Court File No.: CV-19-625224-00CL

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

FIRST REPORT OF THE MONITOR DATED AUGUST 28, 2019

INTRODUCTION

1. On August 12, 2019, on application by 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 "**Debtors**"), the Ontario Superior Court of Justice (Commercial List) (the "**Court**") made an Order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**"), among other things:

(a) declaring that the Debtors are debtor companies to which the CCAA applies and commencing these CCAA proceedings;

(b) granting a stay of proceedings until September 11, 2019 (the "**Stay Period**"); and

(c) appointing Zeifman Partners Inc. as monitor of all of the assets, undertakings and properties (the "**Property**") of the Debtors (in such capacity, the "**Monitor**"), with enhanced powers as set out in the Initial Order.

2. A copy of the Initial Order is attached as Exhibit "A" to the Affidavit of Yakov Z. Friedman affirmed August 27, 2019 (the "**Yakov Affidavit**").

3. On the same date, the Court also granted an Order (the "**SISP Approval Order**") approving a sales and investor solicitation process (the "**SISP**"). A copy of the SISP Approval Order is attached as Exhibit "B" to the Yakov Affidavit.

PURPOSE

4. The purpose of this first report of the Monitor (the "**First Report**") is to provide information to the Court in connection with the following:

(a) certain background about the Debtors;

(b) the activities of the Monitor since the date of the Initial Order;

(c) certain amendments to the Lease (as defined below) in respect of the Premises (as defined below) agreed upon by the Debtors and the Landlord (as defined below);

(d) an update on the SISP;

(e) the actual receipts and disbursements of the Debtors during the initial Stay Period as well as any material variances between the actual receipts and disbursements and the initial cash flow forecast (the "**Initial Cash Flow Forecast**") that was appended as Appendix "A" to the Pre-Filing Report of the Monitor dated August 9, 2019 (the "**Pre-Filing Report**");

(f) the Debtors' cash flow forecast for the proposed extension of the Stay Period (the "**Cash Flow Forecast**") including a comparative analysis to the Initial Cash Flow Forecast;

(g) the Monitor's recommendation with respect to the motion before this Court for an extension of the Stay Period through and until December 10, 2019; and

(h) Update on DIP loan and the Monitor's recommendation on the request for an Order increasing the maximum availability to $1,000,000.

TERMS OF REFERENCE

5. In preparing this First Report and making the comments herein, the Monitor has been provided with, and has relied upon certain unaudited financial information, books, records and financial information prepared by the Debtors, information from Bob Benia, an FCMI contractor who had been working with the Debtors prior to the filing date and information from other third-party sources (collectively, the "**Information**"). Except as described in this First Report in respect of the Revised Cash Flow Forecast (as defined below);

(a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the 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 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 First 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 First Report was prepared based on the SISP Advisor'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 Monitor's understanding of factual matters express in this First Report concerning the Debtors and their Business is based on the Information, and not independent factual determinations made by the Monitor.

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

BACKGROUND ON DEBTORS

9. The Debtors 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.

10. 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.

11. 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 Debtors' 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.

ACTIVITIES OF THE MONITOR

12. Since the date of the Initial Order, the Monitor has conducted the following activities:

(a) participated in regular conference calls among the Debtors, FCMI and their respective advisors;

(b) sent notice of the commencement of the CCAA proceedings and the means by which to obtain a copy of the Initial Order to known creditors in accordance with Section 23 of the CCAA and the Initial Order. The amended notice to creditors was mailed to the known creditors of the Debtors as shown in the Debtors' books and records. A copy of the amended notice to creditors is attached hereto as Appendix "**A**":

(c) prepared a newspaper advertisement in respect of these CCAA proceedings, which was published in the Financial Post section of the *National Post* on August 20, 2019 and August 27, 2019, in accordance with the Initial Order. A copy of the advertisements are attached hereto as Appendix "**B**";

(d) established the Monitor's website <https://www.zeifmans.ca/current-insolvency-files/gedex> (the "**Monitor's Website**") and uploaded materials as required by the CCAA and the Initial Order;

(e) attended to filing the prescribed forms with respect to the commencement of this CCAA proceeding as required by the Regulations promulgated under the CCAA;

(f) in addition to notifying creditors, the Monitor has advised and assisted the Debtors on a number of matters since date of the Initial Order, including with:

    (i) negotiations in respect of the leased Premises located at 403-407 Matheson Road East, as further described below;

    (ii) responding to creditor calls and other stakeholder inquiries; and

    (iii) responding to former employee calls and issues in respect of government filings.

(g) as part of the SISP Team (as defined below), the preparation of the Debtors' teaser letter, the list of prospective purchasers, the forms of agreements required for the

SISP (confidentiality agreement, written acknowledgment and agreement of purchase and sale), the data room and other matters as necessary or required in the establishment of the SISP;

(h) reviewed the actual receipts and disbursements for the period August 9, 2019 to August 26, 2019 and considered any material variances against the Initial Cash Flow Forecast (as defined below);

(i) assisted the Debtors with the preparation of the Revised Cash Flow Forecast; and

(j) prepared this First Report.

LEASED PREMISES

13. The Debtors operated out of certain leased premises located at 403-407 Matheson Boulevard East, Mississauga ON (the "**Premises**", and the lease agreement for the Premises being the "**Lease**").

14. The Landlord for the Premises is Matheson Woods Limited Partnership ("**Landlord**"). The Landlord was owed approximately $115,000 prior to the commencement of these CCAA proceedings.

15. Following the Initial Order, the Debtors, with the assistance of the Monitor and FCMI, engaged with the Landlord to renegotiate the Lease.

16. Gedex and its advisors have been negotiating with the Landlord in respect of the Lease. Gedex had intended to relocate to a smaller space within the Premises. Originally, the Premises was two (2) units that were consolidated by partially removing the partition wall separating the

units. After consideration of the cost of relocating to a smaller space and the potential damage to the technology, the Debtors determined to focus their negotiating efforts on maintaining the same leased space at a reduced rental cost for the time period required by the Debtors during these CCAA proceedings.

17. The Landlord and the Debtors are finalizing the terms of an amending agreement in respect of the lease for the Premises (the "**Amended Lease**") entailing the payment of $25,000 (reduced from $38,000) for the Premises for the period through December 31, 2019. After that time, Gedex, based on the outcome of the SISP, will either revert to the original $38,000 per month occupancy cost, negotiate a reduced sum for continued occupancy or vacate the Premises by disclaiming the Amended Lease pursuant to Section 32 of the CCAA.

UPDATE ON SISP

18. The SISP Approval Order authorized the commencement of the SISP. Copies of the SISP Approval Order and all other documents in respect of the SISP can be found on the Monitor's Website.

19. Bob Benia (the "**SISP Advisor**"), with the assistance and oversight of the Monitor, FCMI and Rudi Fronk (collectively, the "**SISP Team**"), administers the SISP.

20. In accordance with the proposed timeline attached at Schedule "B" to the SISP procedures approved pursuant to the SISP Approval Order, the SISP Team anticipated taking ten (10) business days to:

(a) develop a contact list of prospective bidders and send those parties the teaser letter and business summary;

(b) post information about the SISP on the Monitor's Website; and

(c) determine any appropriate advertising in newspapers or other trade publications as the SISP Team deems appropriate.

21. Since the date of the SISP Approval Order, the SISP Team has conducted the following activities:

(a) compiled a contact list of thirty-six (36) prospective purchasers and/or investors ("**Prospective Bidders**"). The SISP Advisor is in the process of contacting those parties by way of emails and telephone calls;

(b) prepared a short-form and long-form teaser letter for Prospective Bidders (the "**Teaser Letters**"). Copies of the Teaser Letters are attached hereto as Appendix "**C**" and have been posted to the Monitor's Website;

(c) sent each Prospective Bidder the Teaser Letter;

(d) placed advertisements on two relevant websites: (i) the Society of Exploration Geophysicists, which the Monitor understands has a membership of 56,000, and (ii) the American Association of Petroleum Geologists, which the Monitor understands has a membership of 60,000. In addition, the Sale Advisor has arranged for Ken Witherly, who is a Geophysicist "influencer",[1] to post the information about the SISP on his blog

[1] An "influencer" is an individual who, either on social media or a blog, has a following of users that frequently read or otherwise engage with the content located on the influencer's blog.

<http://www.condorconsult.com/index.html>, which is a forum for industry Geophysicists;

(e) established a data room;

(f) Gedex has revamped its website <www.gedex.com> to provide for opportunities for interested parties to read selective information about the SISP as well as to provide contact information;

(g) Gedex has retained the services of Gedex's former Vice-President of Sales, who has developed a large contact base of interested parties that may wish to participate in the SISP. Gedex has also determined that additional former employees needed to be retained, either on a per diem or full -time basis, to provide continuity, technical knowledge and know-how for Gedex during the SISP. The employees retained include Gedex's former Vice President of Ventures and Business Development, former Chief Operating Officer and former Chief Geophysicist, as well as a senior control systems engineer who worked directly on Gedex's technology and certain accounting personnel;

(h) prepared a form of confidentiality agreement and written acknowledgement, which has been approved by the Monitor and the Monitor's counsel, that is required to be executed by Prospective Bidders wishing to participate in the SISP and access the data room; and

(i) developing a template agreement of purchase and sale;

22. Key milestones with respect to the SISP are as follows:

(a) Prospective Bidders wishing to participate in the SISP must execute the confidentiality agreement and written acknowledgment by October 10, 2019;

(b) the bid deadline is October 28, 2019;

(c) following the bid deadline, the SISP Team will review the bids received and determine the successful bidder as soon as reasonably practical; and

(d) as soon as reasonably practical following selection of the successful bid, the SISP Team will seek this Court's approval of the transaction with the successful bidder.

23. The Monitor will provide a further update to this Court on the SISP in a subsequent report.

DIP LOAN AND CASH FLOW PROJECTIONS TO DECEMBER 31, 2019

24. The Initial Order authorized and empowered Gedex to borrow funds from the DIP lender, FCMI (in such capacity, "**DIP Lender**"). The DIP Lender agreed to make $550,000 available (the "**DIP Loan**"). Attached as Appendix **"D"** to this First Report is an analysis (the "**Material Variance Analysis**"), prepared based on Information received by the Monitor from the SISP Advisor, of monies spent to date, in comparison with the Initial Cash Flow Forecast that was appended as Appendix "A" to the Monitor's Pre-filing Report. The Material Variance Analysis provides an explanation for material and substantive variances from the Initial Cash Flow Forecast.

25. Appendix "**E**" to this First Report is a copy of the revised Cash Flow Forecast (the "**Revised Cash Flow Forecast**") for the period August 26 to December 31, 2019 (the "**Forecast Period**") which has been reviewed by the Monitor.

26. The Revised Cash Flow Forecast is presented on a weekly basis during the Forecast Period and represents the estimates of FCMI of the projected cash flow during the Forecast Period. The Revised Cash Flow Forecast has been prepared using probable and hypothetical assumptions set out in notes 1 to 10 to the Revised Cash Flow Forecast (the "**Probable and Hypothetical Assumptions**" or the "**Assumptions**").

27. The Monitor has reviewed the Revised Cash Flow Forecast as to its reasonableness as required by Section 23(1) (b) of the CCAA.

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

29. Based on the Monitor's review, nothing has come to the Monitor's 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 Revised Cash Flow Forecast;

(b) as at the date of this First 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 Revised Cash Flow Forecast, given the Probable and Hypothetical Assumptions; or

(c) the Revised Cash Flow Forecast does not reflect the Probable and Hypothetical Assumptions.

30. The Revised 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.

31. As stated in the Pre-filing Report, the Debtors had no cash at the commencement of these CCAA proceedings and all required expenses, including the cost of these CCAA proceedings and the implementation of the SISP, would be funded through the DIP financing provided by the DIP Lender.

32. As summarized in the Revised Cash Flow Forecast, the Debtors project a net cash outflow of $922,621 during the Forecast Period. The Initial Cash Flow Forecast projected a net cash outflow of $505,300. This represents an increase in net cash outflow of approximately $417,321 from the Initial Cash Flow Forecast.

33. As a result, an increase in DIP requirements is required from the maximum availability of DIP financing currently authorized under the Initial Order. Paragraph 34 of the Initial Order provides that the maximum availability under the interim financing provided by the DIP Lender cannot exceed $550,000 (the "**Maximum Availability**") without a further Order of this Court. For the reasons described below, an Order is being sought from this Court to increase the Maximum Availability prescribed under the Initial Order to $1,000,000.

34. The increased expenditures in the Revised Cash Flow Forecast can be primarily attributed to the following reasons:

(a) the Forecast Period covered by the Revised Cash Flow Forecast is substantially longer than that in the Initial Cash Flow Forecast (3 months versus 5 months);

(b) the Revised Cash Flow Forecast reflects the payment of an additional $5,000 per month of rent than forecasted in the Initial Cash Flow Forecast. The amended lease arrangements with the Landlord are described in detail earlier in this First Report. This represents an additional $60,000 in expenditures during the Forecast Period, taking into account the additional time period covered by the Revised Cash Flow Forecast;

(c) the Revised Cash Flow Forecast provides for an increase in the budget for engaging salaried personnel to assist in the SISP from the initial sum of $97,000 to $298,000. The SISP Team determined that additional personnel were required to be retained for a longer period of time to provide continuity, technical knowledge and know-how for Gedex during the SISP, as described in more detail in paragraph 21(g) of this First Report; and

(d) forecasted professional fees during the Forecast Period have increased from $200,000 to $300,000 primarily because of the additional time covered by the Forecast Period.

35. The Monitor supports the requested increase to the Maximum Availability. In addition, the Monitor is of the view that the factors under Section 11.2(4) support an increase to the Maximum Availability:

(a) FCMI, Gedex's DIP Lender and senior secured creditor, supports the increase of the Maximum Availability and has agreed to fund the additional amounts required as shown in the Revised Cash Flow Forecast;

(b) Gedex's business and the SISP will continue to be managed in accordance with the SISP Approval Order, with the assistance and oversight of the Monitor and FCMI;

(c) the increase in the Maximum Availability will allow Gedex to administer a robust SISP for the benefit of all stakeholders; and

(d) the increase in the Maximum Availability will not result in material prejudice to Gedex's creditors.

STAY EXTENSION

36. A motion is before this Court for an Order extending the Stay Period through and until December 10, 2019.

37. In the Monitor's view:

(a) an extension of the Stay Period is necessary in order to allow the SISP Team to conduct and complete the SISP for the benefit of the Debtors' stakeholders;

(b) the Revised Cash Flow Forecast indicates that the Debtors will have sufficient funding, with the interim financing provided by FCMI, through the extension of the Stay Period;

(c) the Debtors have acted, and continue to act, in good faith and with due diligence; and

(d) an Order extending the Stay Period is appropriate in the circumstances.

38. For the reasons described in this First Report, the Monitor supports, and respectfully recommends this Court grant, the requested extension of the Stay Period.

All of which is respectfully submitted this 28th day of August, 2019.

ZEFMAN PARTNERS INC.
in its capacity as 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**”

Zeifmans

August 19, 2019

– AMENDED –

To the creditors of:
GEDEX SYSTEMS INC.,
GEDEX AVIATION INC.,
BLACK BAY MINERALS CORPORATION,
GEDEX EXPLORATION INC., and
GEDEX EARTH INC.
(collectively, the "**Debtors**")

Ideas with impact

RE: Proceedings under the ***Companies' Creditors Arrangement Act***
Court File No. CV-19-625224-00CL

Please be informed that on August 12, 2019, on application made by FCMI Parent Co. (the "**Applicant**") a secured creditor of Gedex Systems Inc., Gedex Aviation Inc., Black Bay Minerals Corporation, Gedex Exploration Inc., and Gedex Earth Inc. (collectively, the "**Debtors**" or the "**Gedex Companies**"), the Ontario Superior Court of Justice (Commercial List) issued an order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**") declaring that the Gedex Companies are debtor companies to which the CCAA applies, appointing Zeifman Partners Inc. as Monitor and granting certain relief, *inter alia*, a stay of proceedings in favour of the Gedex Companies while the CCAA proceedings are ongoing. The Debtors did not oppose the Initial Order.

Pursuant to section 23(1)(a) of the CCAA, a copy of the Initial order must be made available to the creditors and, accordingly, you may obtain a copy of the said Initial Order, together with other information pertaining to the proceedings under the CCAA, from the Monitor's website at https://www.zeifmans.ca/current-insolvency-files/. If you are unable to access the website or have further inquiries, you may contact the Monitor at:

ZEIFMAN PARTNERS INC.
Monitor of the Gedex Companies
201 Bridgeland Ave
Toronto, ON, M6A 1Y7
Tel # 416 256 4000
Fax # 416 256 4003

Yours very truly,

ZEIFMAN PARTNERS INC.,
in its capacity as Court
Appointed Monitor of Gedex Systems Inc.,
Gedex Aviation Inc., Black Bay Minerals Corporation,
Gedex Exploration Inc., and Gedex Earth Inc.

Appendix "**B**"

MEDIA

QUEBEC TO GIVE $5M IN EMERGENCY FUNDS TO NEWSPAPER CHAIN

The Quebec government is providing $5 million in temporary funding to a major newspaper chain that has filed for creditor protection, Global News reports. Economy Minister Pierre Fitzgibbon and Minister of Culture and Communications Nathalie Roy made the announcement Monday. "It is impossible to imagine the closure of six newspapers," said Fitzgibbon, the report said. The move comes after Groupe Capitales Médias, which publishes several daily newspapers including Le Soleil de Québec and Le Droit in Ottawa, reportedly filed for protection. Martin Couchon has also stepped down as president of the organization. In addition to Le Soleil and Le Droit, the company owns Le Nouvelliste of Trois-Rivières, La Tribune of Sherbrooke, La Voix de l'Est of Granby, Le Quotidien and Le Progrès week-end in Saguenay. *Financial Post*

'They're over-capitalized and drowning in their own capital'

DAIRY

Continued from FP1

The package for dairy farmers, unveiled by Agriculture Minister Marie-Claude Bibeau on Friday, is intended to offset lost sales caused by the expanded market access granted to foreign producers under the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Those pacts will open up roughly eight per cent of Canada's highly protected dairy market, where prices have long been kept high by a complex system of supply management involving production quotas, fixed prices and import tariffs and quotas.

Supporters of the system say it is critical to ensure U.S. products don't flood across the border, threatening food sovereignty and putting Canadian dairy farms at risk of being pushed out by competition. Critics point out Canada is the last industrialized country to operate such as system and its dairy industry has failed to keep up with some of the productivity gains and expansions that have taken place in other countries. It also raises prices for consumers, they argue.

A 2014 study by the University of Kiel in Germany found the cost of milk production by mid- and large-sized farms in Canada was the second-highest in the world after Switzerland.

That in mind, the government's compensation dollars would have been better spent if they were tied to clear sustainability and competitiveness goals, Charlebois said.

"I'm not saying we should get rid of our quota system, but if we want to keep it we have to make sure its serving the country well," he said. "Some dairy farmers are doing very well and reinvesting in their farms and becoming more competitive, but others are just drifting and that's costing a lot of money. If farmers want to stay in the industry they should be made accountable for their productivity or they should be enticed to exit."

The market access granted under Canada's latest trade deals represents a direct loss of profits that the government promised to cover, said Murray Sherk, board chair at the Dairy Farmers of Ontario.

"Dairy doesn't like to look to the government for payments, we'd rather have the market share but we're very pleased with the package," he added. "And supply management provides a system of predictable pricing that encourages farmers to invest more in their operations, to be more efficient."

The extra cash flowing into dairy farms comes when they are already overcapitalized — creating a problem for the next generation of farmers, said Al Mussell, research lead at Agri-Food Economic Systems in Guelph, Ont. Indeed, though an ideal return on assets like land and equipment is roughly five per cent, the data suggest Canadian farmers are currently realizing returns of just two to three per cent.

"They're over-capitalized and drowning in their own capital," Mussell said. "That might not seem like a problem but it's sitting there in

> DAIRY ... GOT $1.75 BILLION AND WHAT DID WE GET? DEBT.

the land and all these assets. When it's time to transfer the farm to the next generation how are they going to afford it?"

The federal cash injection also comes as Canada's grain farmers are struggling with depressed prices and demand due to trade wars, he added. Ottawa granted grain farmers hit by direct Chinese trade measures an extra six months to repay cash advances under the Advance Payments Program. The government also increased the maximum APP loan limit for all farmers to $1 million from $400,000 with additional interest-free loans for canola producers.

"Grain farmers could be in for a long haul of low prices and a sobering trade outlook," said Mussell. "They look at this and say dairy farmers got $1.75 billion and what did we get? Debt."

Financial Post

AL DRAGO / REUTERS

Democratic U.S. presidential candidate and U.S. Senator Bernie Sanders speaks at a campaign event Monday at his campaign office in Davenport, Iowa.

COMMENT

No matter who wins in U.S., beware

DIANE FRANCIS

The roiling markets mean a recession looms, and blame rests with the U.S.-China tariff war, Brexit, fears by some Wall Street players that Bernie Sanders will win in 2020, and, ironically, fears by others that Donald Trump will win again.

In other words, it almost doesn't matter whether a radical Democrat or the erratic President wins in 2020. Either outcome represents the continuation of jarring change from norms that upends the global economy.

Trump has always been a rogue element but his 25 per cent tariffs on half of China's exports has slowed growth there, and adversely affected all Chinese trading partners. The result is a global manufacturing slump, a sharp drop in business confidence and a stock sell-off.

Last week, Trump blinked and gave China a four-month reprieve from additional tariffs to calm markets. He also moved to calm down concerns that China may intervene in Hong Kong's protests. Even he understands that a Tiananmen Square crackdown by China would rock the world in financial terms.

Other geopolitical flashpoints also dampen markets: Hong Kong (world's 36th-biggest economy) protests; Russia (11th-largest) protests; Russia's cover-up of a nuclear accident which may have serious ramifications outside the country; Venezuela's continuing meltdown; and the India-Pakistani standoff concerning Kashmir.

The damage is now quantified. So far, Germany (4th-largest), the United Kingdom (5th-largest), and Brazil (9th-largest) are shrinking, in economic terms. Others are flat-lining such as Canada (10th-largest), Mexico (15th-largest), and Italy (8th-largest).

A no-deal Brexit, supported by Trump, will cause major dislocation throughout the European Union. And, if the U.S. falls into recession, Canada will fall harder due to our higher consumer debt, federal deficits and unemployment levels. Mortgages, credit card debts and other expenses have increased to the point that the average Canadian now has over $1.81 in debts for every $1 in disposable income, well above $1.09 in the U.S.

By far the greatest angst on Wall Street concerns the U.S. election contest. On the one hand is the Turbulent Trump, one tweet away from catastrophe, and on the other is the voter backlash against his nativist and corporatist agenda as personified by Sanders and the progressives.

Most don't realize that Sanders is already the de facto front-runner, ahead of Joe Biden, because his health-care and social-justice platform has been adopted by Elizabeth Warren and Kamala Harris. Combined, the three dramatically outpoll Biden.

Sanders is not an unreasonable speculation. Public opinion veers left and American voters take huge risks — Obama and Trump for instance. Sanders is also the best Democrat to beat Trump. He is an articulate and tough New York street fighter, uniquely capable of destroying Trump in a head-to-head contest.

The Sanders phenomenon is already affecting stock markets, said guru Jim Cramer, of CNBC. Health care companies account for 15 per cent of the market, and these stocks take a blow every time Sanders and other Democratic presidential hopefuls push for a single-payer system like Canada has.

Cramer added that eight Democratic candidates support the idea in some form, and that there are good reasons for such a system. The result is it's becoming more popular among some voters, and Wall Street knows it would hurt the current state of the industry.

But the biggest risk of all to markets, currencies and economies is the economic ignorance of the sitting President: Trump doesn't know what he doesn't know and spurns advice.

Worse, he's a genius in his own mind and everything is all about him.

Financial Post

Not a tactic used when economy is strong

FED

Continued from FP1

"It is a bigger risk to encourage people to take on too much more risk at this time," he said in an interview on Bloomberg TV, adding that doing so could worsen the next downturn and leave the Fed with little ammunition to encourage additional spending when it is needed.

"Global conditions are weak. So I'm not saying there aren't circumstances in which I would be willing to ease. I just want to see evidence that we are actually going into something that's more of a slowdown."

Trump's directive for a new phase of "quantitative easing" is shorthand for asking the Fed to pump more money into the economy, a step that could weaken the U.S. dollar. This is also seen as an extreme step that central bankers take when they are trying to urgently address a slumping economy, not a tactic that is employed when the economy is strong.

Fed officials have said they do not make decisions based on political pressure, but Trump has taken his attacks on the central bank to new extremes, particularly this month amid numerous signs the U.S. economy is weakening more than expected.

After a tumultuous week in the markets suggested that the economy is heading onto shaky ground, Trump and his top officials have in recent days dismissed concerns the country may be headed toward a recession, although they have given mixed messages.

Commerce Secretary Wilbur Ross sought to calm fears, but in the process, he acknowledged that a recession is possible at some point.

"Look, eventually there'll be a recession, but this inversion is not as reliable in my view as people think," Ross said Monday.

Ross was referring to the scenario in which interest rates on short-term bonds are higher than those paid by long-term bonds. Last week, the yield on the 10-year Treasury temporarily fell below the yield on the two-year Treasury for the first time since 2007.

In an exchange with reporters, Trump brushed aside the possibility of a downturn, saying, "I don't see a recession."

"I mean, the world is in a recession right now — although that's too big a statement," he added, in a remark that appeared to undercut his effort to calm fears.

Meanwhile, several senior White House officials have begun discussing whether to push for a temporary payroll tax cut as a way to arrest an economic slowdown, three people familiar with the discussions said.

The talks are still in their early stages, and the officials have not decided whether to formally push Congress to approve the cut, these people said, speaking on condition of anonymity because they weren't authorized to disclose internal discussions. But the White House in recent days has begun searching for proposals that could halt a slowing economy.

The payroll tax was last cut during the Obama administration to 4.2 per cent, but was allowed to reset back up to 6.2 per cent in 2013.

The Washington Post

TRADE

AS CHINA SPAT BITES, CANOLA EXPORTERS SEE RAY OF HOPE

A lingering trade spat with top buyer China has Canadian canola exporters looking toward the European biodiesel industry to pick up the slack. Europe's harvest of rapeseed — a similar crop to canola — is expected to plunge to a 13-year low after dry weather crimped plantings and a pesticide ban boosted insect threats. As a result, import demand is set to hit a record five million tons in the season that started in July, according to U.S. Department of Agriculture forecasts. That may be a boon for Canada's canola industry, which has been rattled by China's decision in March to revoke import licences for two companies citing pests found in shipments. Canola futures in New York are down about seven per cent this year, while rapeseed futures in Paris are up four per cent. *Bloomberg*

PHARMA

J&J liable for $572M in opioid epidemic

SHARES STILL SURGE

Heide Brandes

NORMAN, OKLA. • An Oklahoma judge on Monday found Johnson & Johnson liable for fuelling an opioid epidemic in the state by deceptively marketing addictive painkillers, and ordered the drugmaker to pay $572.1 million.

The award was well below what some investors and analysts feared, in what had been a $17-billion lawsuit viewed as a bellwether for other litigation nationwide over the opioid epidemic.

"The expectation was this was going to be a $1.5 billion to $2 billion fine," said Jared Holz, health-care strategist for Jefferies. "$572 million is a much lower number than had been feared."

J&J shares rose five per cent in extended trading following the decision. Shares of other drugmakers that sell opioid pain treatments, including Teva Pharmaceutical Industries Ltd and Endo International PLC, also rose after-hours.

Still, J&J said it would appeal, and seek to put payment of the award on hold during the appeal process.

"Janssen did not cause the opioid crisis in Oklahoma, and neither the facts nor the law support this outcome," Michael Ullmann, J&J's general counsel, said.

The decision by Judge Thad Balkman of Cleveland County District Court in Norman, Oklahoma, followed a seven-week, non-jury trial.

The case brought by Oklahoma Attorney General Mike Hunter was the first to go to trial out of thousands of lawsuits filed by state and local governments against opioid manufacturers and distributors.

Oklahoma alleged that J&J's marketing practices helped fuel the opioid epidemic by flooding the market with painkillers.

"Johnson & Johnson will finally be held accountable for thousands of deaths and addictions caused by their actions," Hunter said.

Oklahoma sued J&J to help it address the epidemic for the next 30 years through addiction treatment and prevention programs.

"The opioid crisis is an imminent danger and menace to Oklahomans," Balkman said.

But in his written decision, the judge said the figure he awarded covered only one year, saying Oklahoma did not offer enough evidence of the time and costs to address the opioid crisis beyond that.

The trial came after Oklahoma had resolved claims against OxyContin maker Purdue Pharma LP in March for $270 million and against Teva in May for $85 million, leaving J&J as the lone defendant.

The litigation has been closely watched by plaintiffs in about 2,000 opioid lawsuits pending before a federal judge in Ohio who has been pushing for a settlement ahead of an October trial.

Some plaintiffs' lawyers have compared the opioid cases to litigation by states against the tobacco industry that led to a $246 billion settlement in 1998.

Opioids were involved in almost 400,000 overdose deaths from 1999 to 2017, according to the U.S. Centers for Disease Control and Prevention. Since 2000, some 6,000 Oklahomans have died from opioid overdoses, according to the state's lawyers.

During the trial, lawyers for Oklahoma argued that J&J carried out a years-long marketing campaign that minimized the painkillers' addiction risks and promoted their benefits.

The state's lawyers called J&J an opioid "kingpin" and argued that its marketing efforts created a public nuisance as doctors over-prescribed the drugs, leading to a surge in overdose deaths in Oklahoma.

J&J has denied wrongdoing, saying its marketing claims had scientific support and that its painkillers, Duragesic and Nucynta, accounted for a fraction of opioids prescribed in Oklahoma.

The company also said in a statement that since 2008, its painkillers accounted for less than one per cent of the U.S. market, including generics.

J&J said it remains "open to viable options" to resolve the case scheduled for trial in October, including through settlement.

Reuters

ANDREW KELLY / REUTERS

The markets are jittery due to trade tensions between the U.S. and China.

COMMENT

Not much in tool box if recession hits

'Another financial crisis' from debt

Diane Francis

Tumbling stock markets are worrisome, but the growth of negative interest rates bodes badly for markets, companies and individuals.

And one famous commentator maintains that the world is at the tipping point of another Great Recession, without tools to pull the global economy back.

Negative interest rates are a sign of economic malaise, a desperate move by central banks to stimulate moribund economies. But they are beneficial for borrowers. Here's how it works: at minus one per cent interest rate, a bank lends $100 and pays $1 to the borrower who would then have $101 after one year.

Negative rates hurt the banking system and don't grow an economy but shrink it. Unfortunately, the practice is spreading across Asia and Europe. Their economies slow, and the amount of debt (loans, bonds) worldwide with "negative interest rates" is an estimated US$16 trillion, or nearly the size of the U.S. economy.

Canada's vulnerability is that a weakening world economy will lower both sales and prices for our commodities. Rate cuts, and cheaper mortgages, may also stimulate housing sales and prices. This is not beneficial because housing bubbles exist already in Toronto and Vancouver, so lower rates will exacerbate the existing structural dysfunction.

Douglas Porter, BMO's chief economist, recently told media that the biggest risk to Canada's housing market was a return to "nosebleed levels of price growth."

Meanwhile, Japan and seven major European governments, including Germany and France, sell government bonds with negative yields, as do large corporations Nestlé and Sanofi. North America hasn't seen these upside-down bonds yet, but will once a recession occurs.

The biggest fear these days is that a recession becomes a Depression and low inflation becomes deflation. To avert this, the U.S. Federal Reserve, and Bank of Canada, will likely lower interest rates significantly in the coming weeks to stimulate economic activity. Fortunately, they still have room to make cuts.

But this time all remedies are tricky.

Lowering rates too soon, and too far, would impede efforts to stimulate the economy in the future should that become needed.

In 2008 to 2009, the Fed cut rates by five percentage points and it was not enough. Today, there's far less room to respond to a recession. And elsewhere Japan and the European Union are headed toward a recession with their central bank rates already below zero.

So, what happens then?

If monetary policy cannot help, governments must spend more, cut taxes or print money.

At least those same governments, already laden with debt, will benefit from lower debt-servicing costs. But, unfortunately, taxpayers, on fixed incomes, will be adversely affected.

New York University's Nouriel Roubini, also nicknamed "Dr. Doom," says a serious global recession is inevitable in 2020, and will be harder to get out of than was the Great Recession of 2008. He blames the U.S.-China trade war and that U.S. tax cuts have run their course.

He predicts that a war against Iran, perpetrated by President Donald Trump to increase polling support, would create an oil price shock worldwide, creating even more of a slowdown.

Likewise, Trump's planned escalation of the Chinese trade war — by increasing tariffs in December — or punishment against Huawei are also major hazards. China would retaliate by closing its market to U.S. multinationals like Apple, all American agriculture, and other companies.

Dr. Doom's conclusion: "With the current tensions already denting business, consumer, and investor confidence and slowing global growth, further escalation would tip the world into a recession. And, given the scale of private and public debt, another financial crisis would likely follow from that."

We're entering uncharted waters.

Financial Post

U.S.-Japan deal may fall foul of WTO

DEAL

Continued from FP1

U.S. President Donald Trump and Japanese Prime Minister Shinzo Abe announced an agreement in principle on Sunday that would slash tariffs on agricultural goods and postpone the threat of national security tariffs on Japanese autos. Trump also said Japan would purchase large quantities of U.S. wheat and corn in a deal he called "tremendous for the farmers."

Though no official terms have been released, tariffs on U.S. beef and pork will be reduced to levels set by the Trans-Pacific Partnership, Japan's Nikkei newspaper reported.

The White House is under pressure to deliver a win to farmers caught in the crossfire of a U.S.-China trade war that has seen Beijing slap stinging retaliatory tariffs on American soybeans and pork. U.S. farmers have also had to watch from the sidelines as nations like Canada and Australia gained market share in Japan due to the lower tariffs afforded to them under the CPTPP, a deal abandoned by Trump in 2017.

"That's the whole point here," Simon Lester at Washington's Cato Institute said. "By withdrawing from the TPP, the U.S. missed out and now they're trying to make up for it."

The proposed U.S.-Japan trade deal would open the Asian market to $7 billion of American products including ethanol, as well as beef, pork, dairy products and wine, said U.S. Trade Representative Robert Lighthizer. It would also reduce tariffs on some Japanese industrial products and include a clause on e-commerce.

If the final deal matches CPTPP tariff levels, it will likely raise political tensions with the other member nations of that pact, trade analysts say. The narrow scope of the proposed deal is also prompting questions about its compliance with international trade law. The World Trade Organization's "most favoured nation" provision requires countries to provide any privileges or concessions granted to one nation to all other WTO countries.

Countries can only deviate from this rule when negotiating free-trade agreements that cover "substantially all of trade," said Chad Bown at the Peterson Institute for International Economics.

"There is a question of what 'substantially all trade' means," Bown said. "Is it 99 per cent? Is it 90 per cent? It's never been fully articulated."

However media reports on the U.S.-Japan deal suggest it is "very limited" he added, and would hardly qualify as covering "substantially all trade." That could leave the deal vulnerable to challenges from other countries before the WTO.

Canadian meat exports have soared under the CPTPP with shipments of chilled pork to Japan up 8.5 per cent to 17,800 tonnes in April, nudging ahead of the U.S. for the first time, according to the Japanese customs data.

Meanwhile, a second round of tariff cuts lowered the tariffs on Canadian beef from an initial 38.5 per cent to 26.6 per cent on April 1. Canadian beef exports to Japan are up 62 per cent to 22,600 tonnes in the first six months of the year after the CPTPP came into effect.

Financial Post

Appendix "**C**"

In re Gedex Systems Inc., Gedex Aviation Inc., Black Bay Minerals Corporation, Gedex Exploration Inc., and Gedex Earth Inc. ("Gedex")

NOTICE OF COMPANY SALE OF ASSETS

On August 12, 2019, the Ontario Superior Court of Justice (Commercial List) made an Order granting Gedex protection from its creditors pursuant to the *Companies' Creditors Arrangement Act* and appointing Zeifman Partners Inc. as the Monitor of Gedex. On the same date, the Court made an Order (the "**SISP Order**") authorizing and approving the commencement of a Sales and Investor Solicitation Process to market and sell, on an "as is, where is" basis, all of the property, assets and undertaking of Gedex (or any part thereof), or to solicit prospective investors to make an investment in Gedex's businesses (or any part thereof), all in accordance with the procedures set out in SISP Order. Capitalized terms used herein but not otherwise defined are given the meaning ascribed to such term in the SISP Procedures.

Details regarding the SISP, including the SISP Order and SISP procedures, can be found on the Monitor's website at: https://www.zeifmans.ca/current-insolvency-files/gedex/.

A data room has been established for Prospective Bidders to review confidential information in respect of the Property and the Businesses. Interested parties wishing to access the data room should email the SISP Advisor, at the contact information below.

Bids must be submitted by the Bid Deadline, which is October 28, 2019.

Please note that the SISP timeline and procedures may be amended from time to time by Court Order. Consequently, it is important that you visit the Monitor's Website to ensure that you are aware of any such amendments.

Company Overview

Located in Mississauga, Ontario, Gedex is an airborne-based survey company utilizing transformational and proprietary technology to substantially improve the imaging of the subsurface and creating significant value by mitigating risk and expediting the discovery of resources. Gedex's High-Definition Airborne Gravity-Gradiometer (HD-AGG®) technology has the potential to materially change the world of geological discovery. Using exceptionally low-noise, non-intrusive methods and equipment, Gedex's unique and proprietary technology has the ability to reveal previously unknown geology and natural resources, creating substantial value by mitigating risk and expediting discovery. An HD-AGG® system offers the exceptional ability to detect subsurface geological structures where other exploration tools prove to be ineffective, and in an environmentally friendly manner. Gedex's approach to imaging, analytics, integration and interpretation ensure results that are expedited, targeted and accurate.

Key Highlights

- ***Highly Differentiated Breakthrough Technology*** - provides superior imaging of complicated geology. The system assists with the determination of resource tonnage with very low negative environmental impact.
- ***Significant Intellectual Property*** - nearly US$100 million has been invested in research and development over 17-year period.
- ***Best in Class Demonstration*** - recent validation tests flown over known geology have produced performance levels better than all other fixed-wing AGG systems currently in use.
- ***World Class Partners*** - include well known and leading industry companies.

To receive more detailed information please visit www.Gedex.com.

Access to the Gedex data room can be granted upon completion of a Confidentiality Agreement and Written Acknowledgement.

For more information, please contact the SISP Advisor at the contact information noted below:

Mr. Robert Benia
SISP Advisor
Tel: (416) 670.7815
Email:bob.benia@gedex.com

In re Gedex Systems Inc., Gedex Aviation Inc., Black Bay Minerals Corporation, Gedex Exploration Inc., and Gedex Earth Inc. (collectively, "Gedex")

COMPANY SALE OF ASSETS

Company Overview

Gedex's proprietary technology can substantially improve the imaging of the Earth's subsurface and create immense value by mitigating risk and expediting the discovery of resources. Other applications include environmental, space, and homeland security.

With over US $100 million invested to date, Gedex's High-Definition Airborne Gravity-Gradiometer (HD-AGG®) technology provides low noise and high resolution images of variations in the Earth's subsurface density and promises to materially improve the exploration for resources.

Key Highlights

- ***Highly Differentiated Breakthrough Technology*** - provides superior imaging of complicated geology. The system assists with the determination of resource tonnage with very low negative environmental impact.
- ***Significant Intellectual Property*** - nearly US$100 million has been invested in research and development over 17-year period.
- ***Best in Class Demonstration*** - recent validation tests flown over known geology have produced performance levels better than all other fixed-wing AGG systems currently in use.
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Gedex Sales and Investor Solicitation Process

On August 12, 2019, the Ontario Superior Court of Justice (Commercial List) made an Order (the "**SISP Order**") authorizing and approving the commencement of a Sales and Investor Solicitation Process to market and sell, on an "as is, where is" basis, all of the property, assets and undertaking of Gedex (or any part thereof), or to solicit prospective investors to make an investment in Gedex's businesses (or any part thereof), all in accordance with the procedures set out in SISP Order. Bids must be submitted by the Bid Deadline, which is October 28, 2019. Details regarding the SISP Order and SISP procedures, can be found at: https://www.zeifmans.ca/current-insolvency-files/gedex/

To receive more detailed information please visit www.Gedex.com. Access to a data room can be obtained by contacting the SISP Advisor: **Mr. Robert Benia, Email:** bob.benia@gedex.com **, Telephone: 416-670-7815.**

Appendix “**D**”

Gedex Systems Inc
Variance Analysis, Two Weeks vs Actual
CCAA Filing

		Total 2 Weeks	Actual	Difference
OPENING BALANCE				
RECEIPTS				
General Insurance Refund		-	-	-
HST Refunds (Previous Months)		-	-	-
Total Receipts, Weekly:		-	-	-
DISBURSEMENTS				
Consultants, Former Employees	Note 1	10,000	-	**(10,000)**
Benefits		-	-	-
Consultants Sale Process	Note 2	5,000	4,248	**(752)**
WSIB		-	-	-
Marketing and Sales	Note 3	4,000	-	**(4,000)**
SISP Cost		-	-	-
Maintenance of Intellectual Property		-	-	-
Gedex Office, Rent		20,000	19,841	**(159)**
Telecommucation Services and Security	Note 4	-	-	-
Utilities and Waste		-	-	-
Hangar, Rent	Note 5	3,100	-	**(3,100)**
Hangar Utilities and Property Tax		2,000	598	**(1,402)**
General Insurance	Note 6	4,000	-	**(4,000)**
Aircraft Insurance		2,500	-	**(2,500)**
Professional Fees	Note 7	90,000	-	**(90,000)**
Misc. Payments	Note 8	3,000	565	**(2,435)**
				-
HST Payments	Note 9	17,823	3,283	**(14,540)**
Total Disbursements, Weekly:		161,423	28,534	**(132,889)**
		-		
Total		(161,423)	(28,534)	**132,889**

Note 1 Timing differences
Note 2 Total payments to sale consultant were in the amount of $4,800, including the HST of $552
Note 3 Timing differences
Note 4 Gedex paid $22,420 in rent, including the HST of $2579.29, for the month of August.
Note 5 Timing differences
Note 6 Timing differences
Note 7 Timing differences
Note 8 Gedex paid $638.00, including the HST of $73.40 to locksmith to complete relevant work
Note 9 Estimated HST related to the actual payments made

Appendix “**E**”

Gedex Systems Inc
Estimated Expenditures/Cash Flow Schedule until Dec. 30
CCAA Filing

		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19
		12-Aug	19-Aug	26-Aug	2-Sep	9-Sep	16-Sep	23-Sep	30-Sep	7-Oct	14-Oct	21-Oct	28-Oct	4-Nov	11-Nov	18-Nov	25-Nov	2-Dec	9-Dec	16-Dec
OPENING BALANCE	Note 1	-																		
RECEIPTS																				
General Insurance Refund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HST Refunds (Previous Months)		-	-	-	-	-	-	-	-	-	-	28,767	-	-	-	-	-	-	-	-
Total Receipts, Weekly:		-	-	-	-	-	-	-	-	-	-	28,767	-	-	-	-	-	-	-	-
DISBURSEMENTS																				
Consultants, Former Employees	Note 2	5,000	5,000	15,250	15,250	15,000	13,400	12,400	12,400	12,400	12,400	12,400	12,400	9,550	9,550	8,300	8,300	6,500	6,500	5,500
Benefits	Note 3	-	-	27,475	-	-	-	-	3,175	-	-	-	3,175	-	-	-	2,690	-	-	-
Consultants Sale Process	Note 4	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	2,500	2,500	2,500	2,500	2,500	2,500
WSIB							50				50					50				50
Marketing and Sales	Note 5	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	-	-	-	-	-	-
SISP Cost		-	-	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance of Intellectual Property		-	-	25,000	-	-	-	-	25,000	-	-	-	10,000	-	-	-	-	-	-	-
Gedex Office, Rent		-	20,000	-	25,000	-	-	-	-	25,000	-	-	-	25,000	-	-	-	25000	-	-
Telecommucation Services and Security	Note 6	-	-	6,249	-	-	-	2,090	-	-	-	2,090	-	-	-	2,090	-	-	-	-
Utilities and Waste		-	-	3,000	-	-	-	4,800	-	-	-	3,000	-	-	-	3,000	-	-	-	3000
Hangar, Rent	Note 7	-	3,100	-	3,100	-	-	-	-	3,100	-	-	-	3,100	-	-	-	-	-	-
Hangar Utilities and Property Tax		2,000	-	2,000	-	-	-	2,000	-	-	-	2,000	-	-	-	2,000	-	-	-	-
General Insurance	Note 8	4,000	-	28,230	-	-	4,318	-	-	-	4,318	-	-	-	-	4,318	-	-	-	4318
Aircraft Insurance		2,500	-	763	-	-	773	-	-	-	-	773	-	-	-	773	-	-	-	773
Professional Fees		90,000	-	-	-	-	75,000	-	-	-	50,000	-	-	-	-	50,000	-	-	-	35000
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	1,500	1,500	1,500	1,500	1,500	1,500
HST Payments	Note 9	13,390	4,433	6,423	6,416	9,230	12,272	3,548	5,896	6,045	8,892	3,314	3,946	5,675	1,762	9,021	1,814	4,615	1,365	6,175
Total Disbursements, Weekly:		122,890	38,533	145,390	55,766	30,230	111,813	30,838	52,471	52,545	81,660	29,576	35,521	49,325	15,312	83,551	16,804	40,115	11,865	58,816
Total		(122,890)	(38,533)	(145,390)	(55,766)	(30,230)	(111,813)	(30,838)	(52,471)	(52,545)	(81,660)	(809)	(35,521)	(49,325)	(15,312)	(83,551)	(16,804)	(40,115)	(11,865)	(58,816)
Net Cumulative Inflow/(Outflow)	Note 10	**(122,890)**	**(161,423)**	**(306,813)**	**(362,578)**	**(392,808)**	**(504,621)**	**(535,459)**	**(587,930)**	**(640,475)**	**(722,135)**	**(722,944)**	**(758,465)**	**(807,790)**	**(823,101)**	**(906,652)**	**(923,457)**	**(963,572)**	**(975,437)**	**(1,034,252)**

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 discountinued 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 engineers and former other employees to support sale process.
Note 3	Estimated Monthly benefits costs and sum owed to Great West Life to date
Note 4	Represents fee estimate for managing the sale process.
Note 5	This represents expenses related to the sale and marketing of the Compnay's assets.
Note 6	Estimated costs related to Rent, Utilities and Telecom services. Rent payments assume a short term agreement with the landlord until December 31.
Note 7	Represents occupancy costs of the hanger where aircraft is located.
Note 8	This is the estimate of costs related to the insurance coverage to protect assets of the Company including aircraft
Note 9	Estimated HST payments which will need to be made in each specific week.
Note 10	The projection assumes that the Deficit will be funded from the DIP Loan provided by the Applicant

FCMI PARENT CO.

Applicant

\- and -

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

Respondents

Court File No. CV-19-625224-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

FIRST REPORT OF THE MONITOR

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