Except as described in this Pre-filing Report in respect of the Cash Flow Forecast;

- (a) the Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally

Accepted Assurance Standards (“GAAS”) pursuant to the *Chartered Professional Accountants Handbook* (the “CPA Handbook”) and, accordingly, the Proposed Monitor express no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

- (b) Some of the information referred to in this Pre-filing Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the CPA Handbook, has not been performed.

6. Future oriented financial information referred to in this Pre-filing Report was prepared based on FCMI’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the Projections, even if the assumptions materialize and the variations could be significant.

7. The Proposed Monitor’s understanding of factual matters express in this Pre-filing Report concerning the Respondents and their Business is based on the Information, and not independent factual determinations made by the Proposed Monitor.

8. Unless otherwise stated monetary amounts contained herein are expressed in Canadian Dollars.

ZEIFMAN’S QUALIFICATION TO ACT AS MONITOR

9. Zeifman is a trustee within the meaning of section 2(1) of the *Bankruptcy and Insolvency Act (Canada)*.

10. Zeifman does not act as auditor to any of the Respondents and is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA.

11. One of the principals of Zeifman is Allan Rutman, an experienced licensed insolvency professional. Two of Mr. Rutman’s relatives (a nephew and a niece) are small minority shareholders in Gedex, owning about 2.5% of the equity in Gedex (and less than 1% on a fully diluted basis). The Proposed Monitor does not believe this creates any conflict that would prevent Zeifman from undertaking the role of Monitor, should the Court grant the Proposed Initial Order.

12. The Proposed Monitor has retained Miller Thomson LLP to act as its independent counsel.

CERTAIN BACKGROUND INFORMATION ON THE DEBTORS

13. This Report is based on information obtained from the Friedman Affidavit and certain direct inquiries made by the Proposed Monitor to FCMI. Additional detailed background information with respect to the Respondents is set out in the Friedman Affidavit. The Proposed Monitor has not reviewed any claim, encumbrance or security that exists or that has been asserted against the Respondents.

14. The Respondents are privately owned companies that are primarily engaged in the development of technologies for use in airborne and ground based resource discovery systems. Gedex is the parent company. A copy of the Respondents' organization chart is attached as Exhibit "1" to the Friedman Affidavit.

15. Gedex was developing a high definition airborne gravity gradiometer (HD-AGG[®]) system. The aim was to discover and develop underground resources and to assist the mineral and oil and gas industries better manage their holdings. The HD-AGG[®] system in part relies on technology that Gedex operates under an exclusive license from the University of Maryland. The Respondent's technologies are the subject of a number of registered patents and is considered clean technology. The Proposed Monitor understands that the technology has as of yet to be fully completed.

16. Gedex was responsible for all corporate support services including finance, human resources, corporate development, research and development, technology development, and data processing. Exploration was responsible for all global surveying operations and is also responsible for contractual relationships of the Respondents' with aircraft operating companies. Earth was responsible for marketing, sales and client management services, including negotiating and signing client contracts. Aviation was intended to be a future aircraft operating company for the Gedex group. Black Bay was primarily focused on exploring opportunities related to the Ring of Fire in northwestern Ontario.

DECISION TO COMMENCE INSOLVENCY PROCEEDINGS

17. As at December 31, 2018, the Respondents had incurred a loss of over US\$5.2 million, an operating deficit in excess of US\$91.8 million, and a working capital deficiency of over US\$9.5 million.

18. The Respondents have been having significant financial difficulties and as a result, the Monitor understands they recently laid off all their remaining employees. The Monitor understands that all outstanding wages and vacation pay were paid to the employees and that source deductions were remitted.

19. The Respondents are indebted to FCMI in an amount of US\$10,280,464.02 (the “**Secured Debt**”). The Monitor understands that this indebtedness is secured by a Loan and Security Agreement between Gedex, Technologies, Aviation and Black Bay, which was amended multiple times including, without limitation, to include Exploration and Earth as debtor parties and to extend the maturity date to no later than April 1, 2019. In support of the Secured Debt, each of the other Respondents (other than Gedex whose grant of security in favour of FCMI is contained in the Loan and Security Agreement) provided FCMI with guarantees and general security agreements.

20. Due to the Respondents’ failure to repay the Secured Debt, on August 6, 2019 FCMI demanded repayment of the Loans and issued Notices of Intention to Enforce Security addressed to Gedex and the other Respondents pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

21. The Proposed Monitor further understands that there are arrears of rent outstanding at its premises located at 407 Matheson Road, Mississauga totalling approximately \$116,000. The landlord issued a Lease Default Notice giving Gedex until noon on Monday August 12, 2019 to cure the default failing which the Landlord would take steps to exercise remedies available to it which could include terminating the lease.

22. In addition, Gedex owes other creditors as set out in the Friedman Affidavit, including Federal Economic Development Agency for Southern Ontario (“**FedDev**”), which is owed approximately \$6.59 million.

23. The Respondents are insolvent and have no cash from operations to meet their obligations as they fall due as they have ceased operating.

24. Prior to ceasing operations, the Monitor understands that the Respondents were canvassing the market in an effort to locate potential purchasers or investors but they were not successful. FCMI understands that that the Respondents assets and in particular the HD-AGG[®] system may have significant value and could be of interest to a number of parties. There are also over US\$37 million in tax loss carry forwards that expire between 2026 and 2038 that may have value to an investor in a transaction.

25. As a result, FCMI has initiated this CCAA proceeding to preserve value in the Respondents and initiate a SISP to canvas the market to see if a transaction of some type can be implemented that will create value for the stakeholders of the Respondents. The CCAA proceedings will provide a stay of proceedings to maintain the status quo to allow for the SISP to be undertaken and will preserve critical licenses that are used in the technology of Gedex.

26. The Proposed Monitor is of the view that the Respondents need a stay of proceedings to stabilize the Business and allow the SSIP to be undertaken under the Court's supervision with a view to creating value for the Respondents' stakeholders.

OVERVIEW OF THE CASH FLOW FORECAST

27. The Monitor has worked with FCMI to prepare a cash flow forecast for the Respondents for the 13-week period from August 12, 2019 to November 9, 2019 (the "**Cash Flow Forecast**"). A copy of the Cash Flow Forecast is attached to the Friedman Affidavit, and attached as **Appendix 'A'** to this Pre-filing Report.

28. The Cash Flow Forecast is presented on a weekly basis during the period and represents the estimates of FCMI of the projected cash flow during the period. The Cash Flow Forecast has been prepared using probable and hypothetical assumptions set out in notes 1 to 9 attached to the Cash Flow Forecast (the "**Probable and Hypothetical Assumptions**" or the "**Assumptions**").

29. The Proposed Monitor has reviewed the Cash Flow Statement as to its reasonableness as required by Section 23(1) (b) of the CCAA.

30. Pursuant to this standard, the Proposed Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussion related to information supplied to it by FCMI including information it received from certain key members of management and former employees of the Respondents. Since the Probable and Hypothetical Assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposed Monitor also reviewed the support provided for the Probable and Hypothetical Assumptions and the preparation and presentation of the Cash Flow Forecast.

31. Based on the Proposed Monitor's review, nothing has come to our attention that causes it to believe, in all material respects, that:

- a) The Probable and Hypothetical Assumptions are not consistent with the purpose of the Cash Flow Forecast;
- b) As at the date of this Pre-filing Report, the Probable and Hypothetical Assumptions are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Cash Flow Forecast, given the Probable and Hypothetical Assumptions; or
- c) The Cash Flow Forecast does not reflect the Probable and Hypothetical Assumptions.

32. The Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

33. The Cash Flow Forecast projects that the Respondents have no cash at the commencement of the CCAA proceedings and that all required expenses including the cost of these CCAA Proceedings including the implementation of the SISP will be funded through DIP Financing provided by FCMI (the "**DIP Lender**").

DIP FINANCING

34. As described above, the Respondents operations have been discontinued and they have no cash resources. As a result, in order to fund necessary expenses of the Respondents during the

pendency of these CCAA proceedings to allow for the SISF to be implemented and to enhance potential sale prospects, the DIP Lender has agreed to fund the cash flow needs of the Respondents as set out in the Cash Flow Forecasts. The proposed Initial Order provides that advances would not exceed \$550,000 unless permitted by further Order of this Court.

35. The DIP Lender is prepared to advance these funds on the basis that they are secured by the same security that FCMI already has against the Respondents. In addition, the DIP Lender requires a DIP Lender's Charge on the Property to secure the advances made during these CCAA Proceedings, which would rank ahead of the Secured Advances. The DIP Lender is not seeking priority over any Person not served with the CCAA Application including the other two secured creditors of Gedex, being MBHD Holdings Ltd. and Ford Credit Canada Leasing, to the extent they have priority over the FCMI's security.

36. The Proposed Monitor is of the view that, given the Respondents' lack of liquidity, the DIP financing and the DIP Lender's Charge is required and reasonable in the circumstances.

SELECT RELEVANT MATTERS ADDRESSED IN THE PROPOSED INITIAL ORDER

Court Ordered Charges

37. The Proposed Initial Order provides for two priority charges (collectively, the "Charges") on the assets, undertakings and properties of the Respondents that rank in the following order:

- (a) First, the Administration Charge (to the maximum amount of \$150,000);
- (b) Second, the DIP Lender's Charge.

38. The Charges will not rank ahead of any Person not served with notice of the CCAA Proceedings. In addition, the Charges will not rank in priority to the two other registered secured creditors of Gedex, being MBHD Holdings Ltd. and Ford Credit Canada Leasing, to the extent that these creditors have priority over FCMI's security.

39. The Administration Charge as described in the proposed Initial Order provides for an Administration Charge in the amount of \$150,000 in favour of the Monitor, its counsel as security for the Professional fees and disbursements incurred both before and after the making of the Initial Order in respect of these CCAA proceedings. Given that this is a creditor initiated CCAA

proceedings and that the Respondents are not operating, the Administration Charge does not include counsel for the Respondents. The Proposed Monitor believes that the Administration Charge is required and reasonable under the circumstances.

40. The DIP Charge is described earlier in this Pre-filing Report. The DIP Charge ranks second to the Administration Charge. As set out above, the Proposed Monitor believes that the DIP Charge is required and reasonable under the circumstances.

Expanded Powers of the Monitor

41. Given that the Respondents have no employees and this proceeding is being commenced by the Respondents' largest secured creditor, the Proposed Initial Order provides expanded powers to the Monitor during the CCAA Proceedings as follows:

- (a) execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (b) cause the Debtors, or any one of them to exercise the rights under paragraph 13 of the Proposed Initial Order;
- (c) cause the Debtors to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the Debtors in dealing with the Property and the Business;
- (d) cause the Debtors to administer the Property and Business as the Monitor considers necessary or desirable for the purposes of completing any transaction under any Court-approved sale and investor solicitation process;
- (e) apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Monitor, in the name of the Debtor; and
- (f) meet with and direct management of the Debtors with respect to any of the foregoing including, without limitation, operational and restructuring matters.

42. In addition, the Proposed Initial Order provides that all Persons with any Property or

Records of the Respondents are to provide access and co-operation to the Monitor to allow the Monitor to gain access to the Respondents' Property and Records.

43. The Monitor is of the view that these additional powers and orders are necessary to ensure that the Respondents' Business can be protected and the SISP can be properly undertaken with the necessary information relating to the Respondents' Business all with a view to creating value for the stakeholders of the Respondents.

Creditor Notification

44. The Proposed Initial Order contemplates that the Proposed Monitor shall, without delay after the granting of the Proposed Initial Order, publish for one (1) business day in the *Globe and Mail* or the *National Post* a notice containing the information prescribed under the CCAA. Further, the Proposed Initial Order contemplates that the Proposed Monitor shall, in accordance with Section 23(1)(a) of the CCAA, within five (5) days of the date the Proposed Initial Order is made:

- (a) make the Proposed Initial Order publicly available as set out in the CCAA;
- (b) send a notice of the making of the Proposed Initial Order to creditors known to the Applicants (the "**Known Creditors**") who, based on the Applicants' books and records have a claim against the Applicants of more than CDN\$1,000 (excluding any individual employees, former employees with pension and/or retirement savings or benefits plan entitlements, and retirees and other beneficiaries who have entitlements under any pension or retirement savings plan); and
- (c) prepare a list showing the names, addresses and amounts owed by the Applicants to Known Creditors (excluding personal information of individuals).

45. The Proposed Monitor has arranged for a website at <https://www.zeifmans.ca/current-insolvency-files/gedex> (the "**Monitor's Website**"). All court documents and certain other documents will be posted on the Monitor's Website.

THE PROPOSED SISP

46. FCMI is seeking the SISP Approval Order to allow a sale and investor solicitation process to be undertaken with respect to the Respondents. The Proposed Monitor has worked with FCMI

to develop the terms of the SISP, which is attached as **Appendix 'B'** to this Pre-filing Report. Capitalized terms referred to in this section of the Pre-filing Report and not capitalized, shall have the meaning ascribed to them in the SISP Approval Order.

47. Given that the Respondents have no employees, the SISP contemplates the Debtors engaging Robert (Bob) Benia as SISP Advisor to undertake the SISP with the oversight of the Monitor.

48. Under the SISP, Bidders will have the opportunity to submit a bid to purchase, some or all of the Property or Businesses or any part thereof (a "**Sale Proposal**") or for an investment in the Businesses or any part thereof through a Plan sponsorship (a "**Plan Sponsorship Proposal**"). Sale Proposals and Plan Sponsorship Proposals may be in respect of only some of the Property or a part or parts of the Businesses, including specific divisions thereof, and any such proposal will not be precluded from consideration as an acceptable Bid or a Successful Bid.

49. The SISP contemplates that the SISP Advisor, with the assistance of the Monitor and FCMI (collectively, the "**SISP Team**") will:

- (a) compile a listing (the "**Contact List**") of prospective purchasers and investors (collectively, "**Prospective Bidders**"). The SISP Advisor will use all reasonable commercial efforts to contact all parties identified in the list as well as any additional parties that the SISP Team identifies as prospective purchasers or investors;
- (b) post a copy of the SISP Order and the SISP on the Monitor's Website;
- (c) prepare a summary of the Businesses;
- (d) determine the appropriate advertising to be directed at Prospective Bidders, which may include newspaper, trade publication, internet or other advertising directed at Prospective Bidders;
- (e) send to each Prospective Bidder a solicitation letter summarizing the acquisition and investment opportunity with respect to the Property and Businesses (the "**Teaser Letter**");
- (f) set up, under the supervision of the Monitor, an electronic data room with confidential information in respect of the Property and the Businesses (the "**Data Room**");

- (g) send to each Prospective Bidder upon request a form of Confidentiality Agreement and written acknowledgement of receipt of a copy of the SISP Approval Order (including the SISP) wherein such Prospective Bidder agrees to accept and be bound by the provisions of the SISP Approval Order (the “**Written Acknowledgement**”). The Prospective Bidders will be required, among other things, to sign a Confidentiality Agreement in order to gain access to confidential information (including access to the Data Room). For greater certainty, only Prospective Bidders who submit an executed Confidentiality Agreement, which is in form and substance acceptable to the SISP Team, shall have access to the Summary of Businesses, Data Room and other confidential information and management presentations, if available;
- (h) give access to the Data Room and coordinate the communication of information to each Prospective Bidder who has executed a Confidentiality Agreement; and
- (i) prepare the form of a template asset purchase agreement (the “**Template APA**”) to be used by Prospective Bidders to submit a Sale Proposal and post same in the Data Room.

50. Prospective Bidders will have until October 28, 2019 (the “**Bid Deadline**”) to submit a Bid under the SISP.

51. A summary of the key dates in the SISP are:

Event	Timing
The SISP Advisor to compile Contact List of Prospective Bidders and sending those parties the Teaser Letter and the Summary of Businesses.	Within 10 Business Days of issuance of the SISP Approval Order.
Information pertaining to the SISP to be posted on the Monitor’s website and any advertising determined appropriate by the SISP Advisor in newspaper(s) or other trade publications as it deems appropriate.	Within 10 Business Days of issuance of the SISP Approval Order.
Prospective Bidders expressing an interest in participating in the SISP will be required to execute the Confidentiality Agreement and Written Acknowledgement, upon which Prospective Bidders to be given access to the Data Room.	Through to no later than 5:00 p.m. (Toronto Time) on October 10, 2019.
Prospective Bidders will have until the Bid Deadline to submit a Proposal, which Proposal must be made using the Template APA and must include a Deposit.	On or before 5:00 p.m. (Toronto Time) on October 28, 2019.

Event	Timing
Following the Bid Deadline, the SISP Team will review and assess all Proposals received, if any, and determine the Successful Bid or Successful Bidders, as applicable.	As soon as reasonably practicable following the Bid Deadline.
Schedule Approval Motion with the Court.	As soon as reasonably practical following execution and delivery of a definitive agreement(s) in respect of a Successful Bid.
Close sale(s) to Successful Bidder(s).	First Business Day after Approval Motion or such other Business Day as may be agreed to by the Monitor and the Successful Bidder(s).
Return of Deposits of Bidders not selected as a Successful Bidder.	Within 10 Business Days following the closing of the Successful Bid.

52. The Monitor will also oversee the SISP and report to this Court with respect to the outcome of the SISP process. The Monitor is of the view that the SISP is designed to fully canvas the market with a view to maximizing value for the Respondents' stakeholders.

All of which is respectfully submitted this 9th day of August, 2019.

ZEFMAN PARTNERS INC.
in its capacity as the Proposed Monitor
of Gedex Systems Inc., Gedex Exploration Inc.,
Gedex Earth Inc., Gedex Aviation Inc., and
Black Bay Minerals Corp.

Per:



Allan Rutman
President

APPENDIX A
CASH FLOW FORECAST

Gedex Systems Inc
 Estimated 13 Weeks Expenditures/Cash Flow Schedule
 CCAA Filing

	Week 1 12-Aug	Week 2 19-Aug	Week 3 26-Aug	Week 4 2-Sep	Week 5 9-Sep	Week 6 16-Sep	Week 7 23-Sep	Week 8 30-Sep	Week 9 7-Oct	Week 10 14-Oct	Week 11 21-Oct	Week 12 28-Oct	Week 13 4-Nov	Total
OPENING BALANCE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RECEIPTS														
HST Refunds (Previous Months)	-	-	-	26,143	-	-	-	-	18,603	-	-	-	17,563	62,309
Total Receipts, Weekly:	-	-	-	26,143	-	-	-	-	18,603	-	-	-	17,563	62,309
DISBURSEMENTS														
Consultants, Former Employees	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	65,000
Consultants Sale Process	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	32,500
Rent			20,000					20,000				20,000		60,000
Utilities			3,000					3,000				3,000		9,000
Marketing and Sales			2,000					2,000				2,000		6,000
Hangar Rent			3,100				3,100				3,100			9,300
Hangar Utilities and Property Tax			2,000					2,000				2,000		6,000
Aircraft Insurance			2,500					2,500				2,500		7,500
Maintenance of Intellectual Property			25,000											25,000
SISP Cost			25,000											25,000
General Insurance	4,000			4,000					4,000				4,000	16,000
Professional Fees	90,000			60,000					50,000					200,000
Misc. Payments	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	19,500
HST Payments	13,390	1,833	10,920	9,490	1,430	1,430	1,833	4,420	8,190	1,430	1,833	4,420	1,690	62,309
Total Disbursements, Weekly:	122,890	15,933	94,920	88,990	12,430	12,430	15,933	38,420	77,690	12,430	15,933	38,420	21,190	567,609
Net Cumulative Inflow/(Outflow)	(122,890)	(138,823)	(233,743)	(296,590)	(509,020)	(321,450)	(337,383)	(375,803)	(434,890)	(447,320)	(463,253)	(501,673)	(505,300)	

Disclaimer:
 In preparing this cash flow projection (the "Cash Flow Forecast"), the Applicants have relied upon unaudited financial information, and the Applicants have not attempted to further verify the accuracy or completeness of such information. Since the Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the forecast period will vary from the Cash Flow Forecast even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

Overview:
 All operations have been discontinued at this time.
 The Applicant, with the assistance of the Monitor, have prepared the Cash Flow Forecast based primarily on Gedex's proposed sale and marketing plan.
 Receipts and disbursements are denominated in Canadian dollars.

- Note 1: This projection assumes that there is no cash available in any of the Company's accounts.
- Note 2: Estimated fees to be paid to a former engineer and former other employees to support sale process.
- Note 3: Represents fee estimate for managing the sale process.
- Note 4: Estimated cost related to Rent and Utilities. Rental payments assume a short term agreement with the landlord for a relocation to an alternate premises.
- Note 5: This represents expenses related to the sale and marketing of the Company's assets.
- Note 6: Represents standby costs of the aircraft owned by the Company.
- Note 7: This is the estimate of costs related to the insurance coverage to protect assets of the Company.
- Note 8: Estimated HST payments which will need to be made in each specific week.
- Note 9: The projection assumes that the Deficit will be funded from the DIP Loan provided by the Applicant.

APPENDIX B

SALE AND INVESTOR SOLICITATION PROCESS

GEDEX SYSTEMS INC., GEDEX AVIATION INC., BLACK BAY MINERALS CORPORATION, GEDEX EXPLORATION INC., and GEDEX EARTH INC.

(collectively, the “Debtors”)

Recitals

- A. On August ●, 2019, and on application by FCMI Parent Co. (“**FCMI**”), Gedex Systems Inc., Gedex Aviation Inc., Black Bay Minerals Corporation, Gedex Exploration Inc. and Gedex Earth Inc. (collectively, the “**Debtors**”) obtained protection from their creditors under the *Companies’ Creditors Arrangement Act*, (Canada) (the “**CCAA**”) pursuant to the provisions of an order (as it may be amended, restated or supplemented from time to time, the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”).
- B. Pursuant to the Initial Order, Zeifman Partners Inc. was appointed as monitor (in such capacity and not in its personal capacity, the “**Monitor**”) during the CCAA proceedings.
- C. Pursuant to an order of the Court dated August ●, 2019 (the “**SISP Approval Order**”), the Court approved a sale and investor solicitation process to be conducted in respect of the Debtors, in accordance with the procedures, terms and conditions set out herein (as such process may be amended, restated or supplemented pursuant to the terms herein, the “**SISP**”) and approved the appointment of Bob Benia to lead the SISP (in such capacity and not in his personal capacity, the “**SISP Advisor**”) with the assistance of the Monitor.
- D. The property that is available for sale pursuant to the SISP (collectively, the “**Property**”) is comprised of all property, assets and undertaking of the Debtors.
- E. Pursuant to the SISP, all Debtors and any part or thereof, are available for purchase or investment (the “**Businesses**”), as more particularly described in the Teaser Letter and Summary of Businesses (each as defined herein) that will be prepared by the SISP Advisor with the assistance of the Monitor.
- F. The SISP Approval Order, the SISP, and any other orders of the Court made in the CCAA proceedings relating to the SISP shall exclusively govern the process for soliciting and selecting bids for the sale of the Property or Businesses or investment in the Businesses. An investment in the Businesses may involve, among other things, a restructuring, recapitalization, or other form of reorganization of the business and affairs of the Businesses or any part thereof, and such investment may be consummated pursuant to a plan of compromise or arrangement (a “**Plan**”) or otherwise.
- G. Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day (a “**Business Day**” is any day, other than a Saturday or Sunday, on which banks are ordinarily open for business in Toronto, Ontario).

Conduct of the SISP

1. **SISP Team.** The SISP will be carried out by the SISP Advisor, in consultation with the Monitor and FCMI (the “**SISP Team**”). Unless otherwise provided for herein, the SISP Advisor, in consultation with the other members of the SISP Team, is fully and exclusively authorized, empowered and directed to take any and all actions and steps pursuant to the SISP.
2. **Advice and Directions.** The SISP Advisor or the Monitor may, at any time and notice to the Service List, apply to the Court for directions in connection with the implementation of the SISP.
3. **Consultation and Retention of Agents and Consultants.** At any time during the SISP, the SISP Advisor may from time to time (a) consult with the Monitor, FCMI or such other parties as the SISP Advisor considers appropriate in respect of the conduct of the SISP, (b) with the consent of the Monitor, or approval of the Court, retain such agents, consultants or brokers as they consider appropriate to assist them in the conduct of the SISP. Consent shall not be required for expenses the SISP Advisor incurs which are consistent with the cash flow projections submitted in support of the application for the Initial Order.
4. The SISP Advisor shall be primarily responsible to contacting Prospective Bidders, communicating with Prospective Bidders and Bidders and negotiating with Bidders as the case may be. This shall include, without limitation, facilitating the delivery of all communications, contacting Prospective Bidders and providing them with the Teaser Letter and the Summary of Businesses and coordinating the execution of the Confidentiality Agreements by Prospective Bidders, managing the process of answering all reasonable inquiries from Prospective Bidders and Bidders and arranging for visits, when applicable, by Prospective Bidders and Bidders (each term as defined herein).
5. The SISP Team shall review and consider Bids (as defined herein).

Sale and Investment Opportunities

6. **Opportunity to Submit a Bid.** Bidders will have the opportunity to submit a bid to purchase, some or all of the Property or Businesses or any part thereof (a “**Sale Proposal**”) or for an investment in the Businesses or any part thereof through a Plan sponsorship (a “**Plan Sponsorship Proposal**”). Sale Proposals and Plan Sponsorship Proposals may be in respect of only some of the Property or a part or parts of the Businesses, including specific divisions thereof, and any such proposal will not be precluded from consideration as an acceptable Bid or a Successful Bid.

“As is, Where Is”

7. **“As is, Where is” Basis.** Any Sale Proposal or Plan Sponsorship Proposal (either being a “**Proposal**”) shall be made on an “as is, where is” basis, without surviving representations or warranties of any kind or nature.
8. **No Representations or Warranties.** The SISP Team and the Debtors are not responsible for, and will have no liability with respect to, any information obtained by any Prospective Bidder, Bidder,

or Successful Bidder in connection with the Businesses. The SISP Team and the Debtors and their advisors, if applicable, do not make any representations or warranties whatsoever as to the information or the materials provided through the due diligence process or otherwise made available to any Prospective Bidder, Bidder, or Successful Bidder, including any information contained in the Teaser Letter, Summary of Businesses or Data Room.

Solicitation of Interest

9. Solicitation Materials. The SISP Advisor, with the assistance of the SISP Team, has or will:
- (a) compile a listing (the “**Contact List**”) of prospective purchasers and investors (collectively, “**Prospective Bidders**”). The SISP Advisor will use all reasonable commercial efforts to contact all parties identified in the list as well as any additional parties that the SISP Team identifies as prospective purchasers or investors;
 - (b) post of a copy of the Initial Order and SISP Order and this SISP on the Monitor’s website;
 - (c) prepare the Summary of Businesses;
 - (d) determine the appropriate advertising to be directed at Prospective Bidders, which may include newspaper, trade publication, internet or other advertising directed at Prospective Bidders;
 - (e) send to each Prospective Bidder a solicitation letter summarizing the acquisition and investment opportunity with respect to the Property and Businesses (the “**Teaser Letter**”);
 - (f) set up, under the supervision of the Monitor, an electronic data room with confidential information in respect of the Property and the Businesses (the “**Data Room**”);
 - (g) send to each Prospective Bidder upon request a form of Confidentiality Agreement and written acknowledgement of receipt of a copy of the SISP Approval Order (including the SISP) wherein such Prospective Bidder agrees to accept and be bound by the provisions of the SISP Approval Order (the “**Written Acknowledgement**”). The Prospective Bidders will be required, among other things, to sign a Confidentiality Agreement in order to gain access to confidential information (including access to the Data Room). For greater certainty, only Prospective Bidders who submit an executed Confidentiality Agreement, which is in form and substance acceptable to the SISP Team, shall have access to the Summary of Businesses, Data Room and other confidential information and management presentations, if available;
 - (h) give access to the Data Room and coordinate the communication of information to each Prospective Bidder who has executed a Confidentiality Agreement; and
 - (i) prepare the form of a template asset purchase agreement (the “**Template APA**”) to be used by Prospective Bidders to submit a Sale Proposal and post same in the Data Room.

10. Restrictions on Access to Confidential Information. The SISP Team reserves the right to limit any Prospective Bidder's or Bidder's access to any confidential information (including any information in the Data Room) and to customers and suppliers of the Debtors, where, in the SISP Team's discretion, such access could negatively impact the SISP, the ability to maintain the confidentiality of the confidential information, the Businesses or the value of the Property. Requests for additional information are to be made to the SISP Advisor.

Submission of Bids

11. Bid Deadline. Unless otherwise provided for herein, ordered by the Court or agreed to by the SISP Team, in order to participate in the SISP and be considered for qualification as a Bidder, a Bidder must deliver to the SISP Advisor so as to be received not later than 5:00 p.m. (Toronto time) on October 28, 2019 (the "**Bid Deadline**"), the following:
- (a) an executed Confidentiality Agreement and Written Acknowledgment (to the extent these documents have not already been provided);
 - (b) a bid (a "**Bid**") which specifies whether the Bidder is submitting a Sale Proposal or Plan Sponsorship Proposal (each, a "**Proposal**") and which complies with the requirements of paragraph 12 and 13 below, as applicable; and
 - (c) a letter setting forth the identity of the Bidder, the contact information for such Bidder and for any business, financial or legal advisors retained or to be retained by it in connection with the contemplated transaction, and full disclosure of the direct and indirect owners of the Bidder and its principals.

Requirements for Bid

12. Requirements for Bids. A Bid will be considered only if it (i) is submitted by a Bidder on or before the applicable Bid Deadline, and (ii) complies with the following requirements:
- (a) In the case of Sale Proposals, the Bid must include:
 - (i) a binding asset purchase agreement together with a mark up outlining highlighting all proposed changes from the Template APA pertaining to the Sale Proposal;
 - (ii) a detailed listing and description of the Property to be included in the Sale Proposal or a detailed listing of the Property to be excluded from the Sale Proposal;
 - (iii) the proposed purchase price for such Sale Proposal, the proposed allocation of purchase price among the applicable Property and/or Businesses and an explanation of what contingencies and variables may influence the final purchase;
 - (iv) a list of the key material contracts and leases, if any, the Bidder wishes to acquire and the Bidder's proposed treatment of any related "cure costs";

- (b) In the case of a Plan Sponsorship Proposal, the Bid must include:
 - (i) a description of the structure of Plan sponsorship transaction, including which Businesses will be the target of such transaction;
 - (ii) a description of the type and amount of consideration, including equity, if any, to be allocated to secured creditors, unsecured creditors and shareholders of each of the applicable Debtors;
 - (iii) the structure and financing of the transaction, including a sources and uses analysis;
- (c) in the case of all Proposals, the Bid must include:
 - (i) an acknowledgment that the Bid is made on an “as is, where is” basis;
 - (ii) the proposed treatment of the Debtors’ stakeholders, including lenders, employees, trade creditors and clients;
 - (iii) any anticipated regulatory and other approvals required to close the proposed transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;
 - (iv) the proposed target closing date and a timeline to closing with critical milestones;
 - (v) any other terms and conditions which the Bidder believes are material to the transaction; and

13. A Bid will not be considered unless:

- (a) it fully discloses the identity of each person or entity that will be sponsoring or participating in the Proposal, including the identification of the Bidder’s direct and indirect owners and their principals, and the complete terms of such participation;
- (b) it contains evidence of authorization and approval from the Bidder’s board of directors, investment committee, credit committee or comparable governing body, as applicable, with respect to the submission, execution, delivery and closing of the transaction contemplated by the Proposal;
- (c) it includes a letter confirming that the Proposal is a binding offer capable of acceptance by the SISP Team, irrevocable and open for acceptance until at least 11:59 p.m. (Toronto Time) on the Business Day after the closing of a Successful Bid relating to the same Property and/or Businesses that is/are subject to the Proposal;
- (d) it includes a cash deposit in an amount equal to ● percent (●%) of the purchase price or investment contemplated therein, as the case may be, payable by wire transfer of immediately available funds (to a bank account specified by the Monitor) payable to the

order of the Monitor, in trust, which will be dealt with in accordance with paragraphs 26 to 28, or such other form of deposit or amount as is acceptable to the applicable the SISP Team (each, a “**Deposit**”);

- (e) it includes either written evidence of a firm, irrevocable commitment for all required funding and/or financing from a credit worthy bank or financial institution, or other evidence of financial ability to close the transaction satisfactory to the SISP Team, that will allow the SISP Team to make a reasonable determination as to the Bidder’s (and its direct and indirect owners’) financial and other capabilities to consummate the transaction contemplated by the Proposal;
 - (f) it includes the anticipated time frame and any anticipated impediments for obtaining any regulatory or other approvals indicated in the purchase agreement as conditions to closing;
 - (g) it does not request or entitle the Bidder to any break-fee, termination fee, expense reimbursement or other type of compensation or payment; and
 - (h) it contains such other information reasonably requested by the SISP Team.
14. Portion Bids. For greater certainty, Proposals may be in respect of only a part or parts of the Property or Businesses and such proposal shall constitute a Bid if it satisfies the requirements in paragraph 12 and 13 hereof, in respect of any Property or Businesses subject to such Proposal, and in such case, such bidder shall constitute a Bidder.

Assessment of Bids

15. Review of Bids. Promptly following the Bid Deadline, the SISP Team will review and assess the Bids and in making such assessment will consider, among other things, the following (the “**Bid Criteria**”):
- (a) In the case of a Sale Proposal,
 - (i) the purchase price and net value (including all assumed liabilities and other obligations to be performed by the Bidder) provided by such Bid and the proposed allocation of the purchase price among the applicable Property and Businesses;
 - (ii) the firm, irrevocable commitment for financing the transaction or other evidence of financial ability to consummate the Sale Proposal;
 - (iii) the assets included in or excluded from the Sale Proposal and the transaction costs and risks associated with closing multiple transactions versus a single sale transaction for all or substantially all of the applicable Property or Businesses or any part thereof;
 - (b) In the case of a Plan Sponsorship Proposal

- (i) the type and amount of consideration, including equity, if any, to be allocated to secured creditors, unsecured creditors and shareholders of each of the applicable Debtors and the planned treatment of such persons under the proposed Plan Sponsorship Proposal;
 - (ii) the cost, risks and timing associated with obtaining the approval of the requisite majority of creditors and approval of the Court in respect of the Plan; and
 - (c) the planned treatment of the Debtors' stakeholders, including lenders, employees, trade creditors and clients; and
 - (d) other factors affecting the speed, certainty and value of the Proposal (including any regulatory approvals and other conditions required to close the Sale Proposal by the applicable closing date), including the likelihood of closing the Sale Proposal on or before the applicable closing date.
16. Clarifications, Extensions and Waivers of Bids. For greater certainty, the SISP Team shall be entitled either prior to or following the applicable Bid Deadline, to seek to clarify the terms of a Bid and may accept a revised, clarified Bid, provided that the initial Bid was received prior to the applicable Bid Deadline. The SISP Team, in its sole discretion acting reasonably may grant extensions to the Bid Deadline with respect to any Property or Businesses and in such a case, the Monitor shall post the extended Bid Deadline on the Monitor's website and in the Data Room. The Debtors shall comply with any other extensions of the Bid Deadline as may be granted by the SISP Team or as may be ordered by the Court. The SISP Team may waive compliance with any one or more of the requirements specified in paragraphs 12 and 13 and deem any non-compliant bid to be a Bid.
17. Identification of Suitable Bids. The SISP Team shall apply the Bid Criteria and consider each Bid upon its submission and determine whether it will be in the best interests of the Debtors and FCMI to pursue a transaction on the terms set out in the applicable Bid. This determination by the SISP Team will be made as promptly as practicable after the applicable Bid Deadline and any clarifications that may be sought by the SISP Team pursuant to paragraph 16.
18. Floor Price: After the Bid Deadline, in the event that the SISP Advisor, in consultation with the Monitor and FCMI, determines that neither (i) a Bid; or (ii) a combination of non-overlapping Bids is received would permit the repayment in full of (i) FCMI's secured claim against the Debtors; and (ii) all applicable prior ranking secured claims, FCMI shall be entitled but not required to submit a bid, up to the maximum amount of its secured claim, to purchase all or part of the Property and/or the Businesses by way of a credit bid transaction, which addresses all applicable prior ranking secured claims in a manner satisfactory to such prior ranking secured creditors, if any.
19. Advice and Directions if no Suitable Bids. If at any point before or after the applicable Bid Deadline, the SISP Team determines that there are or will be no Bids with respect to a particular Business, or that it is appropriate to reject all Bids received because none are in the best interests of the Debtors' stakeholders or that it will not be in their best interests to continue with the SISP

with respect to the Businesses, the Monitor shall as soon as reasonably practicable file a motion with the Court on notice to the Service List to seek advice and directions with respect to the modification, suspension or termination of the SISP.

20. Selection of Bid. Subject to paragraph 18, if any Bid that is in the best interests of the Debtors' stakeholders, the SISP Advisor, with consent of the Monitor and FCMI, may elect to accept any such Bid (in which case, such Bid shall be a "**Successful Bid**" and the Bidder making the Successful Bid shall be a "**Successful Bidder**") and take such steps as are necessary to finalize and complete an agreement for the Successful Bid with the Successful Bidder. For greater certainty, the SISP Team may accept a combination of non-overlapping Bids to create one "**Successful Bid**" and in such case, each of the applicable Bidders will become "**Successful Bidders**".
21. Discretion of the SISP Team. Subject to paragraph 18, the SISP Team may at any time, (a) reject any bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the CCAA, the SISP or any orders of the Court applicable to the Debtors, or (iii) contrary to the best interests of the Debtors stakeholders; (b) in accordance with the terms hereof, accept bids not in conformity with the SISP in the event the SISP Team determines, in their reasonable business judgment, that doing so would benefit the Debtors' stakeholders; (c) in accordance with the terms hereof, extend the Bid Deadline; (d) reject all bids; and/or (e) terminate the SISP, before or after the Bid Deadline. For greater certainty, the SISP Team shall be under no obligation to accept the highest or best offer and the selection of the Successful Bid shall be entirely in the discretion of the SISP Team.

Approval Motion

22. Application to Court. After a definitive agreement(s) in respect of a Successful Bid has been finalized in accordance with the SISP, if such Successful Bid relates to the Business of one or more Debtors, the Monitor shall apply to the Court as soon as reasonably practicable for an order approving such Successful Bid and authorizing the SISP Advisor, on behalf of the applicable Debtors, to enter into any and all necessary agreements with respect to such Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to such Successful Bid, including for the approval of any Plan(s) pursuant to the CCAA, as applicable (an "**Approval Motion**").
23. Scheduling of Approval Motion. An Approval Motion will be held on a date to be scheduled by the Court and to be heard as soon as possible. The SISP Team reserves its right, as may be necessary or appropriate, to seek to proceed on an expedited basis and abridge any notice period provided for in the Initial Order and SISP Order. An Approval Motion may be adjourned or rescheduled by the Monitor by an announcement of the adjourned date at an Approval Motion or by notice to the Service List and no further notice shall be required.
24. Deemed Rejection. All Bids (other than the Successful Bid(s)) will be deemed rejected at 11:59 p.m. (Toronto Time) on the Business Day after the closing of a Successful Bid relating to the same Property and/or Businesses.

25. Statutory Approvals. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid.

Treatment of Deposit

26. Application of Deposit. If there is a Successful Bid, the Deposit (plus accrued interest) paid by a Successful Bidder whose bid is approved by the Court will be released by the Monitor and applied to the purchase price to be paid, or investment to be made, by such Successful Bidder upon closing of the approved transaction or as otherwise set out in the definitive agreement.
27. Return of Deposits. The Deposits of Bidders not selected as a Successful Bidder, will be returned to such Bidders within ten (10) Business Days of the date of closing of the Successful Bid. If there is no Successful Bid with respect to a Business, subject to the following paragraph 28, all Deposits with respect to such Business will be returned to all Bidders with respect to that Business, within ten (10) Business Days of the date on which the SISP with respect to that Business is terminated in accordance with the SISP.
28. Forfeit of Deposit. If (i) a Successful Bidder breaches any of its obligations under the terms of the SISP or any definitive transaction documentation; (ii) a Bidder fails to complete the transaction contemplated by its Bid if required by the SISP Team to complete such transaction; or (iii) a Bidder fails to provide proof of its ability to complete the transaction to the SISP Advisor (other than with respect to conditions specifically provided in its Bid), within five (5) Business Days of a request to that effect from the SISP Advisor, then, in each case, such Bidder's Deposit will be forfeited to the Debtors as liquidated damages and not as a penalty. The Debtors shall apply and use their share of any forfeited Deposit in a manner agreed upon by the SISP Team, or subject to further order of the Court.

Reservation of Rights and Conduct of the SISP

29. No Binding Agreement. The SISP does not, and will not be interpreted to, create any contractual or other legal relationship between any party to the SISP Team and any Prospective Bidder or Bidder, other than as specifically set forth in a definitive agreement that any such Bidder may enter into with the applicable Debtors.
30. Extension of Time Limits. The Monitor may from time to time extend any of the time limits set out in the SISP, as it determines appropriate, for a period of up to ten (10) days, provided that the Bid Deadline shall not be extended by more than fourteen (14) days without FCMI's consent, or further order of the Court.

No Amendment

31. Amendments to SISP. Except as otherwise set out herein, there will be no amendments to the SISP without the approval of the Court on notice to the Service List, subject to such non-material amendments as may be agreed to by the SISP Team.

32. Consent to Jurisdiction of the Court. Each Bidder, upon being declared as such under the SISP, shall be deemed to have irrevocably and unconditionally attorned and submitted to the jurisdiction of the Court in respect of any action, proceeding or dispute in relation to the conduct or any aspect of the SISP.

FCMI PARENT CO.

Applicant

- and -

GEDEX SYSTEMS INC., GEDEX AVIATION INC., BLACK BAY MINERALS CORPORATION, GEDEX EXPLORATION INC., and GEDEX EARTH INC.

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding commenced at Toronto

**PRE-FILING REPORT OF THE
PROPOSED MONITOR**

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