

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

IN THE MATTER OF AN APPLICATION PURSUANT
TO SECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED,
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c. C-43, AS AMENDED

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

AND:

Court File No. 32-2274852

IN THE MATTER OF THE BANKRUPTCY OF
2SOURCE MANUFACTURING INC.

**MOTION RECORD
(Returnable August 29, 2017)**

August 22, 2017

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*Lawyers for Deloitte Restructuring Inc., in its capacity as the
Court-appointed Receiver of the assets, undertakings and
properties of 2Source Manufacturing Inc.*

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Applicant

- and -

2SOURCE MANUFACTURING INC.

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AND:

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IN THE MATTER OF THE BANKRUPTCY OF
2SOURCE MANUFACTURING INC.

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TAB 1

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

IN THE MATTER OF AN APPLICATION PURSUANT
TO SECTION 243(1) OF THE *BANKRUPTCY AND
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AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
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BETWEEN:

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

AND:

Court File No. 32-2274852

IN THE MATTER OF THE BANKRUPTCY OF
2SOURCE MANUFACTURING INC.

**NOTICE OF MOTION
(Re: Transition Order and Distribution and Fee Approval)**

Deloitte Restructuring Inc. (“**Deloitte**”), in its capacity as the Court-appointed receiver (the “**Receiver**”) of the assets, undertakings and properties 2Source Manufacturing Inc. (“**2Source**”) will make a motion before a judge presiding over the Commercial List on August 29, 2017 at 10:00

o'clock in the morning or as soon after that time as the motion can be heard at 330 University Avenue, in the City of Toronto.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order:
 - (a) abridging the time for service of this Notice of Motion and the Motion Record herein, if necessary, and dispensing with any further service thereof, such that this motion is properly returnable on August 29, 2017;
 - (b) amending the definition of Property in the Order appointing the Receiver dated January 23, 2017 (the “**Appointment Order**”) to exclude
 - (i) any claim, rights or causes of action that 2Source may have against Messier-Dowty Inc., Messier-Bugatti-Dowty SA, Messier-Dowty Ltd., Messier-Dowty Mexico SA de CV and Messier-Dowty Suzhou Co. Ltd., including without limitation, the claims and causes of action plead by 2Source in the Ontario Superior Court of Justice (Court File No. CV-15-537943); and
 - (ii) any claim, right or causes of action that 2Source may have against United Technologies Corporation, Goodrich Aerospace Canada Ltd., Goodrich Corporation, Dino Soave and Verify, Inc., including without limitation, the claims and causes of actions plead by 2Source in the Ontario Superior Court of Justice (Court File No. CV-17-567429-00);

- (c) authorizing the Receiver to pay the costs of the administration of the bankruptcy estate of 2Source (the “**Bankruptcy Costs**”) from the amounts on deposit with the Receiver;
 - (d) extending the definition of the Receiver’s Charge, as such term is defined in the Appointment Order, to include the Bankruptcy Costs;
 - (e) ratifying and approving the activities described in the Second Report of the Receiver dated August 22, 2017 (the “**Second Report**”), and paragraphs 54-56 of the First Report of the Receiver dated March 23, 2017 (the “**First Report**”);
 - (f) approving the fees and disbursements of the Receiver and its counsel;
 - (g) approving the Receiver’s Statement of Receipts and Disbursements for the period from March 18 to August 11, 2017;
 - (h) authorizing a distribution to HSBC Bank Canada (“**HSBC**”) the sum of \$2,000,000.00 as a permanent reduction of the indebtedness of 2Source to HSBC;
and
 - (i) authorizing a distribution in the sum of \$123,127.22 to Employment and Social Development Canada with respect to unpaid wages, salaries, and other compensation in accordance with the *Wage Earner Protection Program Act*;
2. Such further and other relief as counsel may request and this Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. All capitalized terms not herein defined shall have the meanings set out in the Second Report.

Background

2. Pursuant to the Appointment Order, the Receiver is authorized to, among other things, sell, convey, transfer, lease or assign 2Source's property out of the ordinary course:
 - (a) without the approval of the Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - (b) with the approval of the Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the amount set out in the preceding clause.
3. Pursuant to the Order of Justice Hainey dated March 31, 2017, a sale of substantially all of the assets of 2Source (the "**Transaction**") was approved. The Transaction was completed on March 31, 2017.
4. Also on March 31, 2017, Justice Hainey issued an Administrative Order authorizing the Receiver to file an assignment in bankruptcy on behalf of 2Source and to make a distribution from the proceeds of the Transaction to Elliott-Matsuura Canada Inc., a secured creditor of 2Source.
5. The Receiver filed an assignment in bankruptcy on behalf of 2Source as of July 20, 2017. The Office of the Superintendent of Bankruptcy issued the Certificate of Appointment on July 21, 2017 appointing Deloitte Restructuring Inc. as Trustee (the "**Trustee**").

Accounts Receivable

6. The Receiver engaged the former collections staff at 2Source to assist in contacting 2Source customers in order to obtain payment of the accounts receivable of 2Source. As of August 11, 2017, the Receiver has received payments totalling \$439,788 on account of pre-Appointment Order accounts receivable. The Receiver continues to pursue the remaining accounts receivable owing to 2Source.
7. Subsequent to its appointment, the Receiver was able to contract for ordinary course sales of inventory on an “as is, where is” basis with no representations or warranties. The Receiver has collected all amounts owing from sales made during the receivership period.

Litigation

8. At the date of the Appointment Order, 2Source was the plaintiff in three separate litigation matters which remain outstanding: (i) the Messier Claim; (ii) the Service Star Claim; and (iii) the UTAS Claim.
9. The Receiver has continued the Service Star Claim. After discussion with the first registered secured creditor of 2Source, HSBC, it was advised that HSBC did not want to fund the costs in pursuing either the Messier Claim or the UTAS Claim.
10. Subsequent to the bankruptcy of 2Source, and by letters dated August 2, 2017, counsel to 2006905 Ontario Inc., a corporation related to 2Source, requested the Trustee to continue to pursue the Messier Claim and the UTAS Claim and, in the case that the Trustee was unable to continue such claims, expressed its desire to take on the Messier Claim and UTAS Claim in accordance with section 38 of the BIA.

Distributions

11. HSBC, in its capacity as first secured creditor, has agreed to fund the normal costs of administering the bankruptcy of 2Source. To that end, HSBC has agreed that the costs of administering the bankruptcy, including trustee fees and legal fees, should be funded from the funds being held in the Receiver's trust account.
12. Pursuant to the Statement of Account from Employment and Social Development Canada indicating the amount of \$123,127.22 owing in respect of Wage Earner Protection Program plan payments, the Receiver proposes that this amount be paid in accordance with section 81.4 of the BIA.
13. The Receiver has received a security opinion from TGF in respect of the HSBC Security which confirmed that, subject to the validity of equipment collateral PMSIs and the usual and customary assumptions and qualifications, the HSBC Security is in first priority position with respect of the Property in the Province of Ontario.
14. The Receiver has assessed its current and future obligations for fees and disbursements and has determined that a distribution to HSBC of \$2,000,000 would be appropriate and would leave the Receiver with sufficient funds to meet its future obligations. A portion of that distribution would be used to repay the funds the Receiver borrowed from HSBC by way of a Receiver's Certificate.

Approval of Fees

15. Pursuant to paragraph 21 of the Appointment Order, the Receiver and its legal counsel were directed to pass their accounts from time to time before the Court.

16. The total fees of the Receiver during the period from March 1 to August 11, 2017 amount to \$126,685.00 together with expenses and disbursements in the sum of \$3,082.97 and HST in the amount of \$16,869.84, totaling \$146,637.81.
17. The total fees of Dentons during the period from January 29 to July 24, 2017 amount to \$117,616.50 together with expenses and disbursements in the sum of \$1,122.90 and HST in the amount of \$15,436.14, totaling \$134,175.54.
18. The total fees of TGF during the period from January 24 to August 11, 2017 amount to \$63,710.00 together with expenses and disbursements in the sum of \$1,669.02 and HST in the amount of \$8,470.12, totaling \$73,849.14.
19. The Receiver is of the view that the fees and disbursements of the Receiver and its counsel are reasonable in the circumstances.
20. Rules 2.03, 3.02 and 37 of the *Rules of Civil Procedure*.
21. Such further and other grounds as counsel may advise and this Court may deem just.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The Second Report of the Receiver, to be filed; and
2. Such further and other material as counsel may advise and this Honourable Court may permit.

August 22, 2017

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Lawyers for the Receiver

TO: THIS HONOURABLE COURT

AND TO: THE SERVICE LIST ATTACHED

SERVICE LIST
(as at July 31, 2017)

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AND TO:	<p>DELOITTE RESTRUCTURING INC. 22 Adelaide St. West, Suite 200 Toronto, Ontario, Canada, M5H 0A9 Fax: 514-601-6690</p> <p>Hartley Bricks Tel: 416-775-7326 Email: hbricks@deloitte.ca</p> <p>Paul Casey Tel: 416-775-7172 Email: paucasey@deloitte.ca</p> <p>Warren Leung Tel: 416-874-4461 Email: waleung@deloitte.ca</p> <p><i>Receiver of 2Source Manufacturing Inc.</i></p>

AND TO:	THORNTON GROUT FINNIGAN LLP 100 Wellington Street West Suite 3200 Toronto, ON M5K 1K7 Fax: 416-304-1313 D.J. Miller Tel: 416-304-0559 Email: djmiller@tgf.ca Leanne Williams Tel: 416-304-0060 Email: lwilliams@tgf.ca <i>Independent Counsel to the Receiver</i>
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AND TO:	HONDA CANADA FINANCE INC. 180 Honda Boulevard Markham, ON L6C 0H9 <i>Secured Party</i>
AND TO:	CISCO SYSTEMS CAPITAL CANADA CO. 3450 Superior Court, Unit 1 Oakville, ON L6L 0C4 <i>Secured Party</i>
AND TO:	ROYNAT INC. Suite 1500, 4710 Kingsway Street Burnaby, BC V5H 4M2 <i>Secured Party</i>
AND TO:	ELLIOTT-MATSUURA CANADA INC. 2120 Buckingham Road Oakville, ON L6H 5X2 <i>Secured Party</i>
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AND TO:	DEPARTMENT OF JUSTICE CANADA Suite 3400, 130 King Street West Toronto, ON M5G 2C8 Fozia Chaudary Tel: 416-952-7722 Email: fozia.chaudary@justice.gc.ca

AND TO:	<p>GMP REAL PROPERTY (10) LTD. AND GMP (10) GP INC. c/o Avison Young Real Estate Management Services Ontario Inc. Simpson Tower 401 Bay St, 11th Floor, Mailbox #11 Toronto, ON M5H 2Y4</p> <p>Mike O'Sullivan Email: mosullivan@iamgroup.ca</p> <p>IAM REAL PROPERTY GROUP 70 University Ave., Suite 1200 Toronto, ON M5J 2M4</p> <p>Mike O'Sullivan Email: mosullivan@iamgroup.ca</p> <p><i>Landlord of 2Source Manufacturing Inc.</i></p>
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Court File No. 32-2274852

Court File No: CV-17-11672-00CL

IN THE MATTER OF THE BANKRUPTCY OF 2SOURCE MANUFACTURING INC.
AND: IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED
BETWEEN: HSBC BANK CANADA –AND– 2SOURCE MANUFACTURING INC.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceedings commenced at Toronto

**NOTICE OF MOTION
Re: Transition Order and Distribution and Fee
Approval**

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*Lawyers for Deloitte Restructuring Inc., in its capacity as
the Court-appointed Receiver of the assets, undertakings
and properties of 2Source Manufacturing Inc.*

TAB 2

Court File No. CV-17-11672-00CL

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

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

**SECOND REPORT OF THE RECEIVER
DATED AUGUST 22, 2017**

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APPENDIX "B":	First Report to Court of the Receiver dated March 23, 2017 (without appendices)
APPENDIX "C":	Approval and Vesting Order issued by Justice Hainey dated March 31, 2017
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APPENDIX "E":	Receiver's Certificate dated March 31, 2017
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APPENDIX "G":	Statement of Receipts and Disbursements for the period January 23 to August 11, 2017
APPENDIX "H":	Statement of Account of Employment and Social Development Canada re Priority WEPPA Amount
APPENDIX "I":	Affidavit of Hartley Bricks of Deloitte Restructuring Inc. sworn August 16, 2017
APPENDIX "J":	Affidavit of Dennis R. Wiebe of Dentons Canada LLP sworn August 21, 2017
APPENDIX "K":	Affidavit of Puya Fesharaki of Thornton Grout Finnigan LLP sworn August 21, 2017

INTRODUCTION

1. By Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated January 23, 2017 (the “**Appointment Order**”), Deloitte Restructuring Inc. (“**Deloitte**”) was appointed as the receiver (the “**Receiver**”) of all of the assets, undertakings and properties of 2Source Manufacturing Inc. (“**2Source**” or the “**Debtor**”) acquired for, or used in relation to the business carried on by the Debtor, including all proceeds thereof (the “**Property**”). At the time of the Appointment Order, Robert Glegg was the sole officer and director of 2Source. A copy of the Appointment Order is attached hereto as **Appendix “A”**.
2. The Debtor is an Ontario corporation which manufactured components for the aerospace, industrial and oil & gas industries. The Debtor operated out of leased premises containing office space and a warehouse comprising an area of approximately 35,000 square feet located at 5261 Bradco Boulevard, Mississauga, Ontario (the “**Bradco Property**”). The Debtor’s principal assets were machinery and equipment used in the manufacturing process, inventory and accounts receivable.
3. The Appointment Order authorized the Receiver to, among other things, take possession of, and exercise control over the Property and any and all proceeds, receipts and disbursements, arising out of, or from, the Property. In addition, the Receiver was authorized to sell, convey, transfer, lease or assign the Property or any part thereof out of the ordinary course:
 - (a) without the approval of the Court in respect of any transaction in which the purchase price is less than \$250,000 or the aggregate purchase price for all such transactions is less than \$500,000; and
 - (b) with the approval of the Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause.
4. On March 31, 2017, Justice Hainey issued an Approval and Vesting Order: (i) approving the sale transaction (the “**Transaction**”) contemplated by an Asset Purchase Agreement dated March 16, 2017 (the “**APA**”) between the Receiver and Daniel Chai (“**Chai**”), in

trust for a company to be incorporated, as assigned by Chai to AlliedOne Industrial Inc. (the “**Purchaser**”); (ii) authorizing and directing the Receiver to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction; and (iii) vesting title in the Purchased Assets of 2Source (as defined in the APA) in the Purchaser upon delivery by the Receiver to the Purchaser of the Receiver’s Certificate. The Purchased Assets transferred to the Purchaser included substantially all of the physical operating assets of 2Source, excluding litigation claims and choses in action.

5. Also on March 31, 2017, Justice Hainey issued an Administrative Order, among other things: (i) approving the First Report of the Receiver dated March 23, 2017 (the “**First Report**”) and the activities described therein, with the exception of the activities described in paragraphs 54-56; (ii) authorizing the Receiver to file an assignment in bankruptcy on behalf of 2Source; (iii) authorizing the Receiver to make a distribution from the proceeds of the Transaction to Elliott-Matsuura Canada Inc. (“**Elliott-Matsuura**”), a secured creditor of 2Source; (iv) approving the Receiver’s Interim Statement of Receipts and Disbursements for the period from January 23 to March 17, 2017; and (v) approving the fees and disbursements of the Receiver as set out in the First Report. A copy of the First Report (without appendices), the Approval and Vesting Order, and the Administrative Order are attached hereto as **Appendices “B”, “C” and “D”** respectively.
6. The Appointment Order, the Approval and Vesting Order, the Administrative Order, together with related Court documents, the Notice to Creditors (in these receivership proceedings and in the bankruptcy) and the First Report have been posted on the Receiver’s website at www.insolvencies.deloitte.ca/en-ca/2Source.
7. The purpose of this second report of the Receiver (the “**Second Report**”) is to:
 - (a) update the Court on the Receiver’s actions since the First Report, including steps taken by the Receiver to close the Transaction with the Purchaser, and its activities in dealing with various litigation proceedings in which 2Source is the plaintiff;
 - (b) seek the Court’s approval of those activities and the activities of the Receiver as detailed in the Second Report and paragraphs 54-56 of the First Report;

- (c) seek an Order amending the definition of Property in the Appointment Order to exclude any claim, right or cause of action of 2Source concerning certain parties and certain litigation proceedings;
- (d) seek the Court's approval to pay the costs of the administration of the bankruptcy estate of 2Source (the "**Bankruptcy Costs**") from the funds in the Receiver's trust account;
- (e) seek the Court's approval to extend the Receiver's Charge, as such term is defined in the Appointment Order, to the Bankruptcy Costs;
- (f) seek the Court's approval of the Receiver's Statement of Receipts and Disbursements for the period to August 11, 2017;
- (g) seek the Court's approval to make a distribution to Employment and Social Development Canada in respect of Wage Earner Protection Program payments that enjoy a priority pursuant to section 81.4 of the *Bankruptcy and Insolvency Act* (the "**BIA**");
- (h) seek the Court's approval to make a distribution in the amount of \$2,000,000 to HSBC Bank Canada, the Applicant and first secured creditor in these proceedings ("**HSBC**") from the funds in the Receiver's trust account; and
- (i) seek the Court's approval of the professional fees and disbursements of the Receiver and its counsel set out herein, and authorizing the Receiver to pay all such fees and disbursements from available funds.

TERMS OF REFERENCE

8. In preparing this Second Report, the Receiver has been provided with, and has relied upon unaudited, draft and/or internal financial information, the Debtor's books and records, discussions with former management of the Debtor, and information from third-party sources (collectively, the "**Information**"). Except as described in this Second Report:

- (a) the Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and
 - (b) the Receiver has prepared this Second Report in its capacity as a Court-appointed officer to support the Court’s approval of the relief being sought. Parties using the Second Report other than for the purposes outlined herein are cautioned that it may not be appropriate for their purposes.
9. Unless otherwise stated, all dollar amounts contained in the Second Report are expressed in Canadian dollars.
10. Unless otherwise stated, all other capitalized terms not otherwise defined in this Second Report are as defined in the Appointment Order, the Approval and Vesting Order, or the Administrative Order.
11. The Receiver has sought the advice of Dentons Canada LLP (“**Dentons**”), counsel to the Applicant, for general legal matters that have arisen in respect of the receivership to avoid additional legal expense. Where the Receiver has required independent legal advice, the Receiver has sought the counsel of Thornton Grout Finnigan LLP (“**TGF**”).

CLOSING OF THE TRANSACTION

12. The Transaction was completed to the satisfaction of the Receiver on March 31, 2017, as evidenced by the Receiver’s Certificate, a copy of which is attached hereto as **Appendix “E”**.

13. After the closing of the Transaction, the Receiver worked diligently with the Purchaser to achieve a smooth transition of the Purchased Assets (as defined in the APA) to the Purchaser.

TRADE ACCOUNTS RECEIVABLE

14. Upon its appointment, the Receiver obtained a detailed listing of accounts receivable which indicated that \$712,361 remained owing to 2Source from various customers. The Receiver engaged the former collections staff at 2Source to assist in contacting 2Source customers in order to obtain payment of such accounts receivable. As of August 11, 2017, the Receiver has received payments totalling \$439,788 on account of pre-Appointment Order accounts receivable. The Receiver continues to pursue the remaining accounts receivable owing to 2Source.

SALE OF INVENTORY

15. The Receiver engaged former 2Source staff to prepare an analysis of the inventory on hand that was subject to current purchase orders, or that could potentially be sold to current customers, previous customers, or other parties. As a result of that analysis and their efforts, the Receiver was able to contract for ordinary course sales of inventory generating a total value of \$421,357 on an "as is, where is" basis with no representations or warranties. As a result of not being in a position to provide customers with any representations or warranties on sales, in certain instances, the Receiver negotiated pricing for less than the book value of the inventory. The Receiver has collected all amounts owing from sales made during the receivership period.

LITIGATION

16. As set out in the First Report, at the Appointment Date, 2Source was the plaintiff in three separate litigation matters which remain outstanding and which are described below.
17. The Receiver is seeking an Order amending the definition of Property in the Appointment Order to exclude any claims, rights or causes of action that 2Source may have against the

Messier Defendants and the UTAS Defendants including the Messier Claim and the UTAS Claim (as such terms are defined below).

Messier-Dowty Inc.

18. On October 7, 2015, 2Source issued a Statement of Claim under Court File No. CV-15-537943 (the "**Messier Claim**") against Messier-Dowty Inc., Messier-Bugatti-Dowty SA, Messier-Dowty Ltd., Messier-Dowty Mexico SA de CV and Messier-Dowty Suzhou Co. Ltd. (the "**Messier Defendants**") claiming damages for breach of contract and misrepresentation in the sum of USD\$4,030,000 and punitive damages in the sum of \$500,000.
19. On November 20, 2015, the Messier Defendants filed a Statement of Defence and Counterclaim denying they had breached any contractual obligations and counterclaimed for liquidated damages in the amount of \$96,000 for 2Source's failure to deliver products in accordance with their agreement and damages in the amount of \$1,500,000 for breach of contract.
20. The Receiver consulted with HSBC in respect of the continuation of the Messier Claim and was advised that HSBC was not prepared to fund the costs of pursuing the Messier Claim.
21. The Receiver advised the second secured creditor of 2Source, 2006905 Ontario Inc. ("**2006905**"), a holding company owned by Robert Glegg, that it would no longer be pursuing the Messier Claim. Subsequent to the bankruptcy of 2Source (as discussed below) and by letter dated August 2, 2017, counsel to 2006905 requested that the Trustee (as defined below) continue to pursue the Messier Claim and, in the case that the Trustee was unable to continue with the Messier Claim, advised the Trustee of its desire to take on the Messier Claim in accordance with section 38 of the BIA.

Service Star Freightways Inc.

22. On April 5, 2016, 2Source issued a Statement of Claim under Court File No. CV-16-550279 (the "**Service Star Claim**") against Service Star, Y7E Transport Inc., Royal & Sun Alliance Insurance Company of Canada and Hub International HKMB Limited (the "**Service Star Defendants**") claiming damages in the amount of \$300,000 as a result of

costs incurred due to a chemical spill at 2Source's premises attributable to certain of the Service Star Defendants.

23. On January 24, 2017, the Receiver reviewed the status of the Service Star Claim with 2Source's counsel retained in connection with the Service Star Claim, Ian Kirby of Gilbert Kirby Stringer LLP ("**Kirby**"). Based on those discussions, and after consultation with HSBC, the Receiver elected to continue with the litigation of the Service Star Claim on behalf of 2Source.
24. The Receiver participated in a mediation of the Service Star Claim on May 1, 2017 which did not result in a settlement of the action. The Receiver understands that a pre-trial hearing date will be set in the fall of 2017.

United Technologies Corporation ("UTAS")

25. On January 10, 2017, 2Source issued a Statement of Claim under Court File No. CV-17-567429 (the "**UTAS Claim**") against UTAS, Goodrich Aerospace Canada Ltd., Goodrich Corporation, Dino Soave and Verify, Inc. (the "**UTAS Defendants**") claiming damages of at least \$25,000,000 for breach of the *Competition Act* (Canada), fraudulent misrepresentation, deceit, conspiracy and unlawful interference with economic interests and punitive damages in the amount of \$5,000,000.
26. The Receiver had reviewed the UTAS Claim with Robert Glegg and agreed on terms under which the UTAS Claim could be continued with the assistance of Bennett Jones LLP ("**BJ LLP**"), as counsel of record in respect of the UTAS Claim (the "**UTAS Litigation Arrangement**"), which terms were included as Confidential Appendix "D" to the First Report. The UTAS Claim has continued in the ordinary course under the UTAS Litigation Arrangement.
27. The UTAS Defendants brought a motion (the "**Jurisdiction Motion**") pursuant to a forum selection clause in the Supply Agreement between 2Source and UTAS, arguing that the proper jurisdiction for the proceedings was New York State. The Court found in favour of the UTAS Defendants and stayed the UTAS Claim in Ontario.
28. The Receiver discussed the status of the UTAS Claim with HSBC who advised the Receiver that it was not prepared to fund the costs of pursuing the UTAS Claim or continue

with the UTAS Litigation Arrangement. As a result, by letter dated August 2, 2017, counsel to 2006905 requested that the Trustee continue to pursue the UTAS Claim and, in the case that the Trustee was unable to continue with the UTAS Claim, advised the Trustee of its desire to take on the UTAS Claim in accordance with section 38 of the BIA.

ASSIGNMENT FOR THE GENERAL BENEFIT OF THE CREDITORS OF 2SOURCE

29. The Receiver filed an assignment in bankruptcy on behalf of 2Source as of July 20, 2017. The Office of the Superintendent of Bankruptcy issued the Certificate of Appointment on July 21, 2017 appointing Deloitte Restructuring Inc. as Trustee (the “Trustee”). A copy of the Certificate of Appointment is attached hereto as **Appendix “F”**.
30. The Receiver understands that at the First Meeting of Creditors in the bankruptcy of 2Source, the creditors voted that the Trustee should not continue the litigation of the Messier Claim or the UTAS Claim.
31. The Receiver understands that 2006905 will be seeking an order authorizing it to continue the Messier Claim and the UTAS Claim in its own name and at its own expense and risk pursuant to section 38 of the BIA.
32. HSBC, in its capacity as first secured creditor, has agreed to fund the normal costs of administering the bankruptcy of 2Source. To that end, HSBC has agreed that the costs of administering the bankruptcy, including trustee fees and legal fees, should be funded from the funds being held in the Receiver’s trust account. As such, the Receiver will be seeking an order that it be entitled to pay the Bankruptcy Costs from the funds in the Receiver’s trust account.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

33. Attached as **Appendix “G”** is the Receiver’s Statement of Receipts and Disbursements for the period from March 19 to August 11, 2017 (the “R&D”). The R&D also includes the activity from January 23, 2017, the date of the appointment of the Receiver, to August 11, 2017. The closing cash balance at August 11, 2017 is \$2,474,491.

PROPOSED DISTRIBUTIONS

34. The Receiver has received a Statement of Account from Employment and Social Development Canada (“ESDC”) which indicates an amount owing on account of Wage Earner Protection Program plan payments of \$123,127.22 which enjoys a priority pursuant to section 81.4 of the BIA (the “**Priority WEPP Amount**”). A copy of the Statement of Account is attached hereto as **Appendix “H”**. The Receiver has reviewed the calculations supporting the Priority WEPP Amount and agrees with the amount claimed. The Receiver is seeking an order authorizing it to make a distribution to ESDC in the amount of the Priority WEPP Amount.
35. Given the status of the proceeding, the Receiver is in a position to distribute funds to HSBC from its trust account. To that end, as reported in the First Report, the Receiver has received a security opinion from TGF in respect of the HSBC Security (as defined in the First Report) which confirmed that, subject to the validity of equipment collateral PMSIs including the PMSI in favour of Elliott-Matsuura (which has since received a distribution in relation to its PMSI pursuant to the Administrative Order), and the usual and customary assumptions and qualifications, the HSBC Security is in first priority position with respect of the Property in the Province of Ontario.
36. The Receiver has assessed its current and future obligations for fees and disbursements, including the proposed distribution to ESDC, and has determined that a distribution to HSBC of \$2,000,000 would be appropriate and would leave the Receiver with sufficient funds to meet its future obligations. A portion of that distribution would be used to repay \$70,000 (plus interest) of the funds the Receiver borrowed from HSBC by way of the Receiver’s Certificate.

PROFESSIONAL FEES

37. The Receiver, and its legal counsel, Dentons and TGF, have maintained detailed records of their professional time and costs in this matter. Pursuant to paragraph 21 of the Appointment Order, the Receiver and its legal counsel were directed to pass their accounts

from time to time before the Court and were granted a Receiver's Charge (as such term is defined in the Appointment Order) over the Property.

38. The total fees of the Receiver during the period from March 1 to August 11, 2017 amount to \$126,685.00 together with expenses and disbursements in the sum of \$3,082.97 and harmonized sales tax ("HST") in the amount of \$16,869.84, totaling \$146,637.81 (the "**Receiver's Fees**"). The time spent by the Receiver is more particularly described in the Affidavit of Hartley Bricks sworn August 16, 2017 (the "**Bricks Affidavit**") in support hereof and attached hereto as **Appendix "I"**.
39. The total fees of Dentons during the period from January 29 to July 24, 2017 amount to \$117,616.50 together with expenses and disbursements in the sum of \$1,122.90 and HST in the amount of \$15,436.14, totaling \$134,175.54 (the "**Dentons Fees**"). The time spent by Dentons is more particularly described in the Affidavit of Dennis R. Wiebe sworn August 21, 2017 (the "**Wiebe Affidavit**") in support hereof and attached hereto as **Appendix "J"**.
40. The total fees of TGF during the period from January 24 to August 11, 2017 amount to \$63,710.00 together with expenses and disbursements in the sum of \$1,669.02 and HST in the amount of \$8,470.12, totaling \$73,849.14 (the "**TGF Fees**"). The time spent by TGF is more particularly described in the Affidavit of Puya Fesharaki sworn August 21, 2017 (the "**Fesharaki Affidavit**") in support hereof and attached hereto as **Appendix "K"**.
41. The Receiver is of the view that the fees and disbursements set out in the Bricks Affidavit, the Fesharaki Affidavit and the Wiebe Affidavit are reasonable in the circumstances.

RECEIVER'S REQUEST TO THE COURT

42. The Receiver is respectively seeking an order:
 - i) approving the Receiver's actions and activities described in this Second Report and in paragraphs 54-56 of the First Report;
 - ii) amending the definition of Property in the Appointment Order to exclude any claims, rights or causes of action that 2Source may have against the Messier

Defendants and the UTAS Defendants including the claims and causes of action plead by 2Source in the Messier Claim and the UTAS Claim;

- iii) authorizing and entitling the Receiver to pay the Bankruptcy Costs from the funds in the Receiver's trust account and extending the Receiver's Charge to the Bankruptcy Costs;
- iv) approving the R&D;
- v) authorizing it to make a distribution to ESDC for the Priority WEPP Amount;
- vi) approving the distribution of \$2,000,000 to HSBC; and
- vii) approving the professional fees and disbursements of the Receiver and its counsel as set out in the Bricks Affidavit, the Fesharaki Affidavit and the Wiebe Affidavit and authorizing the Receiver to pay all such fees and disbursements from available funds;

All of which is respectfully submitted at Toronto, Ontario this 22nd day of August, 2017.

Deloitte Restructuring Inc.,
solely in its capacity as the
Court-appointed receiver of the assets,
undertakings and properties of
2Source Manufacturing Inc., and without
personal or corporate liability

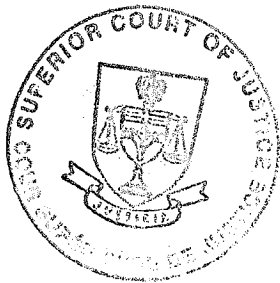
Deloitte Restructuring Inc.

Per:

Paul Casey, CPA, CA, FCIRP, LIT
Senior Vice-President

Hartley Bricks, MBA, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX “A”



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Court File No.

CN-17-11672-00CL

THE HONOURABLE)

MONDAY, THE 23RD

MR JUSTICE)

HAGNEY)

DAY OF JANUARY, 2017

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

ORDER
(appointing Receiver)

THIS APPLICATION made by the HSBC Bank Canada (the “**Applicant**”) for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”) appointing Deloitte Restructuring Inc. (“**Deloitte**”) as receiver (in such capacity, the “**Receiver**”) without security, of all of the assets, undertakings and properties of 2Source Manufacturing Inc. (the “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Stephen G. Wayland sworn January 23, 2017 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, and those other parties present, no other parties appearing for the other parties, although duly served with the

unsworn Application Record on January 21, 2017, as appears from the affidavit of service of Vanja Ginic sworn January 22, 2017, and with the Application Record filed with this Court on January 23, 2017, and on reading the consent of Deloitte to act as the Receiver.

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to subsection 243(1) of the BIA and section 101 of the CJA, Deloitte is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.
- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to 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 Receiver, in the name of the Debtor;

- (p) to negotiate the termination of any interests encumbering the Property and undertake such actions necessary to maximize the value of the Debtor's assets;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting

records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court

upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that the employment of all of the employees of the Debtor shall be terminated as of the effective time of this Order. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in

writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

15. The Receiver ~~may retain the necessary personnel of the Debtor to~~ ^{shall} prepare and issue Records of Employment for the terminated employees as soon as practicable and provide the terminated employees with such other documentation as may be required to enable the terminated employees to apply for employment insurance benefits and apply for payment under the *Wage Earner Protection Program Act*.

PIPEDA

16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the

Canadian Environmental Protection Act, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

18. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

19. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the “**Receiver's Charge**”) on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

20. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

22. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Receiver's Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver’s Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

24. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule “A” hereto (the “**Receiver’s Certificates**”) for any amount borrowed by it pursuant to this Order.

25. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver’s Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

26. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “Protocol”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL www.insolvencies.deloitte.ca/en-ca/2Source.

27. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

28. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

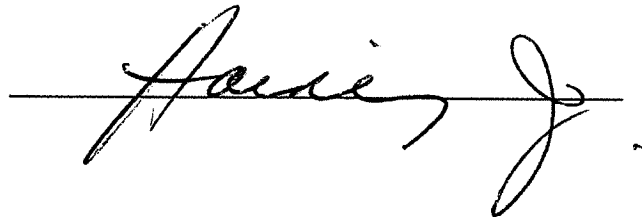
30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this

Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. THIS COURT ORDERS that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

33. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

A handwritten signature in black ink, appearing to read "Jamie J.", is written over a horizontal line.

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

JAN 23 2017

PER / PAR: JN

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte Restructuring Inc., the receiver (the "Receiver") of the assets, undertakings and properties 2Source Manufacturing Inc. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 23rd day of January, 2017 (the "Order") made in an action having Court file number ___-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

DELOITTE RESTRUCTURING INC., solely in its capacity as Receiver of the Property, and not in its personal or corporate capacity

Per: _____
Name:
Title:

CV-17-11672-0001

Court File No.

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

HSBC BANK CANADA
Applicant

-and-

2SOURCE MANUFACTURING INC.
Defendant

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at TORONTO

**ORDER
(APPOINTING RECEIVER)**

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Email: vanja.ginic@dentons.com

Lawyers for HSBC Bank Canada

APPENDIX “B”

Court File No. CV-17-11672-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

**FIRST REPORT OF THE RECEIVER
DATED MARCH 23, 2017**

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APPENDIX "C":	Request for Offer Package
APPENDIX "D":	Teaser document for the sale of the assets of 2Source
APPENDIX "E":	Redacted copy of Asset Purchase Agreement between the Receiver and Daniel Chai, in trust for a company to be incorporated, dated March 16, 2017
APPENDIX "F":	PPSA Summary Report, having a file currency of February 26, 2017
APPENDIX "G":	General Security Agreement dated June 5, 2006 and a General Assignment of Book Debts dated June 5, 2006
APPENDIX "H":	Postponement Agreement dated July 22, 2014
APPENDIX "I":	Interim Statement of Receipts and Disbursements for the period January 23 to March 17, 2017

- APPENDIX "J": Affidavit of Hartley Bricks of Deloitte Restructuring Inc. sworn March 8, 2017
- CONFIDENTIAL APPENDIX "A": Confidential Information Summary dated February 2017
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- CONFIDENTIAL APPENDIX "C": Unredacted version of the Asset Purchase Agreement
- CONFIDENTIAL APPENDIX "D": UTAS Litigation Arrangement

INTRODUCTION

1. By Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated January 23, 2017 (the "**Appointment Order**"), Deloitte Restructuring Inc. ("**Deloitte**") was appointed as the receiver (the "**Receiver**") of all of the assets, undertakings and properties of 2Source Manufacturing Inc. ("**2Source**" or the "**Debtor**") acquired for, or used in relation to the business carried on by the Debtor, including all proceeds thereof (the "**Property**"). At the time of the Appointment Order, Robert Glegg ("**Glegg**") was the sole officer and director of 2Source. A copy of the Appointment Order is attached hereto as **Appendix "A"**.
2. The Debtor is an Ontario corporation which manufactured components for the aerospace, industrial and oil & gas industries. The Debtor operated out of leased premises containing office space and a warehouse comprising an area of approximately 35,000 square feet (the "**Leased Premises**") located at 5261 Bradco Boulevard, Mississauga, Ontario (the "**Bradco Property**"). The Debtor's principal assets were machinery and equipment used in the manufacturing process, inventory and accounts receivable.
3. The Appointment Order authorized the Receiver to, among other things, take possession of, and exercise control over the Property and any and all proceeds, receipts and disbursements, arising out of, or from, the Property. In addition, the Receiver was authorized to sell, convey, transfer, lease or assign the Property or any part thereof out of the ordinary course:

- (a) without the approval of the Court in respect of any transaction in which the purchase price exceeds \$250,000 or the aggregate purchase price for all such transactions exceeds \$500,000; and
 - (b) with the approval of the Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause.
4. The Appointment Order, together with related Court documents, the Notice to Creditors and this First Report have been posted on the Receiver's website at www.insolvencies.deloitte.ca/en-ca/2Source.
5. The purpose of this first report of the Receiver (the "**First Report**") is to:
- (a) update the Court on the Receiver's actions to take possession and secure the Property;
 - (b) seek the Court's approval of the activities of the Receiver as described in the First Report including, without limitation, the steps taken by the Receiver in the collection of accounts receivable, the sale of inventory, dealing with various equipment lessors, discussions with GPM Real Property (10) Ltd. and GPM (10) GP Inc. (collectively, the "**Landlords**") and the conduct of the marketing and sale process;
 - (c) seek a Court order (the "**Approval and Vesting Order**") approving the transaction (the "**Transaction**") detailed in the asset purchase agreement dated March 16, 2017 (the "**APA**") between the Receiver and Daniel Chai, in trust for a company to be incorporated ("**Chai**") or to be assigned by Chai to the company that will close the Transaction (the "**Purchaser**"), together with any further amendments thereto deemed necessary by the Receiver in its sole opinion, for the sale of the Property detailed in and listed in Appendix "A" to the APA (the "**Purchased Assets**") and vesting the Debtor's right, title and interest, if any, in and to the Purchased Assets in and to the Purchaser upon closing of the Transaction;

- (d) seek the Court's approval to vary the Appointment Order so that it authorizes the Receiver to assign the Debtor into bankruptcy;
- (e) seek the Court's approval to make a distribution in the amount of \$400,000 to Elliott-Matsuura Canada Inc. ("Elliott-Matsuura") from the proceeds of the APA;
- (f) approving the Receiver's Interim Statement of Receipts and Disbursements for the period from January 23 to March 17, 2017;
- (g) approving the professional fees and disbursements of the Receiver set out herein, and authorizing the Receiver to pay all such fees and disbursements from available funds;
- (h) authorizing and directing the Receiver, *nunc pro tunc*, to redact from the version of the First Report served on any other party other than this Court, (i) the commercially sensitive information contained therein: (ii) the Confidential Information Summary dated February 2017 (the "CIS"), attached as **Confidential Appendix "A"**; (iii) the Receiver's Comparison of Offers (as defined herein), attached as **Confidential Appendix "B"**; (iv) the unredacted version of the APA, attached as **Confidential Appendix "C"**; and (v) the UTAS Litigation Arrangement (as defined herein), attached as **Confidential Appendix "D"**;
- (i) sealing the unredacted version of the First Report, including **Confidential Appendices "A", "B" and "C"**, filed with this Court from the public record until the closing of the Transaction or further order of this Court; and
- (j) sealing the **Confidential Appendix "D"**, filed with this Court from the public record pending further order of this Court.

TERMS OF REFERENCE

6. In preparing this First Report, the Receiver has been provided with, and has relied upon unaudited, draft and/or internal financial information, the Debtor's books and records,

discussions with former management of the Debtor, and information from third-party sources (collectively, the “**Information**”). Except as described in this First Report:

- (a) the Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and
 - (b) the Receiver has prepared this First Report in its capacity as a Court-appointed officer to support the Court’s approval of the APA and the other relief being sought. Parties using the First Report other than for the purposes outlined herein are cautioned that it may not be appropriate for their purposes.
7. Unless otherwise stated, all dollar amounts contained in the First Report are expressed in Canadian dollars.
 8. Unless otherwise provided, all other capitalized terms not otherwise defined in this First Report are as defined in the Appointment Order.
 9. The Receiver has sought the advice of Dentons Canada LLP (“**Dentons**”), counsel to the Applicant, for general legal matters that have arisen in respect of the receivership to avoid additional legal expense. Where the Receiver has required independent legal advice, the Receiver has sought the counsel of Thornton Grout Finnigan LLP (“**TGF**”).

BACKGROUND

10. 2Source was incorporated on October 17, 2002 under the name Wolverhampton Inc., which was subsequently changed to Trilete Corp. on January 12, 2004 and then changed to 2Source on March 11, 2004.

11. 2Source has operated from the Premises since it became 2Source. The Landlords are the owners of the Bradco Property. The Receiver has been provided with a Lease Agreement dated March 23, 2012 (the “**Original Lease**”) between 2Source and the Landlords that provided for a lease term of three years and expired on December 31, 2015. By Lease Extension and Amending Agreements dated March 3, 2015 and February 29, 2016 made between the parties (collectively, the “**Lease Extensions**” and together with the Original Lease, the “**Lease**”), the term of the Original Lease was extended to its current expiry date of December 31, 2017 (the “**Lease Expiry Date**”). A copy of the Lease is attached hereto as **Appendix “B”**.
12. The Receiver understands that 2Source operated profitably for a number of years. However, since the fall of 2015, 2Source lost two of its largest customers which, taken together, represented approximately 80% of its revenue base. The Debtor was unable to replace the lost revenue leading to cash flow problems and defaults on its loans provided by the Applicant which resulted in the eventual appointment of the Receiver.
13. In the period immediately prior to the receivership, the Company employed 71 non-union, full-time and part-time employees. The operations of 2Source in the ordinary course ceased prior to the appointment of the Receiver on January 23, 2017.
14. On March 10, 2017, Glegg notified the Receiver that he had resigned as both an officer and director of 2Source, leaving the entity with no remaining officer and director.

TAKING POSSESSION AND SAFEGUARDING ASSETS

15. The Receiver has undertaken the following activities in accordance with the terms of the Appointment Order:
 - (a) attended the Premises and took possession of the Property located on site;
 - (b) met with Glegg, the President of 2Source, and the employees on site to advise them of the receivership and that pursuant to paragraph 14 of the Appointment Order, their employment by the Debtor had been terminated;

- (c) established the Receiver's website and issued the Notice and Statement of Receiver pursuant to subsections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (Canada) ("BIA");
- (d) ensured that the Debtor's bank accounts with HSBC Bank Canada ("HSBC"), the first registered secured creditor of the Debtor, were frozen and that only deposits were to be accepted;
- (e) retained TGF as its independent legal counsel to, among other things, conduct a review of the HSBC Security (as defined in paragraph 32) and the security of the other secured creditors of the Debtor;
- (f) engaged certain former employees on an hourly basis to assist with taking inventory, analysis of work-in-process, assembly of books and records, collection of accounts receivable, and assistance with the marketing and sale process;
- (g) as access to the building was via key card, terminated key card access to all former employees and issued new key cards only to those individuals engaged by the Receiver;
- (h) restricted access of non-authorized external users to 2Source's computer systems and servers;
- (i) arranged for the backing up of computer hard drives;
- (j) provided notice of the Receiver's appointment to Hub International HKMB, the Debtor's insurance broker, who arranged for continued insurance coverage through the Debtor's insurer, Allianz Global Corporate & Specialty Auto, Travellers Aviation and XL Specialty Insurance Company. Additionally, the Receiver was added as a named insured and loss payee on the Debtor's policies;
- (k) arranged for a complete inventory to be made of the Property, including the Debtor's fixed assets;
- (l) compiled invoice data and issued demand letters with respect to the Debtor's accounts receivable and undertook the collection efforts described below;

- (m) prepared cash flow forecasts for the receivership period and arranged to borrow \$70,000 by way of Receiver's Certificate from HSBC to fund the receivership proceedings;
- (n) met with representatives of the Landlord and arranged for payment of occupation rent owing pursuant to the Lease commencing as of the date of the Appointment Order;
- (o) made arrangements with Canada Revenue Agency to conduct a payroll audit and an HST audit;
- (p) coordinated the delivery of Records of Employment and T4 slips to the former employees of the Debtor;
- (q) calculated *Wage Earner Protection Program Act* (Canada) claims for former employees and forwarded the appropriate information to eligible employees and Service Canada;
- (r) conducted a marketing and sale process as described in more detail below, including negotiating the terms of the APA;
- (s) communicated with legal counsel concerning certain litigation in which the Debtor is plaintiff;
- (t) reviewed the Debtor's environmental records;
- (u) sought to monetize the inventory on hand as of the date of the Appointment Order; and
- (v) provided status updates to HSBC on the progress of the receivership.

MARKETING AND SALE PROCESS

16. Given that the Debtor (i) terminated/lost contracts from its two largest customers representing approximately 80% of its business resulting in negative EBITDA over the past two years, and (ii) had essentially ceased production prior to the appointment of the Receiver, the Receiver was of the view that given the significant operating costs associated

with maintaining the facility in its current state, a long-drawn out sale process was not appropriate in the circumstances. The Receiver was of the view that a short, focussed sale process that targeted both strategic parties (competitors, former customers, suppliers, manufacturing participants and private equity) and auctioneers/liquidators would be appropriate to sufficiently market the assets and maximize proceeds in a reasonable timeframe.

17. The marketing and sale process established by the Receiver was designed as a request for offers (“**Request for Offers**”). The Request for Offers package consisted of the Request for Offers, the Terms and Conditions of Sale of Assets, the Confidentiality Agreement (the “**CA**”) and the Offer Form. The Receiver allocated the Property into lots and interested parties seeking to make an offer (“**Interested Parties**”) were permitted to submit an *en bloc* offer or an offer for individual lots. *En bloc* or combined lot offerors were directed to allocate their offer price among the lots they wished to purchase. A copy of the Request for Offer Package is attached hereto as **Appendix “C”**.
18. In order to properly market the Property, the Receiver, with the assistance of Deloitte Corporate Finance Inc. (“**DCF**”), prepared a Teaser document and CIS that set out the business, its history and past financial performance and listed the assets available for sale. A copy of the Teaser document is attached hereto as **Appendix “D”**. A copy of the CIS is attached hereto as **Confidential Appendix “A”**.

19. The timing of the marketing and sale process was initially established as follows:

Transaction Process	Timing
Circulation of CIS	Feb. 6, 2017
Review of materials, tour of the facility, management meetings and receive draft of the APA	Feb. 6-17, 2017
Final offers due at 12:00 pm (EST) (the “ Initial Offer Deadline ”)	Feb. 21, 2017
Negotiate and execute the APA	Feb. 22-24, 20
Seek Court approval for the transaction(s)	Mar 7, 2017
Close of transaction(s)	Mar 8, 2017

20. Notwithstanding the proposed timing set out above, due to delays in completing the CIS, DCF did not begin contacting potential Interested Parties until February 8, 2017. Those parties contacted were provided with the Teaser document and the CA. In total, 98 parties were contacted and were provided with the Teaser document and the CA. Of those 98 parties, 22 executed the CA and were provided with the CIS and access to the virtual data room. Of those 22 parties, 9 were auctioneer/liquidator firms.
21. Due to the later than expected commencement of the sale process and initial feedback from Interested Parties who indicated that the tight time frame for the due diligence period may preclude them from submitting a well-considered offer, on February 15, 2017, the Receiver advised the Interested Parties that the deadline for submission of offers had been extended to 5:00 pm on February 27, 2017 (the “**Revised Offer Deadline**”).
22. Prior to the Revised Offer Deadline, DCF informed the Receiver that it had inadvertently advised one Interested Party that the Revised Offer Deadline was 5:00 pm on February 28, 2017 (24 hours after the Revised Offer Deadline). After contacting that party to alert them of the correct Revised Offer Deadline, that party advised DCF that it intended to submit an *en bloc* offer but it had been working towards a submission prior to 5:00 pm on February 28, 2017 and would not be able to submit their offer prior to the Revised Offer Deadline.

As such, the Receiver further extended the Revised Offer Deadline to 5:00 pm on February 28, 2017 (the “**Offer Deadline**”).

23. By the Offer Deadline, the Receiver had received seven offers from Interested Parties. Five (5) of the offers were from auctioneers/liquidators and two were from strategic parties. The Receiver’s comparison of the seven offers received in respect of the Assets (“**Receiver’s Comparison of Offers**”) pursuant to the Request for Offers process is attached hereto as **Confidential Appendix “B”**.
24. The Receiver identified the *en bloc* offer from Chai, in trust for a company to be incorporated (the “**Chai Offer**”), as being the best offer in terms of price and conditions. In addition, Chai has advised the Receiver that he proposes that the Purchaser will hire back certain staff and restart the business.

CHAI OFFER AND APA

25. The APA provides for the Purchaser to purchase the Purchased Assets on an “as is, where is” and “without recourse” basis. A redacted copy of the APA is attached hereto as **Appendix “E”**. An unredacted copy of the APA is attached hereto as **Confidential Appendix “C”**. All other capitalized terms not otherwise defined in this section of the First Report are as defined in the APA.
26. Essentially, the Purchased Assets comprise all of the inventory and fixed assets at the Leased Premises as of the date of the Chai Offer. The Purchased Assets do not include accounts receivable, the Excluded Litigation (as defined in paragraph 52 below), and various personal property leased assets with respect to which the Purchaser will either elect to assume the lease or the asset will be returned to the applicable lessor.
27. One of the conditions in the APA in favour of the Purchaser is the Landlords’ consent with respect to the assignment of the Lease to the Purchaser, or an assignment of the Lease as otherwise authorized by applicable law. Despite numerous discussions with the Landlords and its counsel, the Receiver has been unable to obtain the Landlords’ consent to the assignment of the Lease. As a result and as discussed further below, in order to fulfill this

condition under the APA, the Receiver is seeking the Court's approval to vary or amend the Appointment Order to authorize the Receiver to assign the Debtor into bankruptcy in order that a Trustee in Bankruptcy can effect an assignment of the Lease to the Purchaser.

28. The APA is subject to the Court issuing an Approval and Vesting Order that approves the APA and vests in and to the Purchaser, all of the Debtor's right, title and interest in and to the Purchased Assets free and clear of all encumbrances (save for those encumbrances that the Purchaser agrees to assume) on and subject to the terms and conditions set out in the APA, in the form to be agreed to between the Parties.
29. The APA provides that the Approval and Vesting Order shall have been granted, and the Transaction completed, by March 31, 2017, unless the Parties agree in writing to extend the Closing Date. For closing of the Transaction to occur, the Receiver is to deliver the Receiver's Certificate (in the form attached to the form of Approval and Vesting Order included in the Motion Record accompanying this First Report) to the Purchaser which will certify that all of the conditions in the APA have been satisfied or waived or are to be fulfilled on a post-closing basis and that the balance of the Purchase Price, including applicable taxes, has been paid in full by the Purchaser.
30. The Receiver is of the view that the Chai Offer is the best transaction in the circumstances. The Applicant has advised the Receiver that it approves of the Transaction. In addition, Elliott-Matsuura has advised the Receiver that it approves of the Transaction with respect to the equipment over which it has a purchase-money security interest ("PMSI") (as set out in Schedule A - Exhibit "5" to the APA, the "**EM Equipment**"), subject to receiving an immediate distribution of the proceeds in respect of the Transaction relating to the EM Equipment. As such, the Receiver is seeking the Court's approval for issuance of the Approval and Vesting Order and an order authorizing the Receiver to distribute a portion of the sale proceeds to Elliott-Matsuura.

SECURED CREDITORS

31. A Summary Report of the secured creditor registrations filed pursuant to the *Personal Property Security Act* (Ontario) (the “PPSA”) having a file currency date of February 26, 2017 (the “PPSA Report”) is attached hereto as **Appendix “F”**. The following paragraphs discuss the registrations in the PPSA Report and, where applicable, their relative priorities.

HSBC Bank Canada

32. HSBC is the first registered secured creditor of the Debtor and is the Applicant in this proceeding. Among other security granted to HSBC, HSBC holds a general security agreement dated June 5, 2006 and a general assignment of book debts dated June 3, 2006 (collectively, the “**HSBC Security**”) securing the indebtedness and obligations of the Debtor to HSBC. A copy of the HSBC Security is attached hereto as **Appendix “G”**.
33. As at March 6, 2017, HSBC advised the Receiver that the Debtor’s outstanding indebtedness to HSBC totals in excess of \$4.0 million, inclusive of interest and costs incurred to date.
34. The Receiver has obtained a security opinion from TGF in respect of the HSBC Security. The opinion confirmed that, subject to the validity of equipment collateral PMSIs including the PMSI in favour of Elliott-Matsuura as detailed below, and the usual and customary assumptions and qualifications, the HSBC Security is in first priority position with respect of the Property in the Province of Ontario.

2006905 Ontario Inc.

35. 2006905 Ontario Inc. (“**2006905**”) registered a PPSA financing statement on June 13, 2008 in respect of the Debtor’s collateral classes of inventory, equipment, accounts, and 2006905 also executed a postponement agreement dated July 22, 2014, in favour of HSBC, limited to the amount of \$4,127,786 (the “**Postponement Agreement**”). A copy of the Postponement Agreement is attached hereto as **Appendix “H”**. The Postponement Agreement specifically provides for 2006905’s agreement to postpone the debt owing to it by 2Source in favour of the indebtedness owing by 2Source to HSBC, including, without

limitation, in respect of the fees and expenses of any receiver sought to be appointed by HSBC in connection with the enforcement of its security.

Elliott-Matsuura

36. The Debtor executed and delivered to Elliott-Matsuura a Conditional Sales Agreement dated December 1, 2015 (“CSA”) for the purchase by the Debtor of the EM Equipment. According to a statement of account dated February 7 2017, Elliott-Matsuura is owed \$446,890 by the Debtor.
37. The Receiver has obtained a security opinion from TGF that confirms that, subject to the usual and customary assumptions and qualifications, the CSA constitutes valid and enforceable PMSI security over the EM Equipment ranking in priority to all other secured creditors.
38. As set out in Schedule C to the APA, \$400,000 of the purchase price has been allocated to the EM Equipment by the Purchaser. As such, given Elliott-Matsuura’s PMSI security over the EM Equipment, the Receiver is seeking an order that upon the closing of the APA and the receipt of the net proceeds, the Receiver is authorized to distribute \$400,000 to Elliott-Matsuura.

Ministry of Economic Development and Innovation

39. Her Majesty the Queen in Right of the Province of Ontario as represented by the Minister of Economic Development and Innovation (“MEDI”) registered a PPSA financing statement on December 18, 2008 in respect of the Debtor’s collateral classes of equipment and other. The Receiver has obtained a security opinion from TGF that confirms that, subject to the usual and customary assumptions and qualifications and based on the documentation provided to TGF, the security granted to MEDI appears to be subordinate to the HSBC Security.

Honda Canada Finance Inc.

40. Honda Canada Finance Inc. (“Honda”) registered a PPSA financing statement in respect of the Debtor on April 17, 2013 in respect of a lease of a 2013 Acura MDX (“Acura”) by

2Source. TGF has reviewed the leasing documentation and PPSA registration and is of the view that, subject to confirmation of the timing of delivery of the Acura, Honda has a valid PMSI with respect to the Acura. The Purchaser has advised the Receiver that it is not seeking to purchase the Acura, and as such, the Acura is listed on the Excluded Asset Schedule of the APA. The Receiver has determined that there is no equity in the Acura lease. As a result, it is the Receiver's intention to make arrangements to return the Acura to Honda.

National Leasing Group Inc.

41. National Leasing Group Inc. registered a PPSA financing statement in respect of the Debtor on January 28, 2014 in respect of certain Microsoft Software and Licences (the "Software") under Lease No. 2654707N (the "**National Lease**"). The Receiver has been advised that all payments under the National Lease have been made, that the purchase option was executed, and that title to the Software had been transferred to the Debtor. The Software has been included in the Purchased Assets.

Cisco Systems Capital Canada Co.

42. Cisco Systems Capital Canada Co. ("**Cisco**") registered a PPSA financing statement in respect of the Debtor on January 28, 2014 in respect of certain telecommunications equipment (the "**Cisco Equipment**") under Lease No. 547623 (the "**Cisco Lease**"). TGF has reviewed such PPSA registration and the Cisco Lease in respect thereto and has concluded that Cisco appears to have a valid PMSI with respect to the Cisco Equipment. Cisco advised the Receiver that one payment totaling approximately \$1,623 plus HST remained to be paid in respect of the Cisco Lease. The Receiver has made the final payment and Cisco has acknowledged that title to the telecommunications equipment has passed to 2Source. The Cisco Equipment has been included in the Purchased Assets.

Roynat Inc.

43. Roynat Inc. ("**Roynat**") registered a PPSA financing statement in respect of the Debtor on July 28, 2014 in respect of certain laser marker equipment (the "**Laser Equipment**") under Lease No. 368468 (the "**Roynat Lease**"). TGF has reviewed the Roynat Lease and such PPSA registration and has concluded that it appears that Roynat has a valid PMSI with

respect to the Laser Equipment. The Laser Equipment has been listed as an Excluded Asset in Schedule "B" to the APA. The Purchaser has advised the Receiver that it is seeking an assignment of the Roynat Lease.

TRADE ACCOUNTS RECEIVABLE

44. Upon its appointment, the Receiver obtained a detailed listing of accounts receivable which indicated that \$712,361 remained owing to 2Source from various customers. The Receiver engaged the former collections staff at 2Source to assist in contacting 2Source customers in order to obtain payment of such accounts receivable. As of March 17, 2017, the Receiver has received payments totalling \$278,111 on account of pre-Appointment Order accounts receivable.
45. On February 28, 2017, the Receiver issued demand letters to all 2Source customers with outstanding accounts receivable. The Receiver is continuing with its collection efforts and will assess the need to institute formal collection proceedings in respect of amounts that remain unpaid.

SALE OF INVENTORY

46. The Receiver engaged former 2Source staff to prepare an analysis of the inventory on hand that was subject to current purchase orders, or that could potentially be sold to current customers, previous customers or other parties. As a result of that analysis and their efforts, the Receiver was able to contract for ordinary course sales of inventory generating a total value of \$416,602 on an "as is, where is" basis with no representations or warranties. As a result of not being in a position to provide customers with any representations or warranties on sales, in certain instances, the Receiver has negotiated pricing for less than the book value of the inventory. As of March 17, 2017, the Receiver has collected \$278,807 of its sales with the balance remaining to be collected. Subject to the Court's approval of the Receiver completing the APA, the balance of the inventory will be transferred to the Purchaser; however, the unpaid accounts receivable will remain for the Receiver to collect for the benefit of the stakeholders in these receivership proceedings.

LITIGATION

47. As at the Appointment Date, 2Source is the plaintiff in three separate claims which remain outstanding and which are described briefly below.

Messier-Dowty Inc. ("Messier")

48. On October 7, 2015, 2Source issued a Statement of Claim (the "**Messier Claim**") under Court File No. CV-15-537943 against Messier, et al, claiming damages for breach of contract and misrepresentation in the sum of USD 4,030,000 and punitive damages in the sum of \$500,000.
49. On November 20, 2015, Messier filed a Statement of Defence and Counterclaim denying it had breached any contractual obligations and counterclaimed for liquidated damages in the amount of \$96,000 for 2Source's failure to deliver products in accordance with their agreement and damages in the amount of \$1,500,000 for breach of contract.
50. The Receiver has reviewed the Messier Claim pleadings and has discussed the progress with Glegg. As of the date of this First Report, the Receiver has not taken any steps to advance the Messier Claim and is continuing to access its options.

Service Star Freightways Inc. ("Service Star")

51. On April 5, 2016, 2Source issued a Statement of Claim (the "**Service Star Claim**") under Court File No. CV-16-550279 against Service Star, Y7E Transport Inc. ("**Y7E**"), Royal & Sun Alliance Insurance Company of Canada and Hub International HKMB Limited claiming damages in the amount of \$300,000 as a result of costs incurred resulting from and to remediate a paint/chemical spill at 2Source's premises caused by Service Star and/or Y7E.
52. On January 24, 2017, the Receiver reviewed the status of the Service Star Claim with 2Source's counsel retained in connection with the Service Star Claim, Ian Kirby of Gilbert Kirby Stringer LLP ("**Kirby**"), who indicated that, with one exception, all examinations had been completed. The Receiver directed Kirby to proceed with the final examination which has since been completed.

53. A mediation of the claim is scheduled for May 1, 2017, which proceeding the Receiver plans to attend. In the meantime, 2Source has completed its undertakings from a previous examination.

United Technologies Corporation (“UTAS”)

54. On January 10, 2017, 2Source issued a Statement of Claim (the “**UTAS Claim**”, and collectively with the Messier Claim and the Service Star Claim, the “**Excluded Litigation**”) under Court File No. CV-17-567429 against UTAS, et al, claiming damages of at least \$25,000,000 for breach of the *Competition Act* (Canada), fraudulent misrepresentation, deceit, conspiracy and unlawful interference with economic interests and punitive damages in the amount of \$5,000,000.
55. UTAS has not yet filed a statement of defence in respect of the UTAS Claim (the “**UTAS Litigation**”).
56. The Receiver has previously reviewed the UTAS Claim and had agreed that the UTAS Claim can be continued with the assistance of Bennett Jones LLP (“**BJ LLP**”), as counsel of record in respect of the UTAS Claim. Borden Ladner Gervais LLP (“**BLG**”) represents UTAS in the UTAS Litigation. Discussion in respect of the UTAS Claim between BLG, Dentons and BJ LLP have been ongoing. The Receiver and 2Source had agreed to terms upon which the UTAS Litigation may be continued which are marked privileged and confidential (the “**UTAS Litigation Arrangement**”). As a result of the resignation of Glegg, the Receiver is considering the positions of the parties in respect of a continuation of the UTAS Claim. A copy of the UTAS Litigation Arrangement is attached hereto as **Confidential Appendix “D”**.

ASSIGNMENT FOR THE GENERAL BENEFIT OF THE CREDITORS OF 2SOURCE

57. As discussed in paragraph 27 above, a condition of the APA is an assignment of the Lease to the Purchaser. The Receiver has had numerous discussions with the Landlords who have advised the Receiver that it will not agree to an assignment of the Lease as it wishes to sell the Bradco Property in a vacant state, despite the fact that, absent the receivership

proceedings, the Landlords would not be in a position to obtain vacant possession of the property until the Lease Expiry Date.

58. The Purchaser has advised that the Chai's Offer was predicated on the Purchaser being able to occupy the Premises until the Lease Expiry Date.
59. As discussed above, the Receiver is of the view that the Chai Offer is the best and most reasonable offer for the purchase of the Property and is in the best interests of all stakeholders. No other offer provided for a continuation of the business, the rehiring of some of the 2Source employees, and the continued supply of parts that for some customers are critical to their manufacturing process.
60. As Glegg has resigned as an officer and director, the most cost effective and efficient manner to assign the Debtor into bankruptcy, for the general benefit of its creditors, is for the Receiver to file an assignment.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

61. Attached as **Appendix "I"** is the Interim Statement of Receipts and Disbursements for the period January 23 to March 17, 2017 (the "**Interim R&D**"). As at March 17, 2017, the closing cash balance was approximately \$655,490, which includes a deposit with respect to the Chai Offer.
62. The Interim R&D includes receipt of \$70,000 from HSBC funded through the issuance of a Receiver's Certificate. These funds were required to ensure that the Receiver had sufficient cash to meet its obligations. The Receiver's Certificate will be repaid to HSBC, plus applicable interest, from the proceeds of the APA.

PROFESSIONAL FEES

63. The Receiver has maintained detailed records of its professional time and costs in this matter. Pursuant to paragraph 21 of the Appointment Order, the Receiver and its legal counsel were directed to pass their accounts from time to time before the Court and were granted a Receiver's Charge over the Property. The Receiver's counsel is not seeking to pass its accounts at this time but will do so at a later date.

64. The total fees of the Receiver during the period from January 11 to February 28, 2017 amount to \$258,482.50, together with expenses and disbursements in the sum of \$1,358.42 and harmonized sales tax (“HST”) in the amount of \$33,779.32, and total \$293,620.24 (the “Receiver’s Fees”). The time spent by the Receiver is more particularly described in the Affidavit of Hartley Bricks sworn March 8, 2017 (the “Bricks Affidavit”) in support hereof and attached hereto as **Appendix “J”**.
65. The Receiver is of the view that the fees and disbursements set out in the Bricks Affidavit are reasonable in the circumstances.

RECEIVER’S REQUEST TO THE COURT

66. The Receiver is respectively seeking an order:
- i) approving this First Report and the actions and activities of the Receiver for the period up to March 17, 2017;
 - ii) approving the APA and ratifying the Receiver’s execution of the APA;
 - iii) approving the Transaction and authorizing and directing the Receiver to carry out the terms of the APA, together with any amendments thereto deemed necessary by the Receiver in its sole discretion;
 - iv) vesting, upon the delivery of the Receiver’s Certificate to the Purchaser, the Debtor’s right, title and interest in and to the Purchased Assets in and to the Purchaser;
 - v) that, upon the closing of the Transaction and receipt of the Purchase Price, authorizing the Receiver to make a distribution to Elliott-Matsuura in the amount of \$400,000;
 - vi) varying or amending the Appointment Order to authorize the Receiver to file an assignment in bankruptcy on behalf of the Debtor;
 - vii) approving the Interim R&D;

- viii) approving the professional fees and disbursements of the Receiver as set out in the Bricks Affidavit, and authorizing the Receiver to pay all such fees and disbursements from available funds;
- ix) authorizing and directing the Receiver, *nunc pro tunc*, to redact from the version of the First Report served on any other party other than this Court, (i) the commercially sensitive information contained therein; (ii) the CIS, attached as **Confidential Appendix "A"**; (iii) the Receiver's Comparison of Offers, attached as **Confidential Appendix "B"**; and (iv) the unredacted version of the APA, attached as **Confidential Appendix "C"**, and (v) the UTAS Litigation Arrangement, attached as **Confidential Appendix "D"**;
- x) sealing the unredacted version of the First Report, including **Confidential Appendices "A", "B", and "C"** filed with this Court from the public record, until the closing of the Transaction or further order of this Court; and
- xi) sealing the **Confidential Appendix "D"** filed with the Court from the public record pending further order of this Court.

All of which is respectfully submitted at Toronto, Ontario this 23rd day of March, 2017.

Deloitte Restructuring Inc.,
solely in its capacity as the
Court-appointed receiver of the assets,
undertakings and properties of
2Source Manufacturing Inc., and without
personal or corporate liability



Per: _____
Adam Bryk, CPA, CA, CIRP, LIT
Senior Vice-President



Per: _____
Hartley Bricks, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX "C"

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.

)

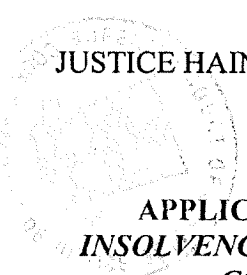
FRIDAY, THE 31ST

JUSTICE HAINEY

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DAY OF MARCH, 2017

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APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

APPROVAL AND VESTING ORDER

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the assets, undertakings and properties of 2Source Manufacturing Inc. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an asset purchase agreement dated March 16, 2017 (the "**APA**") between the Receiver and Daniel Chai, in trust for a company to be incorporated ("**Chai**"), as assigned by Chai to AlliedOne Industrial Inc. pursuant to an assignment and assumption agreement to be executed among the Receiver and AlliedOne Industrial Inc. (the "**Purchaser**") and appended to the Report of the Receiver dated March 23, 2017 (the "**First Report**"), and vesting in and to the Purchaser the Debtor's right, title and interest in and to the

assets detailed in the APA (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report and on hearing the submissions of counsel for the Receiver, the Applicant and the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed:

1. **THIS COURT ORDERS AND DECLARES** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and indicated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the APA by the Receiver is hereby ratified. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the APA shall vest absolutely in and to the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Hailey dated January 23, 2017; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances listed on Schedule "B" hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged against the Purchased Assets.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

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

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

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

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

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, under the *Bankruptcy and*

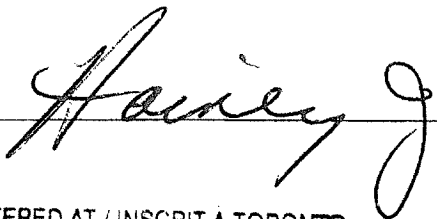
Insolvency Act (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. **THIS COURT ORDERS** that the Receiver is hereby authorized, *nunc pro tunc*, to redact from the version of the First Report served on any party other than this Court: (a) the commercially sensitive information contained therein and attached as Confidential Appendices “A”, “B”, and “D”; and (b) the unredacted version of the APA, attached as Confidential Appendix “C”.

9. **THIS COURT ORDERS** that the unredacted version of the First Report, including Confidential Appendices “A”, “B”, and “C”, filed with this Honourable Court, be sealed from the public record until the closing of the Transaction, or further order of this Court.

10. **THIS COURT ORDERS** that Confidential Appendix “D”, filed with this Court, be sealed from the public record pending further order of this Court.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.



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

MAR 31 2017

PER / PAR: 

Schedule A – Form of Receiver’s Certificate

Court File No. CV-17-11672-00CL

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

THE HONOURABLE)
JUSTICE)
)

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (the “**Court**”) dated January 23, 2017, Deloitte Restructuring Inc. was appointed as the receiver (the “**Receiver**”) of the assets, undertakings and properties of 2Source Manufacturing Inc. (the “**Debtor**”).

B. Pursuant to an Order of the Court dated March 31, 2017, the Court approved the asset purchase agreement made as of March 16, 2007 (the "APA") between the Receiver and Daniel Chai, in trust for a company to be incorporated ("Chai") as assigned by Chai to [●] (the "Purchaser") and provided for the vesting in and to the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section 5 of the APA have been satisfied or waived or otherwise agreed to be dealt with on a post-Closing Date basis by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the APA.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the APA;
2. The conditions to Closing as set out in section 5 of the APA have been satisfied, waived, or otherwise agreed to be dealt with on a post-Closing basis by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

**Deloitte Restructuring Inc., in its capacity as
Receiver of the assets, properties and
undertakings of 2Source Manufacturing Inc.,
and not in its personal or corporate capacity**

Per: _____

Name:

Title:

Schedule B – Permitted Encumbrances

1. Personal Property Security Act financing statement in favour of Roynat Inc. having Reference File No. 698399001 and Registration No. 20140728 1525 1902 7234.

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

HSBC BANK CANADA
Applicant

-and-

2SOURCE MANUFACTURING INC.
Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)
Proceeding commenced at TORONTO

APPROVAL AND VESTING ORDER
(March 31, 2017)

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Leanne M. Williams (LSUC #41877E)
Tel: 416-304-0060
Email: lwilliams@tgf.ca

Counsel to Deloitte Restructuring Inc.

APPENDIX “D”

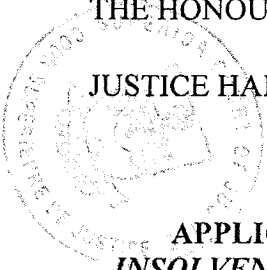
**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.)

FRIDAY, THE 31st

JUSTICE HAINEY)

DAY OF MARCH, 2017



**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

ADMINISTRATIVE ORDER

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the assets, undertakings and properties of 2Source Manufacturing Inc. (the "**Debtor**") for this Administrative Order was heard this day at 330 University Avenue, Toronto, Ontario.

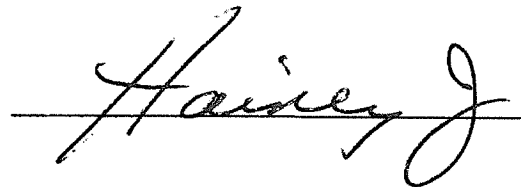
ON READING the Notice of Motion of the Receiver dated March 24, 2017, the First Report of the Receiver dated March 23, 2017 (the "**First Report**"), and the affidavits of the Receiver as to fees ("**Fee Affidavit**") and on hearing the submissions of counsel for the Receiver, the Applicant and the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Maria Magni sworn March 24, 2017, filed:

1. **THIS COURT ORDERS AND DECLARES** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and indicated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the First Report and the activities of the Receiver described therein, with the exception of those activities described in paragraphs 54-56 of the First Report, are hereby approved.
3. **THIS COURT ORDERS** that the Receiver is hereby authorized, but not obligated, to file an assignment in bankruptcy on behalf of the Debtor.
4. **THIS COURT ORDERS** that the Receiver is hereby authorized to make an immediate distribution in the amount of CAD \$400,000 to Elliott-Matsuura Canada Inc. from the proceeds of the sale transaction contemplated by an asset purchase agreement dated March 16, 2017 between the Receiver and Daniel Chai, in trust for a company to be incorporated ("**Chai**"), as assigned by Chai to AlliedOne Industrial Inc. pursuant to an assignment and assumption agreement to be executed among the Receiver and AlliedOne Industrial Inc. (the "**Purchaser**").

5. **THIS COURT ORDERS** that the Receiver's Interim Statement of Receipts and Disbursements for the period from January 23 to March 17, 2017 is hereby approved.


6. **THIS COURT ORDERS** that the fees and disbursements of the Receiver, as set out in the First Report and the Fee Affidavit, are hereby approved and the Receiver is hereby authorized to pay any unpaid fees and disbursements herein approved.

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

A handwritten signature in cursive script, appearing to read "Hainey J.", written over a horizontal line.

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

MAR 31 2017

PER / PAR: 

Court File No. CV-17-11672-00CL
APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

HSBC BANK CANADA
Applicant

-and-

2SOURCE MANUFACTURING INC.
Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
Commercial List
Proceeding commenced at TORONTO

ADMINISTRATIVE ORDER
(March 31, 2017)

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Email: lwilliams@tgf.ca

Counsel to Deloitte Restructuring Inc.

APPENDIX “E”

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

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Hailey of the Ontario Superior Court of Justice (the "**Court**") dated January 23, 2017, Deloitte Restructuring Inc. was appointed as the receiver (the "**Receiver**") of the assets, undertakings and properties of 2Source Manufacturing Inc. (the "**Debtor**").

B. Pursuant to an Order of the Court dated March 31, 2017, the Court approved the asset purchase agreement made as of March 16, 2017 (the "**APA**") between the Receiver and Daniel Chai, in trust for a company to be incorporated ("**Chai**") as assigned by Chai to AlliedOne Industrial Inc. (the "**Purchaser**") and provided for the vesting in and to the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a

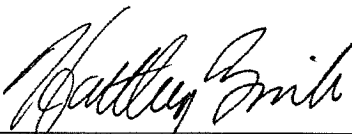
certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section 5 of the APA have been satisfied or waived or otherwise agreed to be dealt with on a post-Closing Date basis by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.


C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the APA.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the APA;
2. The conditions to Closing as set out in section 5 of the APA have been satisfied, waived, or otherwise agreed to be dealt with on a post-Closing basis by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at 5:00 pm on March 31, 2017.

Deloitte Restructuring Inc., in its capacity as Receiver of the assets, properties and undertakings of 2Source Manufacturing Inc., and not in its personal or corporate capacity

Per: 
Name: Hartley Bricks
Title: Senior Vice-President

Per: 
Name: Adam Bryk
Title: Senior Vice-President

APPENDIX "F"



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

District of: Ontario
Division No.: 09 - Mississauga
Court No.: 32-2274852
Estate No.: 32-2274852

In the Matter of the Bankruptcy of:

2Source Manufacturing Inc.

Debtor

**DELOITTE RESTRUCTURING INC/RESTRUCTURATION
DELOITTE INC**

Licensed Insolvency Trustee

Ordinary Administration

Date and time of bankruptcy:	July 21, 2017, 09:45	Security:	\$0.00
Date of trustee appointment:	July 21, 2017		
Meeting of creditors:	August 10, 2017, 14:00 22 Adelaide Street West, Suite 200 Toronto, Ontario Canada,		
Chair:	Trustee		

CERTIFICATE OF APPOINTMENT - Section 49 of the Act; Rule 85

-- AMENDED --

I, the undersigned, official receiver in and for this bankruptcy district, do hereby certify that:

- the aforementioned debtor filed an assignment under section 49 of the *Bankruptcy and Insolvency Act*;
- the aforementioned trustee was duly appointed trustee of the estate of the debtor.

The said trustee is required:

- to provide to me, without delay, security in the aforementioned amount;
- to send to all creditors, within five days after the date of the trustee's appointment, a notice of the bankruptcy;
and
- when applicable, to call in the prescribed manner a first meeting of creditors, to be held at the aforementioned time and place or at any other time and place that may be later requested by the official receiver.

Date: July 21, 2017, 15:34

E-File/Dépôt Electronique

Official Receiver

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

Canada

APPENDIX "G"

2Source Manufacturing Inc.
Statement of Receipts and Disbursements
For the Period Jan 23, 2017 to August 11, 2017

<u>Receipts</u>	<u>Jan 23-Mar 17</u>	<u>Mar 18-Aug 11</u>	<u>Jan 23-Aug 11</u>
Sale of asset en bloc	\$ -	\$ 2,450,000	\$ 2,450,000
Sale of inventory	278,807	142,550	421,357
Collection of accounts receivable	278,111	161,677	439,788
Deposit re: Chai Offer	250,000	-	250,000
Funding via Receiver's Certificate	70,000	-	70,000
HST collected	5,808	2,525	8,332
HST refund	-	66,377	66,377
Interest	-	3,372	3,372
Miscellaneous refunds	653	3,600	4,253
	\$ 883,378	\$ 2,830,101	\$ 3,713,479
<u>Disbursements</u>			
Independent contractor services	\$ 98,693	\$ 4,319	\$ 103,012
Payment to secured creditor	-	400,000.00	400,000
Rent	33,053	26,230.80	59,284
Insurance	26,285	-	26,285
IT services	23,575	18,702.70	42,278
Legal fees	22,635	100,779.54	123,415
Receiver fees	-	359,726.68	359,727
Sales taxes paid	12,264	69,352.70	81,617
Operating expenses	9,013	27,546.19	36,559
Payroll services	1,897	495.79	2,393
Mail redirection	251	-	251
Bank charges	151	1,418.87	1,570
Filing fees	70	-	70
HST remitted	-	2,528.02	2,528
	\$ 227,888	\$ 1,011,100	\$ 1,238,988
Net surplus of receipts less disbursements	\$ 655,490	\$ 1,819,001	\$ 2,474,491

APPENDIX “H”



Employment and
Social Development Canada

Emploi et
Développement social Canada

P.O. Box 2517/C.P. BOITE 2517
LONDON ON N6A 4G9

028820

PAUL M. CASEY
22 ADELAIDE STREET WEST
SUITE 200
TORONTO, ON M5H 0A9

Page 1 of 1

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Veuillez s.v.p. conserver cette partie



Employment and
Social Development Canada

Emploi et
Développement social Canada

Financial Services / Services financiers
Recovery Officer / Agent de recouvrement: 06474
() -
(888)441-6982

PAYMENT OFFICE / BUREAU DE PAIEMENT
ESDC REMITTANCES / ENVOIS DE
FONDS / PO BOX 7777
MATANE QC G4W 4S4

STATEMENT OF ACCOUNT(S) / RELEVÉ DE COMPTE(S)

Name Nom PAUL M. CASEY	Client ID Id. du client 32-158937YY	Statement Date Date du relevé JUL 22 2017	Due Date Date d'échéance AUG 12 2017	Minimum Payment Paiement minimum 7,065.00
------------------------------	---	---	--	---

Summary of Accounts / Sommaire des comptes:

Previous Balance Solde précédent	Establishments Établissements	Payments Paiements	Adjustments Ajustements	Interest Intérêt	New Balance Nouveau solde
WAGE EARNER PROTECTION PROGRAM SPRI					
123,127.22	0.00	0.00	0.00	0.00	123,127.22
WAGE EARNER PROTECTION PROGRAM UNSC					
112,344.48	0.00	0.00	0.00	0.00	112,344.48

Previous Balance Solde précédent	Establishments Établissements	Payments Paiements	Adjustments Ajustements	Interest Intérêt	Total Balance Solde Total
235,471.70	0.00	0.00	0.00	0.00	235,471.70

PLEASE SEE REVERSE FOR FURTHER DETAILS / S.V.P. VOIR AU VERSO POUR DE PLUS AMPLES RENSEIGNEMENTS

APPENDIX "I"

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

B E T W E E N:

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

**AFFIDAVIT OF HARTLEY M. BRICKS
(Sworn August 16, 2017)**

I, **Hartley M. Bricks** of the City of Toronto, in the Province of Ontario,
MAKE OATH AND SAY:

1. I am a Senior Vice-President of Deloitte Restructuring Inc., the court appointed receiver (the "**Receiver**") of the assets, undertakings and properties of 2Source Manufacturing Inc. ("**2Source**"). As such, I have personal knowledge of the matters to which I hereinafter refer.


2. Attached hereto as **Exhibit "A"** is a summary of the accounts issued by the Receiver of 2Source for services rendered during the period up to February 28, 2017 (the "**Period**").

3. Attached hereto as **Exhibit "B"** are true copies of the accounts of the Receiver with respect to 2Source for the Period, including a detailed description of the activities, number of hours worked, applicable hourly rates, and totals. The Receiver's average hourly rate charged over the Period is approximately \$259. I confirm that these accounts accurately reflect the services provided by the Receiver in this proceeding for the Period.

4. Based on my review of the accounts referred to herein and my personal knowledge of this matter, the accounts referred to herein represent a fair and accurate description of the services provided and the amounts charged by the Receiver.

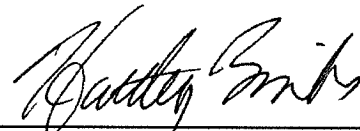
5. I swear this affidavit in support of the Receiver's Motion for, among other things, approval of its fees and disbursements and for no other or improper purpose.

SWORN before me at the City of
Toronto, in the Province of Ontario, on
August 16, 2017



Commissioner for Taking Affidavits

)
)
)
)



HARTLEY M. BRICKS

**Anna Koroneos, a Commissioner, etc.,
Province of Ontario
for Deloitte Restructuring Inc.,
Licensed Insolvency Trustee,
Expires June 3, 2018.**

Exhibit "A"

Summary of Invoices Issued by the Receiver for
2Source Manufacturing Inc.

Wife to Debtor ^{Page} A.
in the Affidavit of Hartley Bricks
Sworn before me this 16th day of
August 2017.
Commissioner, etc.
Anna Koronas, a Commissioner, etc.,
Province of Ontario
for Deloitte Restructuring Inc.,
Licensed Insolvency Trustee,
Expires June 3, 2019.

<u>Invoice Date</u>	<u>Invoice Period</u>	<u>Amount of Invoice (including HST)</u>
18-Apr-17	March 1 to 31, 2017	112,870.91
16-Aug-17	April 1 to August 11, 2017	<u>33,766.90</u>
		<u>\$ 146,637.81</u>



Deloitte LLP
 Bay Adelaide Centre
 22 Adelaide Street West, Suite 200
 Toronto ON M5H 0A9

Tel: 416-601-6150
 Fax: 416-601-6151
 www.deloitte.ca

This is Exhibit B.
 in the Affidavit of Hartley Bricks
 Sworn before me this 16th day of August 2017
 a Commissioner, etc.

Anna Koroneos, a Commissioner, etc.,
 Province of Ontario
 for Deloitte Restructuring Inc.,
 Licensed Insolvency Trustee.
 Expires June 3, 2019.

2Source Manufacturing Inc.
 c/o Deloitte Restructuring Inc., Receiver
 Bay Adelaide Centre
 22 Adelaide Street West, Suite 200
 Toronto ON M5H 0A9

Date: April 18, 2016
 Invoice No: 4329610
 Client/Mandate No: 752920/1000341
 Billing Partner: Paul Casey

HST Registration No: 133245290

Invoice #3

For professional services rendered by Deloitte Restructuring Inc. as Court-appointed Receiver of 2Source Manufacturing Inc. for the period to March 1 to 31, 2017.

Date	Professional	Description	Hours
3/1/2017	Casey, Paul	Email and discussion H. Bricks.	0.1
3/1/2017	Bricks, Hartley	Review of APA from D. Chal and provide comments to J. Salmas; discussion with O. Ghafur regarding status of discussions with D. Chal and update J. Salmas; discussion with J. Haghiri regarding inventory and conference call with O. Ghafur and J. Haghiri regarding same; discussion with J. Salmas re APA and other matters; prepare report to court; discussion with offerors regarding status of process.	5.5
3/1/2017	Ghafur, Ovais	Discussions with D. Chal and legal counsel regarding APA terms.	3.0
3/1/2017	Haghiri, Golnaz	Respond to inquiries from employees and trades; continue work on updating inventory listing; continue work on inquiries regarding sales process; continue work on Account Receivable collection and correspondence with professionals in respect of same; work on updating and review WEPP applications.	8.0
3/1/2017	Youn, John	Answering questions about employees' WEPPA package; wire payment/cheques confirmation from customer for A/R collection; answering questions from liquidator regarding sales process; questions answered from Service Canada regarding employee's ROE; rent payment contact and o/s balance identification; answering ad hoc questions from J. Haghiri; A/R master schedule update, cutoff date March 1, 2017.	9.0
3/1/2017	Brown, Rose	Review account online and report any incoming deposit to group; disbursement cheques; input incoming Receipts.	0.8
3/2/2017	Casey, Paul	Emails H. Bricks regarding sale process; lease assignment.	0.1

Remittance information on last page

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty (30) days after the invoice date to the date on which the entire account is paid.

Date	Professional	Description	Hours
3/2/2017	Bricks, Hartley	Discussion with O. Ghafur regarding Chai offer; discussion with J. Salmas regarding APA and matters concerning same; prepare correspondence to F. Haydar regarding Elliott Mastuura machinery and discussion with J. Decosimo, counsel to Elliott Matsuura, regarding same; prepare update for HSBC; review of APA and provide comments to J. Salmas; discussion with J. Haghiri regarding leased assets and assets subject to PPSA registrations; prepare report to court.	6.0
3/2/2017	Ghafur, Ovals	Dealings with lawyers, asset issues and Mr. Chai.	3.5
3/2/2017	Leung, Warren	Discussion with landlord regarding lease, discussion with team regarding same.	1.5
3/2/2017	Haghiri, Golnaz	Work on Accounts payable; work on sales process inquires; continue work on document retention; correspondence with insurance; work on employee inquiries; file administration.	8.0
3/2/2017	Youn, John	Notice of Receivership to Canada Border Agency; answering questions for team members regarding Cisco lease equipment vs. owned; responding to questions received from customer regarding A/R demand letter; Revima documentation master budget; answering questions from R. Brown regarding new sales vs. old A/R; reconciliation of cheque/wire payment received and updating Debtor's accounting system; answering question from Service Canada regarding former employees' ROE; Cisco lease balance determination; going through books and records of past lease agreements to find National Leasing Group lease agreement; Revima documentation supervision; answering former employees' questions about WEPPA; National Leasing Group o/s balance determination.	8.5
3/2/2017	Brown, Rose	Review account online and report any incoming deposit to group; update invoice numbers on receipts received and request copies missing invoices; input incoming receipts.	2.6
3/3/2017	Casey, Paul	Review draft APS and comments to H. Bricks and counsel; discussion W. Leung regarding landlord consent.	0.7
3/3/2017	Bricks, Hartley	Draft report to court; discussion with O. Ghafur regarding lease assignment; discussion with R. Glegg regarding lease assignment and other matters.	3.0
3/3/2017	Ghafur, Ovals	Various discussions with H.Bricks with D. Chai re APA terms and purchased assets; purchaser list update to Bank.	7.0
3/3/2017	Haghiri, Golnaz	Work with C. King on sold inventory; work on inquiries from employees; review Account Receivables.	2.0
3/3/2017	Wang, Jesica	Communication with management regarding inventory summary listing; review and update of APA exhibits.	2.0
3/3/2017	Youn, John	Ford finance lease agreement o/s determination and title transfer; GST/HST determination for \$USD sales, and documentation for criteria; invoice and cheques/wire payment reconciliation; A/R collection; responding to customer questions; National Leasing Group o/s balance follow-up; coordination with Corporate Finance to update listing; customer cash receipt CAD vs. USD determination and investigation; A/R Master Schedule update form team; week 6 payroll.	8.5
3/3/2017	Brown, Rose	Review account online and report any incoming deposit to group; disbursement cheque update receipts reallocation to GL from AR to sales and HST collect.	2.9
3/6/2017	Bricks, Hartley	Prepare report to court; review of purchaser comments on APA and discussion on same with J. Salmas; further discussion with J. Salmas regarding status of litigation; prepare correspondence to R. Glegg; discussion with a liquidator regarding status; discussion with J. Youn re inventory.	6.0

Date	Professional	Description	Hours
3/6/2017	Ghafur, Ovais	Calls with Danny, discussions with H. Bricks on real estate related issues and closing.	2.0
3/6/2017	Haghiri, Golnaz	Review bank accounts; review payroll; review and discussion regarding inventory; work on work-in-progress; continue work on Mayday sale and several discussions and email correspondence with professionals; continue work on insurance and extension work on leases; work on Account Receivable.	8.8
3/6/2017	Youn, John	AR master workbook creation; inventory exhibit update; payroll summary update; A/R aging update to team; identifying lease agreements for National; questions answered from old customers; questions answered from Service Canada and former employees; ad hoc questions answered relating to new sales and old AR collection for team.	10.5
3/6/2017	Brown, Rose	Review bank account online and send update to J. Haghiri and J. Youn; input Wires received and prepare contract Service cheques; prepare deposit and take to the bank.	1.7
3/7/2017	Bricks, Hartley	Prepare report to court; discussion with J. Salmas regarding purchaser price allocation and status; discussion with O. Ghafur regarding status and purchaser and conference call with purchaser to discuss status; discussion with J. Salmas regarding lease assignment issues.	7.0
3/7/2017	Leung, Warren	Call with landlord regarding assignment, discussion with H. Bricks regarding same.	1.0
3/7/2017	Haghiri, Golnaz	Responding to employees and trade inquiries; update WEPP Schedule; respond to emails from professionals regarding Sales process; finalizing Mayday sale; continue work on leases and discussions in respect of same; continue reviewing account receivable and follow up with vendors for payment; work with HSBC on SDB; review updates on Revima retention documents.	8.5
3/7/2017	Wang, Jesica	Time spent on finalizing the APA exhibits; including inventory summary listing.	3.0
3/7/2017	Youn, John	Proof of claim update; payment receipt and update system; variance analysis for A/R collection (JobBoss vs. Ascend); Inventory listing audit for sales process; forex for inventory discussion with Corporate Finance and former management, answering ad-hoc questions related to new inventory sales and AR collection.	9.0
3/7/2017	Brown, Rose	Review bank account online and sent update to J. Haghiri and J. Youn; input Wires received; prepare two outgoing wire payment for Insurance.	1.2
3/8/2017	Bricks, Hartley	Prepare motion materials; discussion with J. Salmas regarding discussion with landlord's counsel; discussion with O. Ghafur regarding status and subsequent call with D. Chai regarding remaining issues; further conference call with purchaser and counsel to discuss outstanding matters; discussion with D.J. Miller regarding lease assignment issue and follow up correspondence regarding same; correspondence concerning insurance matters.	5.8
3/8/2017	Leung, Warren	Review of first report to court; call with team to discuss outstanding issues.	2.5
3/8/2017	Ghafur, Ovais	Calls with D. Chai, discussions with H. Bricks and lawyers on real estate related issues and closing.	2.0

Date	Professional	Description	Hours
3/8/2017	Haghiri, Golnaz	Review incoming funds and discussions in respect of same; review draft report to court and review several email correspondence in respect same; review and respond to several emails regarding sales process; internal discussion regarding SRED; work on inquiries regarding shipped orders; review WIP schedule; several discussion with a former employee regarding WEPP and payment; work on UTAS matter and several discussions with counsels in respect of same.	6.5
3/8/2017	Youn, John	Discussion with Ford Credit for payment arrangement and title transfer; employee staffing discussion; A/R collection update with team; answering questions related to ROE from Service Canada; payment collection entries and system update; Mayday inventory pick-up supervision; asset purchase agreement review.	8.5
3/8/2017	Brown, Rose	Review bank account online and sent update to J. Haghiri and J. Youn; Input Wires received and prepare deposit slip and take to the bank.	1.2
3/9/2017	Bricks, Hartley	Revise report to court to include lease assignment issue and authority to assign Debtor into bankruptcy; discussion with J. Salmas regarding report and timing; review of revised APA and provide comments to J. Salmas; discussion with J. Haghiri regarding leased assets; disc. with O. Ghafur regarding status; arrange meeting between landlord and purchaser; review of Dentons comments on Inventory exhibits and respond to same; various correspondence concerning assets; correspondence concerning UTAS stamps.	4.7
3/9/2017	Ghafur, Ovais	Review of APA schedules.	1.0
3/9/2017	Haghiri, Golnaz	Finalize the open orders and arrange payment to release shipment; finalize lease payments; sort and organize mail; call with Service Canada regarding WEPP payment and letters; review bills and update A/P Schedule.	6.0
3/9/2017	Wang, Jesica	Internal communication and update with the former Management team.	1.0
3/9/2017	Youn, John	Ford payment; outstanding invoice investigation; AR customer call; call with tax specialist; team internal meeting; APA exhibit updates; payment collection entries; call with Canada Border Service Agency; answering ROE questions from Service Canada; invoice investigation.	8.0
3/9/2017	Brown, Rose	Review bank account online and sent update to J. Haghiri and J. Youn.	0.5
3/10/2017	Bricks, Hartley	Discussion with J. Salmas and subsequent calls with J. Salmas and D.J. Miller regarding strategy and receiver's report; revise court report and forward to counsel; conference call with senior management to provide a status update; review correspondence from R. Glegg and forward; prepare status update for HSBC.	5.5
3/10/2017	Ghafur, Ovais	Emails and update conference call with Management.	1.0
3/10/2017	Haghiri, Golnaz	Meeting at HSBC for SDB; finalize open orders and shipment; meeting with Staff; attend meeting regarding Revima documents; attend conference call with Evamax regarding SRED; call with UTAS counsel regarding Stamps; review account receivable; continue following up with vendors regarding outstanding payments.	7.0
3/10/2017	Youn, John	APA updates; Cisco completeness test; invoice investigation; Figeac payment investigation; HSBC safety box pickup; Revima supervision; courier delivery; drive to FedEx for shipping labels, payroll prep.	8.5

Date	Professional	Description	Hours
3/10/2017	Brown, Rose	Review bank account online and sent update to J. Haghiri and J. Youn; input Wires received; prepare disbursement cheques/US draft.	1.3
3/13/2017	Bricks, Hartley	Review and revise court report; discussion with J. Salmas regarding status; attend meeting with purchaser and landlord to discuss lease assignment issues.	4.5
3/13/2017	Haghiri, Golnaz	Review payroll; conference call with CFN; draft email to Revima; several discussion with J. Salmas regarding Mayday.	1.0
3/13/2017	Youn, John	Payroll; AR invoice documentation; HDI pick-up arrangement; Ford Credit Canada payment; courier request for cheque pick up; follow-up AR emails; AR investigation; Sumitomo pick-up; Revima FTP status update; supervision.	8.0
3/13/2017	Brown, Rose	Disbursement cheques; review online banking; prepare deposit slip and take to the bank.	1.2
3/14/2017	Bricks, Hartley	Review of court report; review and provide comments on orders and notice of motion; discussion with J. Salmas regarding status of APA.	4.0
3/14/2017	Hristow, Catherine	Review draft court report and attachments and provide comments on same.	0.8
3/14/2017	Leung, Warren	Team status meeting and plan going forward.	1.0
3/14/2017	Brown, Rose	Review online banking; prepare deposit slip and take to the bank.	0.6
3/14/2017	Youn, John	Proof of Claim payment confirm entries; AR collection update; AR workbook update; providing support/Invoices for to Rose for documentation purposes; AR investigation; responding to former employee regarding denied WEPP.	7.0
3/15/2017	Bricks, Hartley	Discussion with J. Salmas regarding status; review of accounts receivable and sale of inventory; review and execute APA and forward to J. Salmas for delivery; discussion with D.J. Miller regarding status and timing for court approval; prepare correspondence re return of deposits.	3.2
3/15/2017	Haghiri, Golnaz	Review several email correspondences from professionals regarding Mayday; conference call with Revima; phone and email correspondence with HSBC regarding wire trace and additional funds.	1.3
3/15/2017	Youn, John	List of contracted employees for CRA; resolving amended T5 request issue; AR update; AR questions answered for team.	3.5
3/15/2017	Brown, Rose	Review online banking and reconcile bank to GL.	0.7
3/16/2017	Bricks, Hartley	Call with J. Salmas regarding status; correspondence concerning court time and relief sought.	1.2
3/16/2017	Wang, Jesica	Engagement management and communication between buyer and former Management team.	1.0
3/16/2017	Youn, John	Former management interview coordination; Revima FTP supervision.	1.0
3/16/2017	Brown, Rose	Prepare wire to refund Bid Deposits; review online banking.	1.3
3/17/2017	Haghiri, Golnaz	Review account receivable; prepare payments; responding to inquiries from third party regarding 2Source's status; sort and organize mail.	3.0
3/17/2017	Youn, John	A/R update and answering questions from team; Acura MDX pick-up coordination; Ford Credit check-in for payment; employee payroll; Revima FTP supervision; AR investigation.	6.0
3/17/2017	Brown, Rose	Prepare wire to return Bid deposit - ESCO; review online banking; prepare deposit slip and take to the bank.	1.2
3/20/2017	Bricks, Hartley	Review of TGF comments on Court report; correspondence with J. Salmas regarding APA terms; review of operating costs; update Interim R&D.	2.5
3/20/2017	Haghiri, Golnaz	Review and discussion regarding document retention; review payroll; responding to inquiries from Trade and Employees.	1.2

Date	Professional	Description	Hours
3/20/2017	Youn, John	Record retention planning and Q&A with team; former shareholder question correspondence; All Stream invoice investigation.	8.0
3/20/2017	Brown, Rose	Review online banking; input Invoice details to deposits.	0.6
3/21/2017	Bryk, Adam	Review of Receivers Report to Court.	1.5
3/21/2017	Bricks, Hartley	Discussion with L. Williams regarding comments on report to court; review and revise report and forward to A. Bryk; review GL and collections tracking; correspondence with L. Williams regarding motion materials; review and revise court report and notice of motion.	3.5
3/21/2017	Leung, Warren	Discussion with J. Youn regarding document retention.	0.5
3/21/2017	Ghafur, Ovals	Update call with D. Chai and organizing office space for meetings.	0.5
3/21/2017	Youn, John	Record retention; boxing out 2014-2017 items; UTAS/MBD record retention; AR reconciliation.	9.0
3/21/2017	Brown, Rose	Review online banking report and input Receipts; prepare disbursements cheques; contract and operating expenses.	2.3
3/22/2017	Bricks, Hartley	Review and respond to various correspondence concerning motion materials; provide comments to L. Williams.	1.5
3/22/2017	Leung, Warren	Discussion with J. Youn regarding document retention and other file administration.	1.5
3/22/2017	Haghiri, Golnaz	Internal discussions regarding Revima documents; email correspondence regarding GSTHST Audit; prepare payment schedule and projections for April.	2.2
3/22/2017	Youn, John	IM box checklist and index revision; FTP updates; UTAS/MBD record retention; customer contract record retention.	8.0
3/22/2017	Brown, Rose	Review online banking report and input receipts and take deposit to bank.	0.5
3/23/2017	Bricks, Hartley	Review and revise motion materials; conference call with L. Williams and J. Salmas regarding litigation; review correspondence from R. Glegg, respond and forward to counsel.	4.1
3/23/2017	Haghiri, Golnaz	Email correspondence with W. Leung and CFO regarding AMIS Priority Confirmation Letter; responding to emails from employees.	0.5
3/23/2017	Koroneos, Anna	Discussion with team on assignment of lease in bankruptcy.	0.2
3/23/2017	Leung, Warren	Discussion with J. Haghiri regarding lease assignment, security opinion.	1.0
3/23/2017	Youn, John	Revima FTP supervision; Ford Credit payment follow-up; Iron Mountain coordination; supervision of site visits.	8.0
3/23/2017	Brown, Rose	Review online banking report and input receipts.	0.5
3/24/2017	Bricks, Hartley	Review of final motion materials; various correspondence with L. Williams and J. Salmas regarding litigation matters.	1.5
3/24/2017	Haghiri, Golnaz	Email correspondence with former CFO regarding T4 and T5 matter; email correspondence with Revima regarding Status update of documents; email correspondence with HSBC regarding bank accounts; review and organize mail; update WEPPA Applications; review AR Schedule; review Receiver's motion materials.	3.1
3/24/2017	Youn, John	AR customer outstanding balance follow-up; Revima FTP invoice documentation; IM arrangement revision; Figeac AR Investigation.	5.0
3/27/2017	Bricks, Hartley	Review and respond to correspondence from D. Chal; update estimate realization analysis for HSBC; conference call with L. Williams and J. Salmas regarding litigation matters.	3.0

Date	Professional	Description	Hours
3/27/2017	Ghafur, Ovals	Coordinate facility access with Danny and management and real estate questions.	0.5
3/27/2017	Haghiri, Golnaz	Email correspondence with Revima; sort and organize mail; several email correspondence with H. Bricks regarding inquiries from D. Chai.	0.8
3/27/2017	Youn, John	Payroll, Revima USB packaging; environmental testing coordination; AR update.	4.0
3/27/2017	Brown, Rose	Check online banking and disbursements.	0.8
3/28/2017	Bricks, Hartley	Review and respond to various correspondence from the D. Chai; email correspondence with L. Williams regarding UTAS litigation and amendments to the draft order.	0.8
3/28/2017	Haghiri, Golnaz	Phone conversation with GT Global; email correspondence with team in respect of same; phone conversation with Revima.	0.4
3/28/2017	Youn, John	Iron Mountain pickup supervision; environmental testing supervision; AR update; questions answered for new business owner.	4.0
3/28/2017	Brown, Rose	Preparing of disbursement cheques on signed and send out by mail, review banking online and report to J. Haghiri and J. Youn.	1.9
3/29/2017	Koroneos, Anna	Discussion with J. Haghiri on bankruptcy documents for filing and requirements per BIA.	0.5
3/29/2017	Haghiri, Golnaz	Responding to inquiries from trades and employees; updating WEPPA schedule; Internal status update meeting.	0.4
3/29/2017	Youn, John	AR workbook update; AIDC invoice investigation; NBM outstanding balance investigation; liaison between new business owner and Restructuring team.	5.0
3/30/2017	Haghiri, Golnaz	Several discussions with AIDC regarding outstanding invoices; email correspondence with HSBC regarding wire trace and incoming funds.	0.6
3/30/2017	Youn, John	AIDC invoice investigation; UTAS invoice investigation; utility transfer procedure to new business owner.	4.0
3/31/2017	Casey, Paul	Briefing with H. Bricks re closing; execute sale documents.	0.6
3/31/2017	Bricks, Hartley	Prepare and attend in Court for motion to approve sale; various discussion with J. Salmas and L. Williams regarding UTAS litigation; update to P. Casey; review and execute various closing documents; disc. with D. Chai regarding closing and timing of receipt of purchase price.	3.0
3/31/2017	Ghafur, Ovais	Lease, alarm and other updates with D. Chai.	1.0
3/31/2017	Koroneos, Anna	Discussion with H. Bricks on court and bankruptcy; with J. Haghiri on WEPP documents.	0.2
3/31/2017	Haghiri, Golnaz	Review AR Schedule; sort and organize mail; phone Conversation with HUB regarding litigation; Internal discussions regarding utility services.	1.3
3/31/2017	Youn, John	AR update, utilities transfer process; Tyco Kantek card access setting change; mailing of T4s and utilities termination notice package.	4.0
3/31/2017	Brown, Rose	Update documents on page; review account online and update GL with receipts and review bank charges.	1.0

Summary of Fees

Professionals	Position	Rate	Hours	Amount
Casey, Paul	Partner	\$600	1.6	\$ 960.00
Bryk, Adam	Partner	\$600	1.5	900.00
Bricks, Hartley	Director	\$500	76.3	38,150.00
Hristow, Catherine	Director	\$500	0.8	400.00
Leung, Warren	Senior Manager	\$450	9.0	4,050.00
Ghafur, Ovais	Senior Manager	\$450	21.5	9,675.00
Anna Koroneos	Senior Manager	\$450	0.7	315.00
Wang, Jessica	Senior	\$275	7.0	1,925.00
Haghiri, Golnaz	Senior	\$275	70.6	19,415.00
Youn, John	Analyst	\$125	155	19,375.00
Brown, Rose M	Administrator	\$100	16.8	1,680.00
			360.8	\$ 96,845.00
Add: Out-of-pocket costs for in-town transportation, staff expenses, postage and delivery, searches, storage drive, printing				3,040.76
Total Fees and disbursements				\$ 99,885.76
HST on fees and disbursements @ 13%				12,985.15
Total Payable				(CAD) \$112,870.91



Deloitte LLP
Bay Adelaide East
22 Adelaide Street West
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Toronto ON M5H 0A9
Canada

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www.deloitte.ca

Privileged and Confidential
2Source Manufacturing Inc.
c/o Deloitte Restructuring Inc., Receiver
Bay Adelaide Centre
22 Adelaide Street West, Suite 200
Toronto, ON M5H 0A9

Date: August 16, 2017
Invoice No: **4461069**
Client/Mandate No: 752920 1000341
Billing Partner: Paul Casey
HST Registration No: 133245290

Invoice #4

For professional services rendered by Deloitte Restructuring Inc. as Court-appointed Receiver of 2Source Manufacturing Inc. for the period April 1 to August 11, 2017.

Date	Professional	Description	Hours
4/3/2017	Brown,Rose M	Trust Banking Administration – Reconcile GL to Bank, Confirm with J. Haghiri & J. Youn no new wire received. Prepare disbursement cheques and send US draft purchase to HSBC and pick up at the bank.	1.8
4/3/2017	Haghiri,Golnaz	Continue working on transition. Several email correspondence in respect of same. Phone Conversation with HUB regarding ongoing litigation.	0.9
4/3/2017	Youn,John	Payroll question answered; Tyco transfer confirmation; Iron mountain transfer; Allstream utilities transfer notice AIDC AR conflict resolution.	4.0
4/4/2017	Bricks,Hartley	Conference call with J. Salmas and L. Williams to discuss litigation; review correspondence from Purchaser regarding Roynat lease and correspondence to J. Salmas regarding same.	1.0
4/4/2017	Brown,Rose M	Review banking account online and record income wire into Ascend.	0.5
4/4/2017	Haghiri,Golnaz	Working on Roynat Lease and several email correspondence in respect of same. Review bank accounts and email correspondence with HSBC. Responding to emails from Trade creditors.	1.4
4/4/2017	Youn,John	Allstream utilities ownership transfer conflict resolution, questions answered from AlliedOne Industrial, AIDC AR conflict resolution.	2.5
4/5/2017	Bricks,Hartley	Conference call with Bennett Jones, J. Salmas and L. Williams	1.5

Date	Professional	Description	Hours
		to discuss litigation; review of correspondence from purchaser concerning leased assets.	
4/5/2017	Brown,Rose M	Review banking account online for income receipts.	0.5
4/5/2017	Haghiri,Golnaz	Email correspondence with Revima regarding documents. Several correspondence with former employees in respect of same. Working on AR collection. Review emails regarding SR&ED.	1.6
4/5/2017	Youn,John	Questions answered from 2Source related to IM; hard drive pick-up; Roynat lease clarification; Allstream questions answered; A/R reconciliation.	3.0
4/6/2017	Youn,John	Coordinating Revima FTP conflict with former 2Source employees.	1.0
4/7/2017	Haghiri,Golnaz	Responding to inquiry email regarding Aerospace certification.	0.2
4/7/2017	Youn,John	Allstream utilities resolution; clarification with 2Source former mgmt.	1.0
4/10/2017	Bricks,Hartley	Discussion with S. Wayland re status; review of indemnity agreement and provide comments to Dentons; discussion with J. Haghiri re collections and obligations; prepare estimated net proceeds analysis.	1.2
4/10/2017	Youn,John	Discussion with 2Source former mgm't regarding utility transfer; discussion with utility vendor representatives for termination of service; meeting setup with former 2Source employee for Revima FTP.	5.0
4/11/2017	Bricks,Hartley	Correspondence from AlliedOne, discussion with Martha of BSI and follow up with email regarding receivership.	0.3
4/11/2017	Youn,John	Former 2Source employee payroll investigation; external hard drive transfer to forensics; vendor dispute discussion.	3.0
4/12/2017	Bricks,Hartley	Prepare estimated shortfall analysis and forward to HSBC.	0.7
4/12/2017	Haghiri,Golnaz	Discussions regarding Revima documentation. Responding to several emails in respect of same. Review and organize mail.	1.2
4/12/2017	Youn,John	Meeting with former 2Source employee re: Revima FTP uploads; discussions with Iron Mountain for decision on shredding documents; former employee invoice investigation.	2.0
4/13/2017	Bricks,Hartley	Discussion with L. Williams re litigation and review of correspondence re same.	0.3
4/13/2017	Brown,Rose M	Trust Banking Administration - Disbursement cheque.	0.3
4/13/2017	Youn,John	FTP access check-in; GST/HST filing.	2.0
4/14/2017	Haghiri,Golnaz	Review and file GSTHST.	0.5
4/17/2017	Bricks,Hartley	Review and respond to correspondence from TGF.	0.2
4/17/2017	Brown,Rose M	Banking Administration - Deposit.	0.5
4/17/2017	Youn,John	AR follow-up.	1.0
4/18/2017	Youn,John	GT Global/Ricoh invoice investigation.	0.5
4/19/2017	Youn,John	AR customer check-in, appraisal report delivery to Allied One	2.0
4/20/2017	Brown,Rose M	Banking Administration - Prepare stop payment on cheque and replacement. Reviewing Bank account online for incoming	1.1

Date	Professional	Description	Hours
		wires. Prepare disbursement cheque.	
4/20/2017	Youn,John	AR update, payroll investigation	0.3
4/21/2017	Brown,Rose M	Banking Administration - Deposit. Reviewing Bank account online for incoming wires.	0.8
4/21/2017	Haghiri,Golnaz	Attended conference call regarding Revima. Review and sort mail.	0.8
4/21/2017	Youn,John	Revima FTP meeting, utilities payment, employee payroll check-in.	0.7
4/24/2017	Bricks,Hartley	Review and respond to correspondence from S. Wayland; review of collection status; correspondence with C. King regarding availability for mediation.	0.5
4/24/2017	Haghiri,Golnaz	Discussion with CRA regarding employee contracts.	0.5
4/24/2017	Youn,John	Enbridge invoice payment investigation, request for missing invoices.	2.0
4/25/2017	Youn,John	Vendor receivership notice, AR collection calls/emails.	1.3
4/26/2017	Brown,Rose M	Trust Banking Administration - Disbursement cheques.	0.4
4/26/2017	Youn,John	AR update, utilities Invoice forwarding, CRA EI deficiency investigation, Ministry of Finance EHT investigation, WEPPA discussion with Service Canada.	3.0
4/27/2017	Youn,John	CRA EI deficiency investigation, AR commission invoice.	1.0
4/28/2017	Bricks,Hartley	Discussion with I. Kirby regarding meditation and review of materials in preparation for same.	2.5
4/28/2017	Youn,John	Meeting with former employee, Service Canada WEPPA update, Ministry of Finance EHT update.	2.0
5/1/2017	Bricks,Hartley	Preparation for and attendance at a mediation in the Service Star Claim; discussion with L. Williams regarding litigation status.	5.0
5/1/2017	Koroneos,Anna	Review of email.	0.1
5/1/2017	Youn,John	AR invoice provided, AR workbook update.	0.5
5/2/2017	Brown,Rose M	Trust Banking Administration - Disbursement cheques and review payment to Enersource.	0.9
5/2/2017	Youn,John	Call with Enersource for final invoices, WEPP update, discussion with Shred-it regarding receivership.	2.5
5/3/2017	Koroneos,Anna	With P. Casey. TGF and H. Bricks on meeting request for the receiver.	0.3
5/3/2017	Youn,John	Meeting with former employee, Qdrive file uploads.	2.0
5/4/2017	Brown,Rose M	Trust Banking Administration - Deposit.	0.7
5/4/2017	Youn,John	AR invoice update, excel appendix distribution for PPE.	1.0
5/8/2017	Brown,Rose M	Trust Banking Administration - Disbursement.	0.3
5/8/2017	Youn,John	AIDC AR collection check-in.	0.5
5/9/2017	Youn,John	EI/CPP ruling calculation, utilities invoice forwarding.	2.0
5/10/2017	Bricks,Hartley	Discussion with L. Williams re litigation matters.	0.5
5/11/2017	Youn,John	Honda Financial Services release letter.	1.0
5/12/2017	Bricks,Hartley	Correspondence with L. Williams re litigation and other matters; meeting with R. Glegg to discuss litigation; review of	3.0

Date	Professional	Description	Hours
		CRA letter regarding HST audit; review of correspondence from D. Chai regarding GT Global invoices and demand letter and correspondence with J. Haghiri regarding same.	
5/15/2017	Bricks,Hartley	Discussion with L. Williams regarding discussions with R. Glegg; further conference call with J. Salmas, S. Wayland and L. Williams regarding litigation matters.	1.5
5/15/2017	Brown,Rose M	Update employee claims with Balance of unsecured claim and review address and update.	0.7
5/17/2017	Bricks,Hartley	Discussion with Julie regarding status	0.5
5/17/2017	Haghiri,Golnaz	Review and organize mail. Review and file GSTHST.	0.5
5/19/2017	Haghiri,Golnaz	Prepare audit documents.	1.0
5/19/2017	Youn,John	Audit backup for operating expenses and new sales, documenting and delivery 2017 T4s for all former employees	1.5
5/23/2017	Bricks,Hartley	Discussion with J. Salmas and L. Williams regarding UTAS claim.	0.5
5/23/2017	Youn,John	Audit invoice backup for AIDC.	0.5
5/24/2017	Youn,John	February audit invoice date entries.	0.5
5/25/2017	Haghiri,Golnaz	Responded to inquiries from Ministry of Finance and prepared a document in respect of same.	0.6
5/26/2017	Bricks,Hartley	Discussion with L. Williams re status of litigation issue	0.2
5/26/2017	Youn,John	Honda Finance release letter correspondence to Bankruptcy Highway.	0.5
5/29/2017	Brown,Rose M	Trust Banking Administration - Disbursement cheque.	0.3
5/31/2017	Bricks,Hartley	Review of correspondence concerning GT Global, discussion with J. Haghiri regarding same.	0.3
6/7/2017	Bricks,Hartley	Discussion with J. Salmas and L. Williams regarding UTAS litigation.	0.5
6/7/2017	Haghiri,Golnaz	Sort and organize mail. Respond to inquiries.	0.9
6/8/2017	Brown,Rose M	Trust Banking Administration - Deposit.	0.3
6/9/2017	Brown,Rose M	PDF Invoice and send to J. Haghiri for HST audit.	0.6
6/9/2017	Haghiri,Golnaz	Preparing audit document for CRA.	2.9
6/9/2017	Youn,John	Search and compile invoices for CRA April audit.	1.0
6/14/2017	Bricks,Hartley	Review and respond to correspondence from D. Chai.	0.3
6/15/2017	Bricks,Hartley	Correspondence with D. Chai regarding UTAS and Revima.	0.2
6/16/2017	Haghiri,Golnaz	Review and organize mail. Review and prepare document for CRA GST Audit.	1.8
6/22/2017	Haghiri,Golnaz	Review mail. Responding to inquiries from AlliedOne. Phone conversation with CRA regarding GSTHST. Prepare 246 Report.	2.8
6/26/2017	Brown,Rose M	Trust Banking Administration - Reviewing receipt back up.	0.3
6/26/2017	Haghiri,Golnaz	Prepare March GST audit documents.	2.6
6/26/2017	Youn,John	CRA audit backups, internal meeting re: former shareholder tax situation.	5.0
6/29/2017	Haghiri,Golnaz	Internal discussions regarding Revima. Follow up with Revima regarding outstanding matters. Follow up with former employees to discuss Revima plan. Review correspondence	1.2

Date	Professional	Description	Hours
		from UTAS. Review and organize mail.	
6/29/2017	Youn,John	Revima email, internal meeting.	0.5
6/29/2017	Youn,John	Former shareholder tax situation discussion, retrieval of previous emails.	0.5
6/30/2017	Haghiri,Golnaz	Review emails from former shareholder and respond to former shareholder in respect of same.	0.5
7/4/2017	Haghiri,Golnaz	Internal discussion regarding former shareholder. Prepare GST HST net-filing.	0.5
7/4/2017	Youn,John	Revima FTP.	1.0
7/7/2017	Haghiri,Golnaz	Review messages. Phone conversation with Iron mountain. Email correspondence with AlliedOne in respect of same.	0.4
7/7/2017	Youn,John	Enersource invoice details, Revima FTP	2.0
7/11/2017	Bricks,Hartley	Discussion with J. Haghiri regarding CRA ruling and requirement to file an appeal; review of submissions and discussion with J. Haghiri.	0.7
7/11/2017	Haghiri,Golnaz	Prepare draft and documents regarding appeal of CRA ruling. Phone conversation with CRA in respect of same. Internal conversation in respect of same.	2.6
7/11/2017	Youn,John	EI/ CPP ruling for selected employees from January 23 to January 31st 2017.	1.0
7/12/2017	Bricks,Hartley	Prepare correspondence to counsel regarding CRA issue; conference call with J. Salmas and L. Williams to discuss UTAS litigation.	1.0
7/14/2017	Brown,Rose M	Review General Ledger for payment of disbursement invoice UCIT.	0.3
7/14/2017	Haghiri,Golnaz	Review emails from UCIT in respect of outstanding invoices.	0.5
7/17/2017	Bricks,Hartley	Review and respond to correspondence concerning Glegg and UTAS.	0.3
7/19/2017	Casey,Paul M	Emails from counsel; communication with H. Bricks, A. Koroneos and responding emails.	0.3
7/19/2017	Haghiri,Golnaz	Discussions regarding Revima.	0.4
7/19/2017	Koroneos,Anna	Emails and discussion on filing the assignment on behalf of the receiver.	1.0
7/20/2017	Brown,Rose M	Trust Administration - Deposit.	0.3
7/20/2017	Youn,John	R&D A/R reconciliation.	0.5
7/25/2017	Haghiri,Golnaz	Review mail. Review emails related to tax. Prepare GSTHST Summary. File GSTHST return.	1.0
7/26/2017	Brown,Rose M	Trust Banking Administration - Deposit.	0.4
7/26/2017	Haghiri,Golnaz	Internal discussions regarding former shareholder requests.	0.8
7/27/2017	Haghiri,Golnaz	Several email correspondence with AlliedOne regarding purchased assets.	0.5
7/31/2017	Haghiri,Golnaz	Attended conference call regarding Revima. Internal discussion in respect of same.	0.5
7/31/2017	Youn,John	Meeting with former management., Revima FTP discussion	0.5
8/1/2017	Bricks,Hartley	Discussion with L. Williams regarding UTAS litigation and	0.2

Date	Professional	Description	Hours
		preparation for August 29 motion.	
8/3/2017	Casey,Paul M	Review 2Source WEPP statement and Email H. Bricks	0.1
8/3/2017	Haghiri,Golnaz	Reconcile WEPP Schedule. Review CRA claim regarding employees CPP/EI.	0.8
8/9/2017	Haghiri,Golnaz	Discussions with AlliedOne regarding Revima.	0.4
8/9/2017	Baptiste,Anne	July Reconciliation	0.5
8/11/2017	Bricks,Hartley	Review of draft order; discussion and correspondence regarding CRA response to appeal.	0.6

Summary of Fees

Professionals	Position	Rate	Hours	Amount
Casey, Paul	Partner	\$600	0.4	\$ 240.00
Bricks, Hartley	Director	\$500	23.5	11,750.00
Anna Koroneos	Senior Manager	\$450	1.4	630.00
Haghiri, Golnaz	Senior	\$275	30.3	8,332.50
Youn, John	Analyst	\$125	61.8	7,725.00
Baptiste, Anne	Analyst	\$125	0.5	62.50
Brown, Rose M	Administrator	\$100	11.0	1,100.00
			128.9	\$ 29,840.00
Add: Out-of-pocket costs for in-town transportation, staff expenses, postage and delivery, searches, storage drive, printing				42.21
Total fees and disbursements				29,882.21
HST on fees and disbursements @ 13%				3,884.69
Total Payable				\$ 33,766.90

APPENDIX “J”

Court File No. CV-17-11672-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**AFFIDAVIT OF DENNIS R. WIEBE
(Sworn August 21, 2017)**

I, **Dennis R. Wiebe**, of the City of Mississauga, in the Province of Ontario, **MAKE
OATH AND SAY AS FOLLOWS:**

1. I am a Partner with Dentons Canada LLP ("**Dentons**") counsel to Deloitte Restructuring Inc., appointed as the receiver (the "**Receiver**") of the assets, undertakings and properties of 2Source Manufacturing Inc. pursuant to the Order of the Honourable Mr. Justice Hainey, dated January 23, 2017. As such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. Attached hereto and marked as Exhibit "A" are the detailed invoices (the "Invoices") rendered by Dentons to the Receiver in these proceedings for the period from January 29, 2017 to July 31, 2017.

3. Attached hereto and marked as Exhibit "B" is a schedule summarizing the Invoices, the total billable hours charged in the Invoices, the total fees charged in the Invoices, and the average hourly rates charged in the Invoices.

4. Attached hereto as Exhibit "C" is a schedule summarizing the respective years of call and standard billing rates of each of the solicitors at Dentons who acted for the Receiver.

5. To the best of my knowledge, the hourly billing rates charged by Dentons throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services.

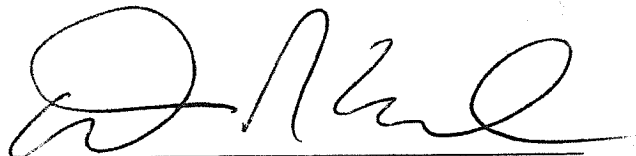
6. The hourly billing rates outlined in Exhibit "C" to this affidavit are comparable to the hourly rates charged by Dentons for services rendered in relation to similar proceedings.

7. I make this affidavit in support of a motion by the Receiver for, *inter alia*, approval of the fees and disbursements of Dentons and for no other or improper purpose.

SWORN before me at the City of Toronto
in the Province of Ontario, this 21st day of
August, 2017.



Commissioner for Taking Affidavits



DENNIS R. WIEBE

Exhibit "A" to the Affidavit of Dennis R. Wiebe,
sworn before me this 21st day of August, 2017.

A handwritten signature in black ink, appearing to read "Dennis R. Wiebe". The signature is written in a cursive style with a large initial "D".

Commissioner for Taking Affidavits, etc.

Deloitte Restructuring Inc.
22 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Attention: Paul Casey
Senior Vice-President

INVOICE # 3269203

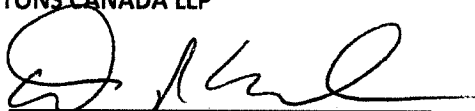
GST/HST # R121996078
QST # 1086862448 TQ 0001

<u>Date</u>	<u>Matter Number</u>	<u>Lawyer</u>
February 28, 2017	569588-000001	Dennis R. Wiebe

Deloitte Restructuring Inc.
Re: Court Appointed Receivership of 2Source Manufacturing Inc.

Professional Fees	\$ 32,630.00
Disbursements	88.00
HST (13.0%) on \$32,718.00	<u>4,253.34</u>
Total Amount Due	<u>\$ 36,971.34 CAD</u>

DENTONS CANADA LLP

Per: 
Dennis R. Wiebe

Payment Options:	
<p>Cheques: Cheques payable to Dentons Canada LLP and mailed to the above noted address.</p>	<p>Internet Banking: Accepted at most financial institutions. Your payee is Dentons Canada LLP and your account number is 569588. Please email us at Edm.Accounting@dentons.com referencing invoice number and payment amount.</p>
<p>Wire Transfer: Bank of Montreal 1st Canadian Place, Toronto, ON Swift Code: BOFMCAM2 Bank ID: 001 Transit: 00022 CAD Funds Bank Account : 0004-324</p>	<p>Credit Card: Payments are accepted via telephone, email or fax. We accept American Express, MasterCard or Visa (please circle one). Card No. _____ Expiry Date: _____ Amount: _____ Cardholder Name: _____ Signature: _____</p>
<p>Please email us at Tor.Accounting@dentons.com referencing invoice number and payment amount. Payment due on receipt. Interest will be charged at the rate of 1.3% per annum on all outstanding amounts over 30 days.</p>	

*We are very grateful to have you as a client and appreciate your business.
Please provide your feedback to us at www.dentons.com/en/clientfeedbackcanada*

Invoice Detail

TO PROFESSIONAL SERVICES RENDERED in connection with the above noted matter:

Date	ID	Description of Work	Hours
29-Jan-17	DRW	Email correspondence from Hartley Bricks regarding UTAS litigation. Email with John Salmas and Deloitte regarding draft confidentiality agreement.	0.8
29-Jan-17	JS	Review and respond to Deloitte's email regarding form of confidentiality agreement. Discussions with Dennis Wiebe.	0.7
30-Jan-17	JS	Review and amend draft form of Confidentiality Agreement. Email correspondence to Hartley Bricks. Attend telephone conference conversation with Hartley Bricks and Dennis Wiebe. Discussion regarding potential sales process and UTAS litigation. Message to Bennett Jones.	3.0
30-Jan-17	VG	Call with Hartley Bricks regarding UTAS litigation.	0.0
31-Jan-17	DRW	Telephone call with John Salmas regarding draft sale documents and outstanding matters.	0.3
31-Jan-17	JS	Correspondence from Deloitte. Review RFP materials. Internal discussions. Consider terms and conditions and SISP.	1.9
01-Feb-17	DRW	Email correspondence regarding draft sale documents and outstanding issues. Discussions with Vanja Ginic and John Salmas.	1.0
01-Feb-17	JS	Reviewed and commented on various draft sales process documents including Request for Offers, Terms and Conditions, form of Asset Purchase Agreement, Form of Offers; Internal discussions regarding sales process documents; Reviewed correspondence from Deloitte regarding 2Source D&O Policy; Correspondence to and from Hartley Bricks regarding UTAS litigation; Reviewed correspondence from Lenczner Slaght regarding MBD litigation; Discussions with Hartley Bricks regarding 2Source litigation matter.	4.0
01-Feb-17	VG	Receiving instructions from Dennis Wiebe regarding comments to 2Source Sale Agreement. Call with John Salmas to discuss comments on sales process documents. Reviewed comments on sale process documents. Instructions to document services regarding mark-up.	0.9
02-Feb-17	DRW	Email correspondence with John Salmas, Deloitte and HSBC regarding outstanding UTAS litigation.	1.2
02-Feb-17	JS	Reviewed and commented on various sales process documents; Correspondence to and from Bennett Jones; Discussions with Raj Sahni; Internal discussions regarding sales process documents; Correspondence to and from Hartley Bricks regarding litigation matters; Discussions regarding litigation issues.	2.5
02-Feb-17	VG	Reviewed revisions to sales process documents. Revised draft asset purchase agreement. Discussion with Jesse Brodlieb regarding availability of HST joint election in respect of the draft asset purchase agreement. Email to John Salmas regarding same. Revised draft terms	5.0

Date	ID	Description of Work	Hours
		and conditions of sale.	
03-Feb-17	DRW	Email correspondence with Deloitte regarding UTAS litigation. Brief review of draft sales process documents and discussion with Vanja Ginic.	1.0
03-Feb-17	JS	Finalized sales process documents; Reviewed correspondence to and from Deloitte; Internal discussions regarding litigation issues; Reviewed Confidential Information Summary and draft Teaser; Reviewed correspondence from Borden Ladner Gervais.	1.5
03-Feb-17	VG	Revised sales process documents. Email to John Salmas attaching revised documents and blacklines. Revised Request for Offers.	1.7
05-Feb-17	DRW	Reviewed draft Confidential Information Summary and provided comments to Deloitte.	1.0
06-Feb-17	DRW	Email correspondence from and to BLG regarding UTAS litigation. Email correspondence with John Salmas.	0.2
06-Feb-17	JS	Various correspondence regarding litigation.	0.3
07-Feb-17	JS	Reviewed and commented on draft CIS and Teaser; Discussions with Deloitte regarding BLG correspondence. Internal discussions regarding sales process documents.	1.5
09-Feb-17	DRW	Reviewed numerous outstanding issues including litigation claims and discussions with John Salmas.	1.5
09-Feb-17	KK	Discussion with John Salmas on approach to litigation involving two largest customers and recommended way forward.	0.4
09-Feb-17	JS	Reviewed correspondence from Deloitte to HSBC regarding sales process; Correspondence from Deloitte regarding DSQAR – UTAS Stamps; Discussions with Deloitte regarding 2Source account debtors; Reviewed correspondence from Robert Glegg; Reviewed correspondence from BLG.	2.5
09-Feb-17	VG	Email from Hartley Bricks providing update on sales process. Email from Warren Leung.	0.1
10-Feb-17	DRW	Discussion with John Salmas regarding outstanding matters.	0.5
10-Feb-17	JS	Telephone conversation with Hartley Bricks; Telephone conversation with Raj Sahni.	0.8
14-Feb-17	JS	Correspondence to and from Deloitte regarding sale of 2Source inventory; Reviewed certification sample; Correspondence to Raj Sahni; Correspondence from Bennett Jones.	1.3
15-Feb-17	JS	Reviewed correspondence from Deloitte regarding various records retention issues; Correspondence regarding Mayday inventory purchase; Telephone conversation with Bennett Jones.	1.2
16-Feb-17	JS	Reviewed correspondence from BLG; Correspondence to Bennett Jones; Correspondence to and from Deloitte regarding document retention issues; Discussions with Bennett Jones; Correspondence to BLG.	1.1
17-Feb-17	JS	Discussions with Deloitte regarding leased machines.	0.5
21-Feb-17	JS	Correspondence to and from Hartley Bricks regarding litigation issues.	2.1

Date	ID	Description of Work	Hours
		Dealing with parties regarding litigation issues. Discussions with Bennett Jones. Discussions with BLG.	
24-Feb-17	JS	Reviewed correspondence from BLG; Correspondence to Bennett Jones; Discussions with Deloitte regarding inventory purchase.	1.4
27-Feb-17	DA	Correspondence with Vanja Ginic regarding status of file.	0.1
27-Feb-17	KK	Discuss litigation issues with John Salmas.	0.3
27-Feb-17	JS	Reviewed correspondence to HSBC regarding results of sales process; Discussions with Bennett Jones.	0.9
28-Feb-17	DRW	Email correspondence regarding sales process.	0.8
28-Feb-17	KK	Discussions with John Salmas.	0.3
28-Feb-17	JS	Reviewed correspondence from Deloitte; Reviewed documents regarding UTAS debt; Began drafting correspondence to BLG; Discussions with Deloitte regarding Mayday inventory purchase.	1.9
		Total	46.2

TOTAL PROFESSIONAL FEES \$ **32,630.00**

TAXABLE DISBURSEMENTS

Photocopy & Printing Charges \$ 88.00
TOTAL TAXABLE DISBURSEMENTS \$ **88.00**

TOTAL DISBURSEMENTS 88.00

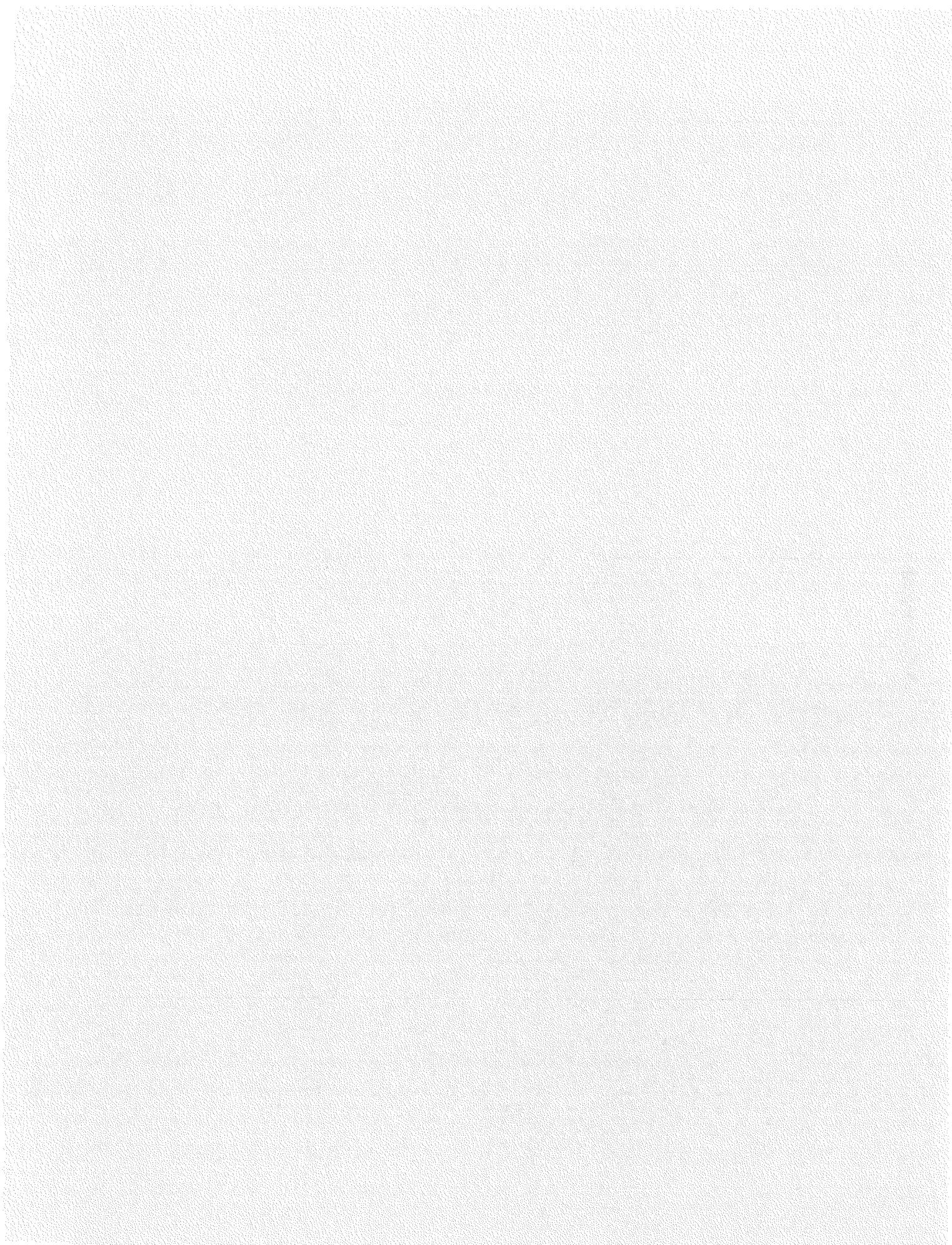
TOTAL FEES AND DISBURSEMENTS \$ **32,718.00**

TAXES

HST (13.0%) on Professional Fees of \$32,630.00 \$ 4,241.90
 HST (13.0%) on Taxable Disbursements of \$88.00 11.44

TOTAL TAXES 4,253.34

TOTAL AMOUNT DUE \$ **36,971.34** CAD



Deloitte Restructuring Inc.
22 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Attention: Paul Casey
Senior Vice-President**INVOICE # 3274259**GST/HST # R121996078
QST # 1086862448 TQ 0001

<u>Date</u>	<u>Matter Number</u>	<u>Lawyer</u>
March 31, 2017	569588-000001	Dennis R. Wiebe

**Deloitte Restructuring Inc.
Re: Court Appointed Receivership of 2Source Manufacturing Inc.**

Professional Fees	\$ 56,430.50
Disbursements	516.25
HST (13.0%) on \$56,946.75	7,403.08
Total Amount Due	\$ <u>64,349.83</u> CAD

DENTONS CANADA LLP

Per: 

Dennis R. Wiebe

Payment Options:	
<p><u>Cheques:</u> Cheques payable to Dentons Canada LLP and mailed to the above noted address.</p> <p><u>Wire Transfer:</u> Bank of Montreal 1st Canadian Place, Toronto, ON Swift Code: BOFMCAM2 Bank ID: 001 Transit: 00022 CAD Funds Bank Account : 0004-324</p>	<p><u>Internet Banking:</u> Accepted at most financial institutions. Your payee is Dentons Canada LLP and your account number is 569588. Please email us at Edm.Accounting@dentons.com referencing invoice number and payment amount.</p> <p><u>Credit Card:</u> Payments are accepted via telephone, email or fax. We accept American Express, MasterCard or Visa (please circle one). Card No. _____ Expiry Date: _____ Amount: _____ Cardholder Name: _____ Signature: _____</p>
<p>Please email us at Tor.Accounting@dentons.com referencing invoice number and payment amount. Payment due on receipt. Interest will be charged at the rate of 1.3% per annum on all outstanding amounts over 30 days.</p>	

***We are very grateful to have you as a client and appreciate your business.
Please provide your feedback to us at www.dentons.com/en/clientfeedbackcanada***

Invoice Detail

TO PROFESSIONAL SERVICES RENDERED in connection with the above noted matter:

Date	ID	Description of Work	Hours
01-Mar-17	JS	Review correspondence from Deloitte regarding leased assets and form of APA; Amendments to form of APA; Review Bradco Lease Agreement; Amendments to Leased Assets schedule; Telephone discussions with Deloitte regarding May Day sale; Telephone conversation with Stikemans regarding Mayday inventory purchase; Telephone discussions with Miller Thomson; Review various real property leases and related issues; Internal discussions regarding Chai APA; Review TD Security Opinion; Discussions with Deloitte regarding UTAS claims.	2.8
01-Mar-17	VG	Reviewed security opinion regarding leased assets. Reviewed lease agreement for rental premises.	1.3
02-Mar-17	DRW	Email correspondence regarding sales process.	0.5
02-Mar-17	JS	Telephone conversations with Deloitte; Correspondence to and from Deloitte regarding Chai transaction; Review correspondence to and from Elliott Maturra. Discussions regarding landlord matters; Amendments to form of APA; Correspondence to BLG. Discussions regarding potential BLIG bankruptcy. Telephone discussions with Miller Thomson regarding matter; Discussions regarding assignment of real property lease; Discussions with HSBC.	3.1
02-Mar-17	VG	Reviewed email correspondence regarding assignment of lease. Considered HST deemed trust attaching to property sold to a third party.	0.6
03-Mar-17	DRW	Email correspondence regarding draft Asset Purchase Agreement and outstanding matters.	1.0
03-Mar-17	JS	Correspondence to and from Deloitte regarding Chai APA; Messages to and from Miller Thomson; Amendments to APA; Discussions regarding inventory sale vesting order; Discussions with Miller Thomson regarding closing mechanics; Discussions with Deloitte regarding court materials.	3.3
03-Mar-17	VG	Discussion with John Salmas regarding 2Source asset purchase agreement and exhibits. Reviewed of exhibits in asset purchase agreement.	0.6
06-Mar-17	DRW	Discussion with John Salmas regarding outstanding matters.	0.3
06-Mar-17	JS	Amendments to APA and various schedules; Discussions with Miller Thomson; Discussions with Deloitte; Review Miller Thomson amendments to APA; Discussions regarding Mayday inventory sale; Internal discussions regarding court materials and amendments to litigation materials; Telephone conversations regarding landlord consent issues; Correspondence regarding landlord consent.	2.7
07-Mar-17	KK	Discuss with John Salmas dealing with landlord objections to	0.3

Date	ID	Description of Work	Hours
		assignment of lease and suggest ways to use bankruptcy to effect assignment.	
07-Mar-17	JS	Correspondence to and from Deloitte regarding Mayday sale; Delivered GPM contact information; Received Service Star Statement of Claim; Received various litigation; Amendment to APA; Dealing with Excise Tax Act exemption certificate language; Received Roynat Lease; Messages to Miller Thomson.	2.8
08-Mar-17	KK	Additional discussions with John Salmas on dealing with issues related to purchaser and landlord and tactics to move forward and override any landlord objections to lease assignment.	0.4
08-Mar-17	JS	Received and commented on draft of 1st Receiver's report; Received correspondence from Robert Glegg regarding litigation; Amendments to court materials; Internal discussions; Telephone conversation with McCarthys regarding lease assignment issues; Telephone conversation with Roger Jaipargas; Telephone conversation with Bennett Jones; Telephone conversation with Deloitte's.	3.6
08-Mar-17	VG	Preparing service list. Reviewed First Report of the Receiver. Drafting Notice of Motion.	2.2
09-Mar-17	KK	John Salmas e-mail exchange.	0.1
09-Mar-17	JS	Amendments to 1st Report; Amendments to APA; Telephone conversation with Miller Thomson; Correspondence regarding landlord issues; Discussions with Court office; Discussions with BLG; Delivered APA exhibits; Dealing with UTAS' stamp issues; Amendments to court materials.	3.4
09-Mar-17	VG	Preparing fee affidavit. Drafting notice of motion. Revising exhibits to the Asset Purchase Agreement. Email correspondence regarding same. Drafting and revising Vesting and Approval Order and Administrative Order.	2.2
10-Mar-17	DRW	Email correspondence from and to Deloitte and HSBC regarding resignation of director and officer and outstanding matters.	0.9
10-Mar-17	JS	Amendments to Asset Listing; Reviewed and commented on litigation materials; Telephone conversations with TGF; Discussion with Deloitte's; Amendments to 1st Report; Received correspondence regarding Glegg resignation; Telephone conversations with Bennett Jones.	3.6
10-Mar-17	VG	Reviewed and commented on exhibits to asset purchase agreement. Email correspondence regarding same. Reviewed comments on Receiver's Report.	3.4
13-Mar-17	DRW	Email correspondence regarding outstanding issues.	0.3
13-Mar-17	JS	Amendments to APA; Telephone conversations with Deloitte; Telephone conversation with TGF; Discussions regarding potential 2Source bankruptcy; Telephone messages to McCarthys; Amendments to court materials; Telephone conversation regarding Landlord meeting; Telephone conversation with Miller Thomson.	3.4
13-Mar-17	VG	Revised asset purchase agreement and motion material.	1.1

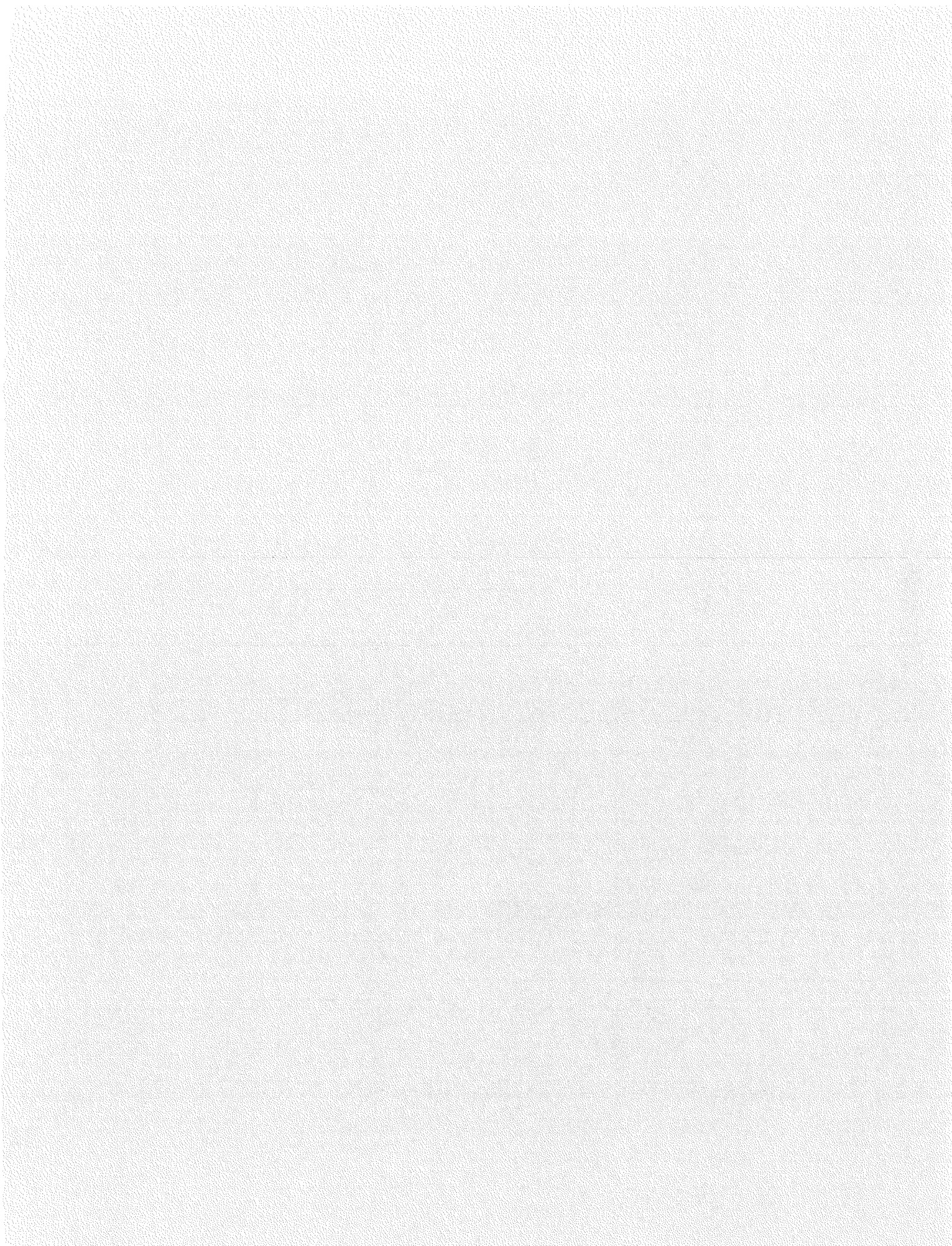
Date	ID	Description of Work	Hours
14-Mar-17	DRW	Reviewed and revised draft affidavit and provided comments to Vanja Ginic.	0.3
14-Mar-17	JS	Discussions with Stikemans regarding inventory purchase; Telephone conversation with Deloitte; Amendments to APA; Amendments to 1st Report; Reviewed litigation materials; Telephone conversation with Miller Thomson; Messages and discussions with McCarthys.	3.1
14-Mar-17	VG	Revising asset purchase agreement, first report of the Receiver and motion material.	2.2
15-Mar-17	DRW	Brief discussion with John Salmas regarding status.	0.3
15-Mar-17	JS	Internal discussion regarding matter; Amendments to litigation materials; Discussions with Miller Thomson; Telephone conversations with Deloitte; Discussions with Court office regarding court time; Correspondence to and from TGF; Discussions with Miller Thomson; Correspondence to and from TGF; Finalized APA.	1.0
15-Mar-17	VG	Reviewing and revising notice of motion and approval and vesting order.	2.9
16-Mar-17	JS	Finalized APA; Exchange execution pages on APA; Discussions with Deloitte regarding court appearance; Correspondence to TGF; Discussions with Miller Thomson; Discussions with McCarthys; Telephone conversation with Deloitte; Amendments to litigation materials.	3.6
16-Mar-17	VG	Revising notice of motion, administrative order and approval and vesting order. Preparing hearing request form. Email correspondence regarding same. Compiling executed asset purchase agreement. Reviewing comments on Receiver's first report.	1.6
17-Mar-17	JS	Correspondence to and from Hartley Bricks; Discussions with Deloitte regarding Mayday issues.	0.8
17-Mar-17	VG	Revising Receiver's First Report.	0.4
19-Mar-17	VG	Revising and reviewing motion material and Receiver's Report. Preparing blacklines of same. Revising fee affidavit of Dennis Wiebe.	2.4
20-Mar-17	DRW	Reviewed draft affidavit and email to John Salmas.	0.3
20-Mar-17	JS	Resolution of Mayday issues; Amendments to APA; Discussions with Miller Thomson; Discussions with TGF.	1.3
20-Mar-17	VG	Revising notice of motion, approval and vesting order and Receiver's Report. Preparing blacklines of same.	0.5
21-Mar-17	DRW	Revised draft affidavit. Brief discussion with Vanja Ginic and signed affidavit.	0.7
21-Mar-17	JS	Amendments to report; Message to and from TGF; Received and commented on revised draft report.	1.6
21-Mar-17	VG	Email circulating motion record for review. Revisions to fee affidavit to redact confidential information.	0.4
22-Mar-17	VG	Reviewed blackline of TGF comments on receiver's report. Call with Leanne Williams to discuss.	0.7
23-Mar-17	DRW	Email from and to Hartley Bricks regarding Ontario government	0.9

Date	ID	Description of Work	Hours
		financed equipment. Review of HSBC facility letter and discussion with Vanja Ginic.	
23-Mar-17	JS	Correspondence to and from Robert Glegg regarding UTAS litigation; Discussions with TGF; Telephone conversation with Miller Thomson; Telephone conversation with McCarthys; Messages to BLG; Reviewed 1st report; Telephone conversation with Deloitte; Discussions with Miller Thomson; Telephone conversation with Bennett Jones regarding UTAS litigation; Discussions with McCarthys.	2.5
23-Mar-17	VG	Email correspondence regarding Receiver's report and motion material. Review of comments on Receiver's report. Preparing exhibits to receiver's report and updating service list. Email correspondence regarding same.	2.9
24-Mar-17	JS	Telephone conversations with Bennett Jones; Discussions with TGF; Telephone conversation with Deloitte; Received service of Receiver's materials; Comments on APA assignment and assumption agreement.	1.6
25-Mar-17	DRW	Receipt and review of motion record for March 31, 2017 court hearing.	0.9
27-Mar-17	JS	Telephone conversation with Craig Mills; Correspondence from Bennett Jones; Message to and from TGF; Correspondence to Deloitte.	0.8
28-Mar-17	JS	Messages to and from Deloitte.	0.4
29-Mar-17	JS	Preparation for closing; Discussions with Miller Thomson; Reviewed TGF Factum; Finalization of lease assignment; Discussions with McCarthys; Amendments to Assignment Agreement.	1.3
29-Mar-17	VG	Discussion with John Salmas regarding closing documents. Revised assignment agreement. Email circulating comments on assignment agreement. Reviewing factum to amend receivership order.	0.4
30-Mar-17	JS	Received closing documents; Internal discussions regarding matter; Amendments to draft lease assignment; Discussions with Miller Thomson; Reviewed correspondence from McCarthys; Message to and from TGF. Discussions with Deloitte; Messages from Bennett Jones; Preparation for Court appearance.	2.4
30-Mar-17	VG	Discussion with John Salmas regarding lease assignment. Reviewed and revised lease assignment. Email circulating comments on lease assignment.	1.0
31-Mar-17	DRW	Receipt and review of court orders obtained. Brief discussion with John Salmas and email to HSBC.	0.9
31-Mar-17	JS	Attended Court for Approval and Vesting Order; Meeting with Receiver and BLG; Reporting to client.	2.2
31-Mar-17	VG	Attending to 2Source asset purchase closing matters. Email to Max Spearn regarding signature page to lease assignment and bring down certificates. Call with Gary Volman regarding outstanding closing items. Review and revise bring down certificate. Email to Hartley Bricks attaching signature package. Call and email to Max Spearn regarding escrow conditions and closing. Call with Gary Volman regarding date of asset purchase agreement in Receiver Certificate.	2.1
		Total	88.3

DENTONS CANADA LLP
Deloitte Restructuring Inc.
Re: Court Appointed Receivership of 2Source Manufacturing Inc.

INVOICE 3274259
Page 6 of 6
Matter # 569588-000001

TOTAL PROFESSIONAL FEES		\$ 56,430.50
TAXABLE DISBURSEMENTS		
Long Distance Telephone Calls	\$ 12.50	
Photocopy & Printing Charges	503.75	
TOTAL TAXABLE DISBURSEMENTS	<u>\$ 516.25</u>	
TOTAL DISBURSEMENTS		<u>516.25</u>
TOTAL FEES AND DISBURSEMENTS		\$ 56,946.75
TAXES		
HST (13.0%) on Professional Fees of \$56,430.50	\$ 7,335.97	
HST (13.0%) on Taxable Disbursements of \$516.25	67.11	
TOTAL TAXES		<u>7,403.08</u>
TOTAL AMOUNT DUE		<u>\$ 64,349.83 CAD</u>



Deloitte Restructuring Inc.
22 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Attention: Paul Casey
Senior Vice-President**INVOICE # 3285409**GST/HST # R121996078
QST # 1086862448 TQ 0001

<u>Date</u>	<u>Matter Number</u>	<u>Lawyer</u>
May 31, 2017	569588-000001	Dennis R. Wiebe

**Deloitte Restructuring Inc.
Re: Court Appointed Receivership of 2Source Manufacturing Inc.**

Professional Fees	\$ 11,580.50
Disbursements	47.90
HST (13.0%) on \$11,628.40	1,511.70
Total Amount Due	\$ <u>13,140.10</u> CAD

DENTONS-CANADA LLP

Per: 

Dennis R. Wiebe

Payment Options:**Cheques:**Cheques payable to Dentons Canada LLP
and mailed to the above noted address.**Wire Transfer:**Bank of Montreal
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Bank ID: 001 Transit: 00022
CAD Funds Bank Account : 0004-324**Internet Banking:**Accepted at most financial institutions. Your payee is Dentons Canada LLP and
your account number is 569588. Please email us at
Edm.Accounting@dentons.com referencing invoice number and payment
amount.**Credit Card:**Payments are accepted via telephone, email or fax. We accept
American Express, MasterCard or Visa (please circle one).

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Expiry Date: _____ Amount: _____

Cardholder Name: _____

Signature: _____

Please email us at Tor.Accounting@dentons.com referencing invoice number and payment amount.
Payment due on receipt. Interest will be charged at the rate of 1.3% per annum on all outstanding amounts over 30 days.

*We are very grateful to have you as a client and appreciate your business.
Please provide your feedback to us at www.dentons.com/en/clientfeedbackcanada*

Invoice Detail

TO PROFESSIONAL SERVICES RENDERED in connection with the above noted matter:

Date	ID	Description of Work	Hours
04-Apr-17	KK	Discuss with John Salmas approach to dealing with litigation assets.	0.3
05-Apr-17	JS	Telephone conference conversation with L. Williams and H. Bricks. Review UTAS litigation arrangement. Attended telephone conference conversation with TGF and Bennett Jones regarding UTAS litigation.	1.8
06-Apr-17	JS	Review correspondence to and from Bennett Jones. Telephone conference conversation with Bennett Jones and Deloitte. Internal discussion regarding indemnity agreement. Review correspondence to Bennett Jones.	1.3
06-Apr-17	VG	Email correspondence regarding indemnity agreement. Drafting indemnity agreement between 2Source, Glegg and the Receiver, in respect of the UTAS litigation,	1.3
07-Apr-17	JS	Review and comment on draft form of Indemnity Agreement.	0.9
07-Apr-17	VG	Discussion with John Salmas regarding indemnity agreement. Revising indemnity agreement.	0.8
10-Apr-17	JS	Review correspondence from TGF and Deloitte. Correspondence regarding Indemnity Agreement. Review correspondence to and from Bennett Jones and TGF regarding indemnity arrangements.	1.1
10-Apr-17	VG	Email to Hartley Bricks regarding comments on the indemnity agreement. Revising Indemnity Agreement and preparing blackline.	0.5
11-Apr-17	JS	Review correspondence from Bennett Jones. Review correspondence from TGF.	0.6
13-Apr-17	JS	Review correspondence. Review post-closing matters.	0.6
14-Apr-17	JS	Correspondence from Miller Thomson.	0.3
17-Apr-17	JS	Correspondence to and from Leanne Williams and Hartley Bricks.	0.4
21-Apr-17	JS	Review correspondence from TGF to Bennett Jones; Messages to and from Leanne Williams.	0.4
26-Apr-17	JS	Correspondence to and from Miller Thomson; Messages to and from Deloitte.	0.3
09-May-17	JS	Review correspondence from Hartley Bricks; Review CRA letter; Correspondence to and from TGF.	0.6
10-May-17	JS	Correspondence from Max Spearn; Discussions with Hartley Bricks regarding Allied Ore bins.	0.5
15-May-17	JS	Telephone conference conversation with Hartley Bricks and Leanne Williams; Correspondence to and discussions with Steve Wayland; Attended telephone conference conversation with Steve Wayland, Hartley Bricks and Leanne Williams; Correspondence from Craig Mills regarding GT Global Services.	2.1
16-May-17	JS	Telephone conversation with Steve Wayland.	0.5

Date	ID	Description of Work	Hours
17-May-17	JS	Attended telephone conference conversation with Hartley Bricks and Leanne Williams regarding UTAS matters.	0.7
23-May-17	JS	Review correspondence from BLG; Discussions with TGF; Discussions regarding BLG email correspondence.	0.8
24-May-17	DRW	Brief discussion with John Salmas regarding status of outstanding matters.	0.2
30-May-17	JS	Correspondence to and from TGF with respect to UTAS matters.	0.2
31-May-17	JS	Correspondence to and from TGF.	0.3
		Total	16.5

TOTAL PROFESSIONAL FEES \$ **11,580.50**

TAXABLE DISBURSEMENTS

Binding Books / Documents	\$ 5.80
Photocopy & Printing Charges	33.25
Transportation Costs	8.85
TOTAL TAXABLE DISBURSEMENTS	\$ 47.90

TOTAL DISBURSEMENTS 47.90

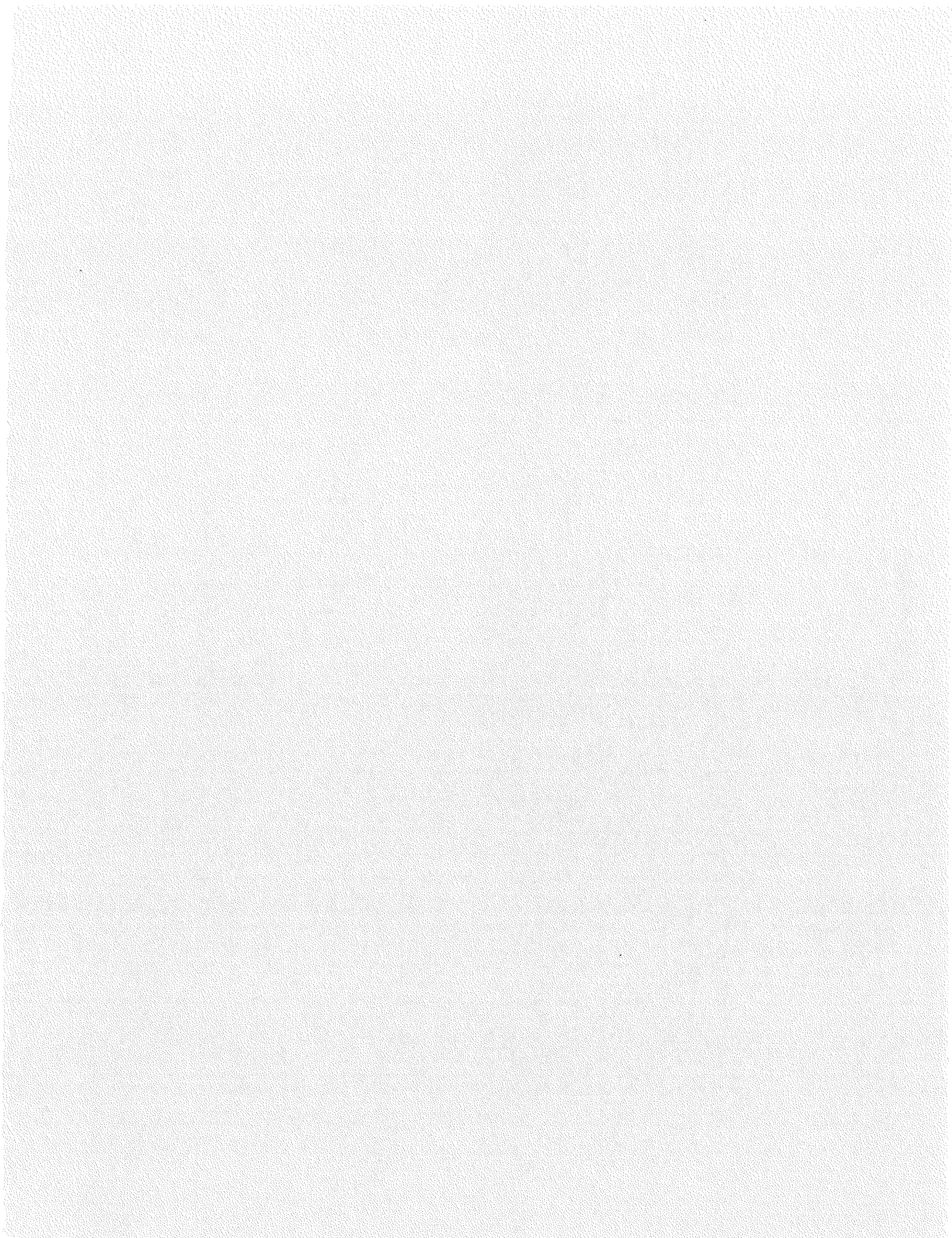
TOTAL FEES AND DISBURSEMENTS \$ **11,628.40**

TAXES

HST (13.0%) on Professional Fees of \$11,580.50	\$ 1,505.47
HST (13.0%) on Taxable Disbursements of \$47.90	6.23

TOTAL TAXES 1,511.70

TOTAL AMOUNT DUE \$ 13,140.10 CAD





Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON, Canada M5K 0A1

T 416 863 4511
F 416 863 4592

大成 Salans FMC SNR Denton McKenna Long
dentons.com

Deloitte Restructuring Inc.
22 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Attention: Paul Casey
Senior Vice-President

INVOICE # 3294949

GST/HST # R121996078
QST # 1086862448 TQ 0001

<u>Date</u>	<u>Matter Number</u>	<u>Lawyer</u>
July 31, 2017	569588-000001	Dennis R. Wiebe

Deloitte Restructuring Inc.
Re: Court Appointed Receivership of 2Source Manufacturing Inc.

Professional Fees	\$ 16,975.50
Disbursements	470.75
HST (13.0%) on \$17,446.25	2,268.02
Total Amount Due	\$ 19,714.27 CAD

DENTONS CANADA LLP

Per: 
Dennis R. Wiebe

Payment Options:	
<p><u>Cheques:</u> Cheques payable to Dentons Canada LLP and mailed to the above noted address.</p>	<p><u>Internet Banking:</u> Accepted at most financial institutions. Your payee is Dentons Canada LLP and your account number is 569588. Please email us at Edm.Accounting@dentons.com referencing invoice number and payment amount.</p>
<p><u>Wire Transfer:</u> Bank of Montreal 1st Canadian Place, Toronto, ON Swift Code: BOFMCAM2 Bank ID: 001 Transit: 00022 CAD Funds Bank Account : 0004-324</p>	<p><u>Credit Card:</u> Payments are accepted via telephone, email or fax. We accept American Express, MasterCard or Visa (please circle one). Card No. _____ Expiry Date: _____ Amount: _____ Cardholder Name: _____ Signature: _____</p>
<p>Please email us at Tor.Accounting@dentons.com referencing invoice number and payment amount. Payment due on receipt. Interest will be charged at the rate of 1.3% per annum on all outstanding amounts over 30 days.</p>	

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Please provide your feedback to us at www.dentons.com/en/clientfeedbackcanada*

Invoice Detail

TO PROFESSIONAL SERVICES RENDERED in connection with the above noted matter:

Date	ID	Description of Work	Hours
06-Jun-17	JS	Correspondence to and from Leanne Williams.	0.3
06-Jun-17	JS	Review correspondence from TGF. Correspondence to and from TGF and Deloitte.	0.6
07-Jun-17	SV	Receive instructions from John Salmas regarding UTAS litigation issue. Consider treatment of litigation in receiverships and caselaw regarding same. Consider caselaw regarding BIA s. 38 motions.	1.7
07-Jun-17	JM	Researching whether a secured creditor can bring a motion under Section 38 of the Bankruptcy and Insolvency Act for Sara-Ann Van Allen.	3.7
07-Jun-17	JS	Discussions with Leanne Williams and Hartley Bricks.	0.8
08-Jun-17	SV	Consider research by student regarding BIA s. 38 and secured creditors. Review caselaw regarding BIA s. 38 and secured creditors.	1.0
08-Jun-17	JM	Completing preliminary research on the applicability of s.38 of the Bankruptcy & Insolvency Act for secured creditors. Email containing the results of the preliminary research to Sara-Ann Van Allen.	1.1
08-Jun-17	JS	Telephone conference with Leanne Williams and Raj Sahni. Review Glegg Indemnity Agreement.	1.1
09-Jun-17	SV	Review email exchange regarding UTAS litigation. Draft email to John Salmas regarding UTAS litigation issue.	0.4
09-Jun-17	JS	Internal discussion regarding 2Source - UTAS litigation.	0.4
27-Jun-17	JS	Correspondence to Leanne Williams and Hartley Bricks regarding matter.	0.3
07-Jul-17	JS	Review correspondence from TGF regarding discussions with Bennett Jones.	0.7
12-Jul-17	JS	Review correspondence from Deloitte regarding CRA source deductions matter. Attended telephone conference conversation with H. Bricks and L. Williams regarding 2Source receivership proceedings. Correspondence to and from Bennett Jones.	1.4
13-Jul-17	JS	Attended telephone conference conversation with Leanne Williams and Raj Sahni regarding 2Source receivership proceedings. Correspondence to Bennett Jones,	1.4
14-Jul-17	JS	Review correspondence from Robert Glegg. Correspondence to and from TGF, Deloitte and Bennett Jones.	0.9
15-Jul-17	JS	Review correspondence from Robert Glegg. Correspondence to and from TGF and Bennett Jones.	0.5
17-Jul-17	DRW	Discussions with John Salmas regarding request from Robert Glegg for meeting with HSBC. Email correspondence with HSBC and Deloitte. Attended meeting with Robert Glegg and John Salmas. Further telephone call with Bennett Jones and email correspondence.	2.2

Date	ID	Description of Work	Hours
17-Jul-17	JS	Review correspondence from Robert Glegg. Telephone conversation with Robert Glegg. Discussions with Brian Pettit; Meeting with Robert Glegg and Dennis Wiebe. Telephone conference conversation with Dennis Wiebe and Ruth Promislow, Bennett Jones. Correspondence to and from Bennett Jones.	3.4
18-Jul-17	DRW	Email correspondence from Bennett Jones and John Salmas.	0.2
18-Jul-17	JS	Review correspondence from Ruth Promislow. Correspondence to Bennett Jones. Review correspondence from Robert Glegg.	0.9
19-Jul-17	DRW	Email correspondence regarding Mr. Glegg's request to postpone bankruptcy assignment.	0.6
19-Jul-17	JS	Correspondence to Brian Pettit, Deloitte and TGF regarding further discussions with Robert Glegg; Internal discussions regarding matter. Review Justice Monahan's Endorsement regarding UTAS venue decision.	1.4
21-Jul-17	JS	Internal discussions regarding lease assignment; Review bankruptcy filing materials regarding 2Source Manufacturing.	0.6
24-Jul-17	JS	Correspondence to Bennett Jones regarding 2Source bankruptcy. Correspondence to and from BLG regarding 2Source matter.	0.6
		Total	26.2

TOTAL PROFESSIONAL FEES \$ 16,975.50

TAXABLE DISBURSEMENTS

Library Computer Research	\$ 465.00
Photocopy & Printing Charges	5.75
TOTAL TAXABLE DISBURSEMENTS	\$ 470.75

TOTAL DISBURSEMENTS 470.75

TOTAL FEES AND DISBURSEMENTS \$ 17,446.25

TAXES

HST (13.0%) on Professional Fees of \$16,975.50	\$ 2,206.82
HST (13.0%) on Taxable Disbursements of \$470.75	61.20

TOTAL TAXES 2,268.02

TOTAL AMOUNT DUE \$ 19,714.27 CAD

Exhibit "B" to the Affidavit of Dennis R. Wiebe,
sworn before me this 21st day of August, 2017.



Commissioner for Taking Affidavits, etc.

EXHIBIT "B"

Summary of Invoices and Calculation of Average Hourly Billing Rates of Dentons Canada LLP

The Period January 29, 2017 to July 31, 2017

Date	Invoice No.	Fees	Disbursements	Taxes(HST)	Hours	Average Rate	Total
February 28, 2017	3269203	\$32,630.00	\$88.00	\$4,253.34	46.2	\$640.00	\$36,971.34
March 31, 2017	3274259	\$56,430.00	\$516.25	\$7,403.08	88.3	\$703.75	\$64,349.83
May 31, 2017	3285409	\$11,580.50	\$47.90	\$1,511.70	16.5	\$703.75	\$13,140.10
July 31, 2017	3294949	\$16,975.50	\$470.75	\$2,268.02	26.2	\$596.25	\$19,714.27
TOTAL:		\$117,616.00	\$1,122.90	\$15,436.14	177.2	\$661.00	\$134,175.54

Exhibit "C" to the Affidavit of Dennis R. Wiebe,
sworn before me this 21st day of August, 2017.

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

Commissioner for Taking Affidavits, etc.

EXHIBIT "C"

Standard Billing Rates of Dentons Canada LLP

For the period January 29, 2017 to July 31, 2017

	<u>Rate</u>	<u>Year of Call</u>
Dennis Wiebe	\$810.00	1985
Kenneth Kraft	\$865.00	1991
John Salmas	\$765.00	1999
Sara-Ann Van Allen	\$585.00	2008
Danijel Augustinovic	\$385.00	2015
Vanja Ginic	\$375.00	2016
Jonathan Meyer	\$230.00	Summer Student

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

HSBC BANK CANADA
Applicant

-and-

2SOURCE MANUFACTURING INC.
Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at TORONTO

AFFIDAVIT OF DENNIS R. WIEBE
(Sworn August 21, 2017)

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto, ON M5K 0A1
Fax: 416-863-4592

John Salmas (LSUC: 42336B)
Tel: 416-863-4737
Email: john.salmas@dentons.com

Dennis Wiebe (LSUC: 25189V)
Tel: (416) 863-4475
Email: dennis.wiebe@dentons.com

Vanja Ginic (LSUC: 69981W)
Tel: (416) 863-4673
Email: vanja.ginic@dentons.com

Lawyers for HSBC Bank Canada

APPENDIX “K”

Court File No.: CV-17-11672-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION PURSUANT
TO SECTION 243(1) OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED,
AND SECTION 101 OF THE COURTS OF JUSTICE ACT,
R.S.O. 1990, c. C-43, AS AMENDED

BETWEEN:

HSBC BANK CANADA

Applicant

-and -

2SOURCE MANUFACTURING INC.

Respondent

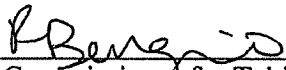
AFFIDAVIT OF PUYA J FESHARAKI

I, **PUYA J FESHARAKI**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and am an associate with Thornton Grout Finnigan LLP (“TGF”), independent counsel for Deloitte Restructuring Inc., in its capacity as the receiver (the “Receiver”) in these proceedings and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. Attached hereto as Exhibit "A" are true copies of the invoices forwarded to the Receiver by TGF for fees and disbursements incurred by TGF in the course of these proceedings between January 24, 2017 and August 11, 2017.
3. Attached hereto as Exhibit "B" is a schedule summarizing each invoice in Exhibit "A", the total billable hours charged per invoice, the total fees charged per invoice and the average hourly rate charged per invoice.
4. Attached hereto as Exhibit "C" is a schedule summarizing the respective years of call and billing rates of each of the lawyers at TGF who acted for the Receiver.
5. To the best of my knowledge, the rates charged by TGF throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services.
6. The hourly billing rates outlined in Exhibit "C" to this affidavit are comparable to the hourly rates charged by TGF for services rendered in relation to similar proceedings.
7. I make this affidavit in support of a motion by the Receiver for, *inter alia*, approval of the fees and disbursements of the independent counsel for the Receiver.

SWORN before me at the City of Toronto,
in the Province of Ontario, this 22nd day of
August, 2017.


Commissioner for Taking Affidavits
Rachel Bengino


PUYA J FESHARAKI



Thornton Grout Finnigan LLP
RESTRICTED - LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

D.J. Miller
T: 416-304-0559
E: djmiller@tgf.ca
File No. 533-036

April 12, 2017

VIA EMAIL

Deloitte & Touche LLP
22 Adelaide Street West
Bay Adelaide Centre
Toronto, ON M5H 0A9

Attention: Paul Casey

Dear Sir:

Re: HSBC Bank Canada and 2Source Manufacturing Inc. - Account

We enclose herewith our First Bill of Costs for services rendered and disbursements incurred for the period up to and including March 31, 2017.

We trust you will find the enclosed satisfactory, however, should you have any questions or concerns in respect of our account, please do not hesitate to contact the undersigned.

Yours truly,

Thornton Grout Finnigan LLP

D.J. Miller

DJM/gk
Enclosure

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

**FIRST BILL OF COSTS OF THE SOLICITORS
TO THE COURT APPOINTED RECEIVER**

For the period ending March 31, 2017

Jan-24-17	Calls from and to P. Casey regarding appointment as Receiver, security to be reviewed and documents to be received;	0.20	DJM
Jan-25-17	E-mails to and from the Bank's counsel regarding obtaining copies of the security documents for independent review; receive and review copy of the receivership order, corporate search and PPSA summary; various emails to and from the Bank's counsel and the Receiver regarding information to be reviewed; review application record and additional materials received from the Bank's counsel;	0.80	DJM
	E-mail and instructions from D.J. Miller and P. Fesharaki regarding certified PPSA search and attend to same; review Receivership Order and corporate search received from client and brief discussion with P. Fesharaki regarding same and procedure;	0.30	RGM
Jan-26-17	Discussions with P. Fesharaki regarding preparation of security opinion on various secured interests including that of HSBC;	0.20	DJM

Jan-30-17	Review e-mails from the Receiver regarding certain equipment leases and proposed means of dealing with same; discussion with P. Fesharaki;	0.20	DJM
	Prepare security opinion;	2.30	PF
	Instructions from P. Fesharaki and attend to BIA, property search and <i>Bank Act</i> search; email to P. Fesharaki regarding same; discussion with P. Fesharaki regarding PIN search and lease; discussion with P. Fesharaki regarding creditor claiming PMSI interest, PPSA registration and requirements for perfection of PMSI claim; review packages of security documents received from Dentons and begin organizing same;	2.40	RGM
Jan-31-17	Receive lease documents for the Elliott-Matsura ("EM") equipment leases and discuss same with P. Fesharaki;	0.20	DJM
	Revise and finalize security opinion;	1.30	PF
Feb-01-17	Discussion with P. Fesharaki regarding review of draft security opinion;	0.20	DJM
	Discussions with P. Fesharaki regarding PPSA registration in favour of MEDG, obtaining security documents regarding same and contact information of MEDG inhouse counsel; review PPSA search and details of collateral description; review e-mails from P. Fesharaki to J. Stewart (MEDG) and security documents; review service list used for service of receivership Application Record and further email to P. Fesharaki with respect to adding MEDG contacts to same;	0.70	RGM
Feb-02-17	Review and organize electronic security documents received from client; e-mail to P. Fesharaki regarding same; e-mail from P. Fesharaki regarding service list;	1.80	RGM
Feb-03-17	Receive revised draft of security opinion;	0.10	DJM
Feb-05-17	Detailed review of draft security opinion and e-mail to P. Fesharaki regarding extent of security documents for which we are providing an opinion and proposal for revising same;	0.50	DJM
Feb-06-17	Discussions with P. Fesharaki regarding various aspects of security opinion; e-mails to and from the Receiver as to various issues with equipment and machinery in which other parties have an interest;	0.70	DJM
	Revise 2Source opinion per D.J. Miller's feedback;	1.40	PF
Feb-07-17	Detailed e-mail from P. Fesharaki with revised security opinion and discussion regarding purchase money security interests;	0.30	DJM
	Finalize edits to security opinion;	0.80	PF
Feb-08-17	Review and revise security opinion and receive additional security documents from the Receiver regarding other financing statements;	0.80	DJM

	discussion with P. Fesharaki regarding revised security opinion;		
Feb-09-17	Receive security documents regarding a Ford vehicle and discussion with P. Fesharaki regarding incorporating same in the draft security opinion; review revised draft of security opinion and discussion with P. Fesharaki;	0.60	DJM
Feb-10-17	Review certain e-mails exchanged between the Receiver and EM as to its equipment;	0.20	DJM
Feb-12-17	Review new security documents provided by client, and modify security opinion accordingly;	1.10	PF
	Finalize edits to security opinion;	0.70	PF
Feb-13-17	E-mails to and from the Receiver and discussion with P. Fesharaki;	0.20	DJM
Feb-15-17	Review and revise updated draft of security opinion with reference to other secured parties and discuss same with P. Fesharaki;	0.50	DJM
Feb-16-17	Further revisions to security opinion;	0.30	DJM
Feb-17-17	E-mails to and from the Receiver regarding EM equipment;	0.10	DJM
Feb-21-17	E-mails to and from the Receiver regarding various equipment; review revised draft of security opinion and discuss same with P. Fesharaki;	0.50	DJM
	Correspond with Deloitte regarding security documents;	0.30	PF
Feb-22-17	Edit 2Source Security Opinion;	0.60	PF
Feb-27-17	Various e-mails and meetings with P. Fesharaki to review and finalize security opinion in order to send same to the Receiver; review of e-mails from and to the Receiver as to questions arising in respect of certain equipment;	0.70	DJM
	Finalize 2Source security opinion;	0.70	PF
	Brief discussion with P. Fesharaki regarding registration expired 2 days after receivership order, PPSA cure provisions and terms of receivership order regarding stay with respect to PPSA amendments and renewals; e-mails with P. Fesharaki regarding PMSI claimants; review caselaw and precedents with respect to same; review PPSA search pre-receivership and attend to current PPSA search; review same and e-mail to P. Fesharaki;	1.50	RGM
Feb-28-17	Review further exchange of e-mails between the Receiver and EM as to its equipment;	0.20	DJM
	Respond to H. Brick's question regarding PMSI;	0.40	PF
Mar-08-17	Exchange of e-mails with the Receiver regarding transaction subject to	1.30	DJM

negotiations for the sale of assets and issues concerning a potential assignment of the lease; further exchange of e-mails regarding other issues in the receivership including potential bankruptcy, assignment of lease, motion to be brought, litigation that exists and timing and time required for motion to Court; numerous emails to and from the Receiver regarding these issues and telephone discussion with the Receiver; discussion with D. Palter regarding motion to be brought and materials to be prepared;

Mar-09-17	Review various e-mails exchanged amongst the Receiver and other parties; emails to and from the Receiver and discussions with D. Palter regarding motion to be brought; telephone call with the Receiver as to issues of concern; receive and review asset purchase agreement and related materials and consider same; receive and review Receiver's First Report to Court; e-mails from the Bank's counsel regarding status of asset purchase agreement and discussions with the Landlord;	1.30	DJM
	Review draft First Report, draft Asset Purchase Agreement and related materials;	0.90	DEP
Mar-10-17	Numerous e-mails and calls regarding draft First Report to the Court, means of addressing litigation that the Company is involved in, issues as to scheduling Court time for a motion, status of discussions with the Landlord as to any assignment of the lease, timing of completing the asset purchase agreement, resignation of Robert Glegg as a director and implications on the pursuing of litigation; discussions with D. Palter regarding draft Receiver's First Report and motion;	1.00	DJM
	Discussions with D.J. Miller and telephone conference call with J. Hartley and J. Salmas;	0.80	DEP
Mar-13-17	Various e-mails regarding draft Receiver's First Report to the Court; receive report on the results of the Receiver's meeting with the Landlord and pursuing to seek certain relief; various e-mails from and to the Bank's counsel regarding motion;	0.50	DJM
Mar-14-17	Receive and review draft motion material and discuss same with D. Palter;	0.70	DJM
Mar-15-17	Numerous e-mails regarding draft motion material, draft Receiver's First Report and review and consider same;	0.40	DJM
	Meeting with D.J. Miller; review and revise motion materials; exchange e-mails with J. Salmas and H. Bricks;	0.80	DEP
Mar-16-17	Receive and review execution copy of the asset purchase agreement and e-mails to and from the Receiver and the Bank's counsel regarding Court availability for the motion and options available to the parties;	0.50	DJM
Mar-17-17	Discussion with L. Williams and e-mails to and from L. Williams regarding finalizing draft Receiver's First Report and motion for approval	0.70	DJM

	of the APA and related relief;		
	Exchange e-mails with L. Williams and D.J. Miller regarding preparation of motion materials and issues on motion;	0.40	DEP
	Brief discussion with P. Fesharaki regarding file status update;	0.10	RGM
Mar-19-17	Review and revise draft Receiver's Report;	1.40	LMW
Mar-20-17	Exchange of e-mails with L. Williams regarding Court materials;	0.10	DJM
	E-mails with and telephone call from H. Bricks;	0.20	LMW
Mar-21-17	Receive comments from the Bank's counsel on the draft motion materials and forward same to L. Williams; e-mail exchange with L. Williams regarding documents;	0.20	DJM
	Telephone call from H. Bricks in respect of draft Report;	0.60	LMW
	E-mails in respect of revisions to Report; e-mails in respect of revised closing date; continue to revise draft Report; circulate same;	2.40	LMW
	E-mails in respect of draft First Report;	0.20	LMW
Mar-22-17	Consideration as to PPSA registration in favour of Ontario Development Corporation and email exchanges with L. Williams and P. Fesharaki regarding same;	0.20	DJM
	E-mails in respect of call to finalize Report; e-mails in respect of PMSI security; revise Report regarding same;	0.30	LMW
	Review report and opinion on certain security interests;	0.40	PF
Mar-23-17	Various emails regarding UTAS litigation with L. Williams and the Receiver and regarding anticipated closing date for the asset purchase agreement; review draft Receiver's Report and provide revisions to same;	0.50	DJM
	Exchange e-mails with L. Williams and D.J. Miller regarding UTAS litigation;	0.20	DEP
	Telephone call with J. Salmas in respect of outstanding items in the Report; e-mails in respect of UTAS litigation; revise draft Report; revise draft Orders;	2.10	LMW
	E-mails in respect of draft Report; further revise same; telephone call with H. Bricks in respect of status and timing of filing;	0.80	LMW
	E-mails in respect of finalization of materials; e-mails in respect of UTAS Litigation; e-mails with R. Jaipargas; e-mails in respect of ODC documents.	0.70	LMW

	Conference call with J. Salmas and H. Bricks in respect of UTAS litigation; e-mails in respect of draft Report and Orders; finalize Report;	1.60	LMW
	Research and prepare factum regarding receiver right to file assignment in bankruptcy;	1.60	PF
Mar-24-17	Review various e-mails regarding arrangement for continuation or discontinuation of litigation and e-mail to L. Williams regarding same;	0.20	DJM
	E-mails to finalize materials; review materials for service; telephone calls in respect of UTAS litigation; e-mails in respect of Verify discontinuance; provide courtesy copies of materials upon request; finalize Notice of Motion; instructions in respect of service of materials;	2.40	LMW
	Review and revise assignment agreement;	0.20	LMW
	Research and prepare factum regarding Receiver's right to file assignment in bankruptcy;	2.10	PF
Mar-26-17	E-mails with R. Jaipargas; e-mails with H. Bricks in respect of employee information;	0.30	LMW
	Research and prepare factum regarding Receiver's right to file assignment in bankruptcy;	2.00	PF
Mar-27-17	Discussion with L. Williams regarding terms of notice of discontinuance filed in respect of one litigation and reservation of rights by Robert Glegg as it relates to the Receiver;	0.10	DJM
	Telephone call with R. Jaipargas in respect of UTAS litigation; discuss same with D.J. Miller;	0.80	LMW
	Conference call with J. Salmas and H. Bricks in respect of position taken by UTAS;	0.50	LMW
	Telephone call to R. Jaipargas in respect of proposed revisions to Orders; revise Orders and e-mails regarding same;	0.50	LMW
	E-mail from R. Promislow in respect of notice of discontinuance;	0.10	LMW
	E-mails with National Leasing in respect of repayment;	0.20	LMW
	E-mails with R. Jaipargas in respect of revised order;	0.20	LMW
Mar-28-17	E-mails in respect of revised draft order;	0.30	LMW
	Review and revise factum;	0.70	LMW
	Revise factum;	1.80	PF
Mar-29-17	Review and revise factum;	0.30	LMW

	Telephone call from J. Stewart in respect of position of Economic Development;	0.20	LMW
	E-mails in respect of settlement of landlord issues;	0.20	LMW
	E-mails with R. Jaipargas in respect of UTAS litigation;	0.20	LMW
	E-mails with R. Jaipargas;	0.20	LMW
	Make final revisions to and otherwise prepare factum for service;	0.90	PF
Mar-30-17	Telephone call from R. Jaipargas in respect of UTAS litigation; telephone call to H. Bricks regarding same; telephone call with Bennett Jones; e-mails in respect of UTAS litigation; e-mails in respect of assignment of lease; e-mails in respect of timing of bankruptcy;	2.20	LMW
Mar-31-17	E-mails to and from L. Williams regarding Court attendance on motion;	0.10	DJM
	E-mails in respect of draft Orders; prepare for and attend motion for approval and vesting order; further discussions in respect of UTAS litigation;	1.30	LMW
	E-mails in respect of closing; instructions in respect of Receiver's certificate;	0.60	LMW

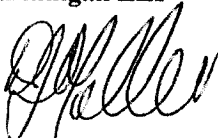
<u>Lawyer</u>	<u>Hours</u>	<u>Amount</u>	
D. J. Miller	15.30	13,005.00	
Deborah E. Palter	3.10	2,170.00	
Leanne M. Williams	21.70	16,275.00	
Puya Fesharaki	18.40	6,440.00	
Roxana Manea (Law Clerk)	6.80	2,040.00	
TOTAL FEE HEREIN		\$39,930.00	
HST on Fees		<u>\$5,190.90</u>	
Total Fees and HST			\$45,120.90

Disbursements:

Computer Research	\$61.12
Couriers	\$154.95
Fee for searches/registrations	\$78.00
Photocopies	\$740.00
Photocopies - Colour	\$8.40
Disbursements for searches/registrations*	\$46.78
Property search*	\$9.50
Property search	\$25.15
Bankruptcy search*	\$8.00
Filing Motion Record*	\$160.00

Total Taxable Disbursements	\$1,067.62	
HST on Disbursements	\$138.79	
Total Non-Taxable Disbursements	<u>\$224.28</u>	
Total Disbursements and HST		<u>\$1,430.69</u>
Total Fees, Disbursements & HST		\$46,551.59
OUR ACCOUNT HEREIN		<u>\$46,551.59</u>

ThorntonGroutFinnigan LLP



Per: D.J. Miller

E. & O. E. HST No. 87042 1039RT *HST Exempt

Matter No. 533-036
 Invoice No. 31311
 Date: Apr 12/17

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 6.00 % per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

HSBC BANK CANADA

-and-

2SOURCE MANUFACTURING INC.

Applicant

Respondent

Court File No.: CV-17-11672-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

**FIRST BILL OF COSTS OF THE SOLICITORS
TO THE COURT APPOINTED RECEIVER**

THORNTON GROUT FINNIGAN LLP
100 Wellington Street West
Suite 3200
Toronto, ON M5K 1K7
Fax: 416-304-1313

D.J. Miller (LSUC #34393P)
Tel: 416-304-0559 / Email: djmiller@tgf.ca

Leanne M. Williams (LSUC #41877E)
Tel: 416-304-0060 / Email: lwilliams@tgf.ca

Puya J Fesharaki (LSUC# 70588L)
Tel: 416-304-7979 / Email: pfesharaki@tgf.ca

Counsel to Deloitte Restructuring Inc.



Thornton Grout Finnigan LLP
RESTRUCTURING & LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K1
T 416.304.1616 F 416.304.1311

Leanne M. Williams
T: 416-304-0060
E: lwilliams@tgf.ca
File No. 533-036

July 5, 2017

VIA EMAIL

Deloitte & Touche LLP
22 Adelaide Street West
Bay Adelaide Centre
Toronto ON M5H 0A9

Attention Paul Casey

Dear Sir:

Re: HSBC Bank Canada and 2Source Manufacturing Inc. - Account

We enclose herewith our Second Bill of Costs for services rendered and disbursements incurred for the period up to and including May 31, 2017.

We trust you will find the enclosed satisfactory, however, should you have any questions or concerns in respect of our account, please do not hesitate to contact the undersigned.

Yours truly,

Thornton Grout Finnigan LLP

Leanne M. Williams

LMW/af

Encl.

Court File No. CV-17-11672-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985,
c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS
AMENDED**

HSBC BANK CANADA

Applicant

-and-

2 SOURCE MANUFACTURING INC.

Respondent

**SECOND BILL OF COSTS OF THE SOLICITORS
TO THE COURT APPOINTED RECEIVER**

For the period ending May 31, 2017

Mar-31-17	Research into BIA s38(3);	1.00	JH
Apr-02-17	Emails to ensure that certificate could be filed and that deal has closed;	0.20	LMW
Apr-03-17	Consideration regarding waterfall priority of any proceeds resulting from a section 38 Order; review memorandum from J. Harding regarding same;	0.30	DJM
	Emails in respect of Receiver's Certificate;	0.20	LMW

	Review memorandum in respect of priority of creditors in section 38 action; emails with R. Jaipargas;	0.20	LMW
	Memorandum on the priority of section 38 proceedings;	4.50	JH
Apr-04-17	Emails in respect of UTAS litigation;	0.20	LMW
	Conference call with H. Bricks and J. Salmas in respect of UTAS litigation;	0.80	LMW
	Telephone call with R. Jaipargas in respect of UTAS litigation; emails in respect of same;	0.60	LMW
Apr-05-17	Emails in respect of telephone call with Bennett Jones; conference call to discuss UTAS litigation;	1.00	LMW
Apr-06-17	Emails in respect of position of second registered secured creditor;	0.40	LMW
Apr-07-17	Telephone call with H. Bricks in respect of UTAS litigation; telephone call from R. Jaipargas;	0.30	LMW
Apr-09-17	Emails with R. Jaipargas in respect of settlement proposal;	0.20	LMW
	Review draft assignment agreement and emails regarding same;	0.30	LMW
Apr-10-17	Emails in respect of UTAS litigation; review revised indemnity;	0.20	LMW
Apr-11-17	Emails in respect of indemnity;	0.20	LMW
Apr-12-17	Email from Bennett Jones in respect of UTAS litigation;	0.20	LMW
Apr-13-17	Emails in respect of requested indemnity for UTAS litigation; telephone call with H. Bricks regarding same;	0.30	LMW
Apr-17-17	Emails with R. Jaipargas and H. Bricks in respect of UTAS totes;	0.30	LMW

Apr-19-17	Emails in respect of UTAS totes;	0.10	LMW
Apr-21-17	Telephone call with H. Bricks in respect of UTAS totes; email to R. Jaipargas	0.30	LMW
Apr-25-17	Emails with R. Jaipargas in respect of property at UTAS;	0.20	LMW
Apr-26-17	Email to Bennett Jones in respect of UTAS litigation arrangement;	0.10	LMW
	Emails with J. Salmas in respect of UTAS litigation;	0.10	LMW
Apr-27-17	Review emails in respect of UTAS litigation timing and telephone call to H. Bricks in respect of status;	0.30	LMW
May-01-17	Telephone call to H. Bricks in respect of status of outstanding issues and UTAS litigation; telephone call to R. Sahni regarding same;	0.40	LMW
May-02-17	Emails in respect of filing of bankruptcy assignment;	0.30	LMW
May-03-17	Emails in respect of UTAS totes; emails in respect of timing of bankruptcy;	0.20	LMW
	Emails in respect of timing of filing of bankruptcy assignment;	0.20	LMW
May-05-17	Telephone call from R. Jaipargas in respect of UTAS;	0.30	LMW
	Draft conveyance agreement for Receiver regarding totes;	3.10	PF
May-08-17	Telephone call from R. Promislow; review proposed amendment and email to H. Bricks;	0.40	LMW
May-09-17	Telephone call with H. Bricks in respect of UTAS litigation and employee issue;	0.30	LMW
	Emails in respect of UTAS totes;	0.20	LMW

	Review materials in respect of Canada Revenue Agency ruling; telephone call from R. Promislow;	0.30	LMW
May-10-17	Telephone call from R. Promislow; telephone call to H. Bricks in respect of UTAS litigation; email to R. Promislow; telephone call to J. Salmas; instructions to P. Fesharaki in respect of UTAS totes;	0.80	LMW
May-11-17	Email from R. Promislow in respect of meeting with Glegg; emails with H. Bricks in respect of UTAS litigation; telephone call from and email to R. Promislow regarding same;	0.40	LMW
May-12-17	Telephone call with J. Salmas in respect of UTAS litigation;	0.20	LMW
	Review and revise transfer agreement in respect of UTAS totes;	0.40	LMW
	Emails in respect of UTAS purchase orders; emails in respect of meeting with Glegg;	0.30	LMW
	Telephone call from H. Bricks and emails in respect of termination of UTAS agreement;	0.30	LMW
May-15-17	Email in respect of Glegg discussion; telephone call from H. Bricks regarding same;	0.50	LMW
	Emails in respect of conference call with HSBC;	0.10	LMW
	Emails in respect of transition agreements;	0.10	LMW
	Conference call with Deloitte and HSBC in respect of UTAS litigation and winding up of estate; emails in respect of same;	0.70	LMW
May-17-17	Email from R. Jaipargas in respect of resource of components; emails with H. Bricks and J. Salmas;	0.20	LMW
May-19-17	Emails in respect of UTAS;	0.10	LMW
May-23-17	Conference call to discuss UTAS litigation and purchase orders; draft and circulate email regarding same;	0.80	LMW
May-24-17	Telephone call to R. Sahni in respect of UTAS litigation;	0.10	LMW

May-25-17	Email from and telephone call to H. Bricks in respect of discussion with Bennett Jones; telephone call to R. Promislow;	0.20	LMW
May-26-17	Telephone call from H. Bricks in respect of UTAS litigation status; telephone call from and to R. Promislow regarding same;	0.50	LMW
May-30-17	Emails in respect of status of discussions in respect of UTAS litigation;	0.20	LMW
	Emails in respect of UTAS purchase orders and totes;	0.20	LMW
	Email from R. Jaipargas in respect of termination of UTAS agreement;	0.10	LMW
May-31-17	Telephone call from R. Sanhi in respect of UTAS litigation;	0.10	LMW

<u>Lawyer</u>	<u>Hours</u>	<u>Amount</u>
D. J. Miller	0.30	255.00
Leanne M. Williams	15.60	11,700.00
Puya Fesharaki	3.10	1,085.00
James Hardy (student)	5.50	1,650.00

TOTAL FEE HEREIN **\$14,690.00**

HST on Fees **\$1,909.70**


Total Fees and HST **\$16,599.70**

Disbursements:

Computer Research	\$216.44
Photocopies	\$14.00
Stationery/Supplies	\$35.28
Conference Calls	\$44.80
Conference Calls	\$17.60
Conference Calls	\$49.00

Total Taxable Disbursements	\$377.12	
HST on Disbursements	\$49.03	
Total Non-Taxable Disbursements	<u>\$0.00</u>	
Total Disbursements and HST		<u>\$426.15</u>
Total Fees, Disbursements & HST		\$17,025.85
OUR ACCOUNT HEREIN		<u>\$17,025.85</u>

ThorntonGroutFinnigan LLP



Per: **Leanne Williams**

E. & O. E. HST No. 87042 1039RT *HST Exempt
Matter No. 533-036
Invoice No. 31556
Date: Jul 05/17

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 6:00 % per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

HSBC BANK CANADA

Applicant

-and-

2SOURCE MANUFACTURING INC.

Respondent

Court File No.: CV-17-11672-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

SECOND BILL OF COSTS OF THE
SOLICITORS TO THE COURT APPOINTED
RECEIVER

THORNTON GROUT FINNIGAN LLP
100 Wellington Street West
Suite 3200
Toronto, ON M5K 1K7
Fax: 416-304-1313

D.J. Miller (LSUC #34393P)
Tel: 416-304-0559 / Email: djmill@tgif.ca

Leanne M. Williams (LSUC #41877E)
Tel: 416-304-0060 / Email: lwilliams@tgif.ca

Puya J Fesharaki (LSUC# 70588L)
Tel: 416-304-7979 / Email: pfesharaki@tgif.ca

Counsel to Deloitte Restructuring Inc.



Thornton Grout Finnigan LLP
RESTRUCTURING & LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K1
T 416.304.1616 F 416.304.1311

Leanne M. Williams
T: 416-304-0060
E: lwilliams@tgf.ca
File No. 533-036

August 15, 2017

VIA EMAIL

Deloitte & Touche LLP
22 Adelaide Street West
Bay Adelaide Centre
Toronto ON M5H 0A9

Attention Paul Casey

Dear Sir:


Re: HSBC Bank Canada and 2Source Manufacturing Inc. - Account

We enclose herewith our Third Bill of Costs for services rendered and disbursements incurred for the period up to and including August 11, 2017.

We trust you will find the enclosed satisfactory, however, should you have any questions or concerns in respect of our account, please do not hesitate to contact the undersigned.

Yours truly,

Thornton Grout Finnigan LLP



Leanne M. Williams

LMW/mm

Encl.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

**THIRD BILL OF COSTS OF THE SOLICITORS
TO THE COURT APPOINTED RECEIVER**

For the period ending August 11, 2017

Jun-01-17	Telephone call to R. Sahni in respect of UTAS litigation;	0.30	LMW
	E-mails in respect of GT Global;	0.10	LMW
Jun-02-17	E-mails in respect of GT Global issues;	0.10	LMW
Jun-04-17	E-mails in respect of UTAS purchase orders and transfer of totes;	0.20	LMW
Jun-05-17	Telephone call from R. Jaipargas;	0.10	LMW
	E-mail in respect of UTAS totes;	0.10	LMW
Jun-06-17	E-mail from J. Salmas in respect of status of discussions with UTAS; e-mail from R. Sahni regarding same; e-mails to discuss UTAS proposal;	0.30	LMW
Jun-07-17	Conference call in respect of UTAS litigation; e-mails with R. Sahni and J. Salmas regarding same;	0.90	LMW
	Telephone call with counsel to Service Star; e-mails regarding same;	0.30	LMW
Jun-08-17	Conference call with R. Sahni and J. Salmas in respect of transfer of UTAS litigation;	0.70	LMW

	Telephone calls with R. Jaipargas; telephone call to H. Bricks; draft e-mail in respect of UTAS parts;	0.90	LMW
Jun-09-17	E-mail to R. Jaipargas;	0.10	LMW
Jun-12-17	E-mails in respect of UTAS totes; update sale agreement and circulate same;	0.30	LMW
	E-mails with R. Jaipargas regarding UTAS totes and transfer to purchaser;	0.20	LMW
Jun-13-17	E-mails with D. Chai in respect of UTAS totes; preparation of Acknowledgment of Receipt; e-mails with H. Bricks;	0.30	LMW
	E-mails in respect of shipping containers;	0.10	LMW
Jun-14-17	E-mails with H. Bricks in respect of purchaser issues with customers;	0.20	LMW
Jun-15-17	E-mails in respect of pickup of UTAS containers;	0.10	LMW
	E-mails in respect of Service Star claim; review of same;	0.30	LMW
Jun-27-17	E-mails in respect of timing of bankruptcy;	0.10	LMW
Jun-29-17	E-mails in respect of timing of bankruptcy;	0.20	LMW
	Email and instructions from L. Williams regarding time availability on Commercial List; email to Commercial List regarding same;	0.10	RGM
Jun-30-17	E-mails in respect of Court availability;	0.10	LMW
	Email from Commercial List scheduling clerk regarding limited availability for July, dates in August and 9:30 appointments in July and email to L. Williams with same;	0.10	RGM
Jul-05-17	Telephone call from R. Sahni in respect of timing of motion;	0.20	LMW
Jul-07-17	Letter from R. Sahni and e-mail regarding same;	0.20	LMW
Jul-12-17	E-mail in respect of appeal of Canada Revenue Agency ruling;	0.10	LMW
	Conference call with H. Bricks and J. Salmas; e-mail to R. Sahni; e-mails in respect of Court availability;	0.50	LMW
Jul-13-17	Conference call with J. Salmas and R. Sahni in respect of timing of bankruptcy;	0.50	LMW
	E-mails with J. Salmas in respect of timing of motion;	0.10	LMW
Jul-14-17	E-mails and instructions in respect of booking Court date;	0.20	LMW
	E-mails in respect of the timing of the bankruptcy;	0.10	LMW

	Email and instructions from L. Williams regarding time availability for motion on August 30 or 31 and respond to same; review correspondence from Commercial List regarding same; further instructions from L. Williams regarding preparation of hearing request form for August 29 and attend to same; attend to filing of court request form and review confirmation from clerk; email to L. Williams with respect to same;	0.60	RGM
Jul-15-17	E-mails in respect of meeting between R. Glegg and HSBC and timing of bankruptcy;	0.40	LMW
Jul-17-17	E-mails in respect of timing of bankruptcy;	0.20	LMW
	E-mail from J. Salmas in respect of UTAS litigation;	0.10	LMW
Jul-19-17	E-mails in respect of timing of bankruptcy; e-mail enclosing judgment and review of conclusion in respect of litigation; e-mails in respect of filing of bankruptcy;	0.30	LMW
Jul-21-17	E-mails in respect of filing of bankruptcy;	0.20	LMW
Jul-24-17	E-mails with R. Jaipargas in respect of bankruptcy of 2Source and UTAS litigation; e-mails with J. Salmas and H. Bricks regarding same; e-mails to Bennett Jones in respect of section 38 relief;	0.30	LMW
Jul-27-17	Telephone call from R. Sahni; e-mails in respect of UTAS litigation;	0.40	LMW
	E-mails in respect of cost submissions;	0.10	LMW
Jul-28-17	Letter from R. Sahni in respect of UTAS litigation;	0.20	LMW
Jul-31-17	E-mails with R. Jaipargas in respect of service list;	0.10	LMW
Aug-01-17	Telephone call from H. Bricks in respect of creditor's meeting and upcoming motion;	0.30	LMW
	Draft letter to R. Sahni in respect of UTAS litigation;	0.30	LMW
	Finalize letter to R. Sahni and e-mail same to H. Bricks; letter from E. Lederman in respect of Messier litigation;	0.30	LMW
Aug-02-17	E-mails in respect of letters regarding continuation of litigation; finalize and circulate same;	0.30	LMW
Aug-04-17	Email from R. Sahni in respect of Glegg's position as director;	0.20	LMW
Aug-11-17	Discuss draft order with P. Fesharaki;	0.20	LMW

<u>Lawyer</u>	<u>Hours</u>	<u>Amount</u>
Leanne M. Williams	11.80	8,850.00
Roxana Manca (Law Clerk)	0.80	240.00

TOTAL FEE HEREIN	\$9,090.00
HST on Fees	<u>\$1,181.70</u>

Total Fees and HST	<u>\$10,271.70</u>
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OUR ACCOUNT HEREIN	<u>\$10,271.70</u>
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ThorntonGroutFinnigan LLP



Per: Leanne M. Williams

E. & O. E. HST No. 87042 1039RT *HST Exempt

Matter No. 533-036

Invoice No. 31670

Date: Aug 15/17

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 6.00 % per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

HSBC BANK CANADA

-and-

2SOURCE MANUFACTURING INC.

Applicant

Respondent

Court File No.: CV-17-11672-00CL

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

Proceeding commenced at Toronto

**THIRD BILL OF COSTS OF THE SOLICITORS
TO THE COURT APPOINTED RECEIVER**

THORNTON GROUT FINNIGAN LLP
100 Wellington Street West
Suite 3200
Toronto, ON M5K 1K7
Fax: 416-304-1313

D.J. Miller (LSUC #34393P)
Tel: 416-304-0559 / Email: djmillier@tgf.ca

Leanne M. Williams (LSUC #41877E)
Tel: 416-304-0060 / Email: lwilliams@tgf.ca

Puya J Fesharaki (LSUC# 70588L)
Tel: 416-304-7979 / Email: pfesharaki@tgf.ca

Counsel to Deloitte Restructuring Inc.

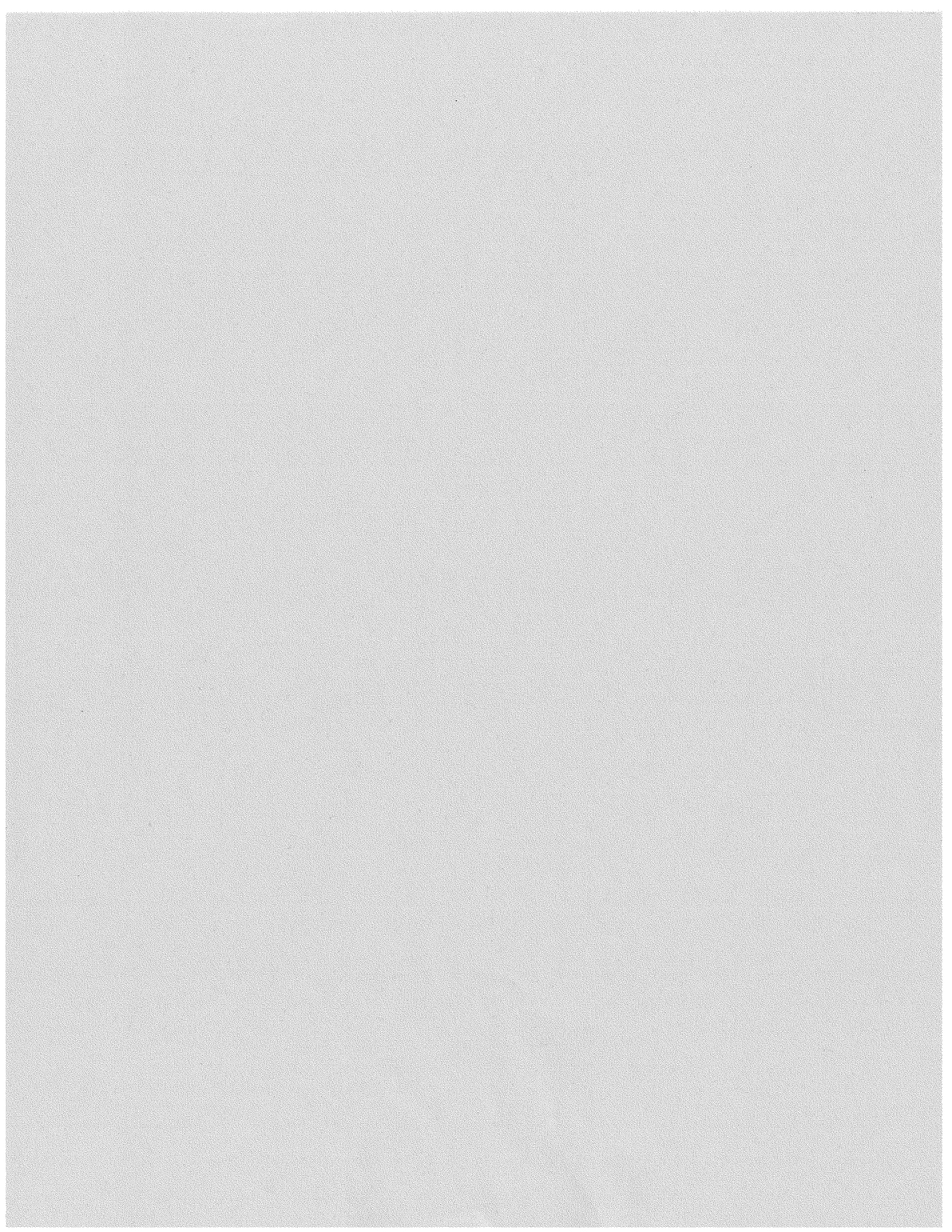


EXHIBIT "B"

**Calculation of Average Hourly Billing Rates of
Thornton Grout Finnigan LLP
for the period January 24, 2017 to August 11, 2017**

Invoice No.	Fees	Disbursements	HST	Hours	Average Rate	Total
31311	\$39,930.00	\$1,291.90	\$5,329.69	65.30	\$611.49	\$46,551.59
31556	\$14,690.00	\$377.12	\$1,958.73	24.50	\$599.59	\$17,025.85
31670	\$9,090.00	Nil	\$1,181.70	12.60	\$721.43	\$10,271.70
TOTALS	\$6,3710.00	\$1,669.02	\$8,470.12	102.4	\$622.17	\$73,849.14

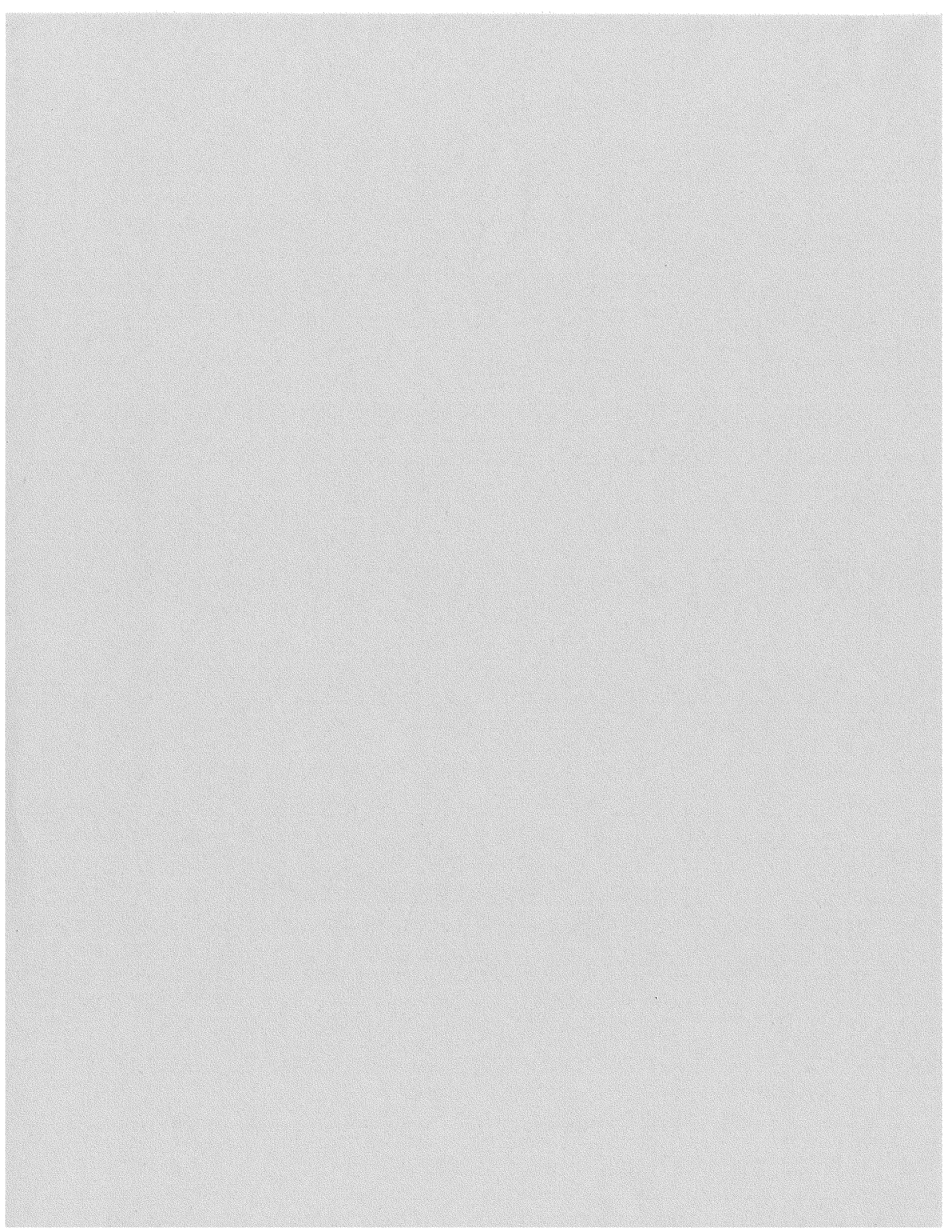


EXHIBIT "C"

Billing Rates of Thornton Grout Finnigan LLP

For the period January 24, 2017 to August 11, 2017

	<u>Rate</u>	<u>Year of Call</u>
D. J, Miller	\$850.00	1993
Leanne M. Williams	\$750.00	1999
Deborah E. Palter	\$700.00	1996
Rachel Bengino	\$400.00	2015
Puya J Fesharaki	\$350.00	2016
James Hardy	\$300.00	Student-at-Law
Roxana Manea	\$300.00	Law Clerk

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

HSBC BANK CANADA
Applicant

2SOURCE MANUFACTURING INC.
Respondent

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

Proceeding commenced at Toronto

**AFFIDAVIT OF PUVA FESHARAKI
(Sworn August 22, 2017)**

THORNTON GROUT FINNIGAN LLP
Barristers & Solicitors
Suite 3200, P.O. Box 329
Toronto-Dominion Centre
Toronto, ON M5K 1K7

Leanne Williams LSUC#: 41877E
Email: lwilliams@tgf.ca
Tel: (416) 304-0060

Puya Fesharaki LSUC#: 70588L
Email: pfesharaki@tgf.ca
Tel: (416) 304-7979

Lawyers for Deloitte Restructuring Inc., in its capacity as the Court-appointed Receiver of the assets, undertakings and properties of 2Source Manufacturing Inc.

TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) TUESDAY ,THE 29TH DAY
JUSTICE)
) OF AUGUST, 2017

IN THE MATTER OF AN APPLICATION PURSUANT
TO SECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED,
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c. C-43, AS AMENDED

BETWEEN:

HSBC BANK CANADA

Applicant

-and -

2SOURCE MANUFACTURING INC.

Respondent

AND:

Court File No. 32-2274852

IN THE MATTER OF THE BANKRUPTCY OF
2SOURCE MANUFACTURING INC.

TRANSITION ORDER

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as Court-appointed receiver (the “**Receiver**”) of the assets, undertakings and properties of 2Source

Manufacturing Inc. (“2Source”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report of the Receiver dated August 22, 2017 and on hearing the submissions of the Receiver’s Counsel, and those other parties listed on the Counsel Slip, no one else appearing for any other person in the Service List, although duly served as evidenced from the Affidavit of Service of Owen Gaffney sworn August 22, 2017.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and that this motion is properly returnable today and further service thereof upon any other parties is hereby dispensed with.

LITIGATION ASSETS

2. **THIS COURT ORDERS** that, effective from the date of this Order, the definition of Property in the Appointment Order is hereby amended to exclude any claim, rights or causes of action that 2Source may have against Messier-Dowty Inc., Messier-Bugatti-Dowty SA, Messier-Dowty Ltd., Messier-Dowty Mexico SA de CV and Messier-Dowty Suzhou Co. Ltd., including without limitation, the claims and causes of action plead by 2Source in the Ontario Superior Court of Justice (Court File No. CV-15-537943), accordingly, such claims, rights or causes of action shall be included in the assets of the bankruptcy estate of 2source.

3. **THIS COURT ORDERS** that, effective from the date of this Order, the definition of Property in the Appointment Order is hereby amended to exclude any claim, rights or causes of action that 2Source may have against United Technologies Corporation, Goodrich Aerospace Canada Ltd., Goodrich Corporation, Dino Soave and Verify, Inc., including without limitation, the claims and causes of action plead by 2Source in the Ontario Superior Court of Justice (Court File No. CV-17-567429-00), accordingly, such claims, rights or causes of action shall be included in the assets of the bankruptcy estate of 2source.

ESTATE ADMINISTRATION FEES

4. **THIS COURT ORDERS** that the Receiver shall be entitled to pay the costs of the administration of the bankruptcy estate of 2Source (the “**Bankruptcy Costs**”) from the amounts on deposit with the Receiver.

 5. **THIS COURT ORDERS** that the Receiver’s Charge, as such term is defined in the Order appointing the Receiver dated January 23, 2017, shall extend to the Bankruptcy Costs.
-

Court File No. 32-2274852

Court File No: CV-17-11672-00CL

IN THE MATTER OF THE BANKRUPTCY OF 2SOURCE MANUFACTURING INC.
AND: IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101
OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED
BETWEEN: HSBC BANK CANADA –AND– 2SOURCE MANUFACTURING INC.

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

Proceeding commenced at Toronto

TRANSITION ORDER

THORNTON GROUT FINNIGAN LLP
Barristers & Solicitors
Suite 3200, P.O. Box 329
Toronto-Dominion Centre
Toronto, ON M5K 1K7

Leanne Williams LSUC#: 41877E
Email: lwilliams@tgf.ca
Tel: (416) 304-0060

Puya Fesharaki LSUC#: 70588L
Email: pfesharaki@tgf.ca
Tel: (416) 304-7979

Lawyers for Deloitte Restructuring Inc., in its capacity
as the Court-appointed Receiver of the assets,
undertakings and properties of 2Source Manufacturing
Inc.

TAB 4

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

THE HONOURABLE) TUESDAY, THE 29TH DAY
JUSTICE)
) OF AUGUST, 2017

IN THE MATTER OF AN APPLICATION PURSUANT
TO SECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED,
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c. C-43, AS AMENDED

BETWEEN:

HSBC BANK CANADA

Applicant

-and -

2SOURCE MANUFACTURING INC.

Respondent

ORDER

(Re: Distribution and Fee Approval)

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as Court-appointed receiver (the “**Receiver**”) of the assets, undertakings and properties of 2Source Manufacturing Inc., was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion herein, the First Report of the Receiver dated March 23, 2017 (the “**First Report**”) and the Second Report of the Receiver dated August 22, 2017 (the “**Second Report**”), the fee affidavits prepared by the Receiver, independent counsel for the Receiver, and counsel to the Receiver, and on hearing the submissions of independent

counsel for the Receiver, and all other parties listed on the Counsel Slip, no one else appearing for any other person in the Service List, although duly served as it appears from the Affidavit of Service of Owen Gaffney sworn August 22, 2017 .

SERVICE

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

APPROVAL OF FIRST AND SECOND REPORTS

2. **THIS COURT ORDERS** that the activities described in paragraphs 54-56 of the First Report, which were not approved pursuant to the Administrative Order dated March 31, 2017, are hereby ratified and approved.

3. **THIS COURT ORDERS** that the activities described in the Second Report, and the activities and conduct of the Receiver set out therein are hereby ratified and approved.

APPROVAL OF FEES AND DISBURSEMENTS

4. **THIS COURT ORDERS** that the fees and disbursements of the Receiver, being \$129,767.97 in fees and disbursements plus HST of \$16,869.84 totaling \$146,637.81 as set out in the Affidavit of Hartley Bricks sworn August 16, 2017 , attached as Appendix I to the Second Report, are approved.

5. **THIS COURT ORDERS** that the fees and disbursements of Thornton Grout Finnigan LLP, independent counsel for the Receiver, being \$65,379.02 in fees and disbursements plus HST of \$8,470.12 totaling \$73,849.14 as set out in the Affidavit of Puya Fesharaki sworn August 21, 2017 , attached as Appendix K to the Second Report, are approved.

6. **THIS COURT ORDERS** that the fees and disbursements of Dentons Canada LLP, as counsel to the Receiver, being \$118,739.40 in fees and disbursements plus HST of \$15,436.14

totaling \$134,175.54 as set out in the Affidavit of Dennis R. Wiebe sworn August 21, 2017 , attached as Appendix J to the Second Report, are approved.

APPROVAL OF STATEMENT OF RECEIPTS AND DISBURSEMENTS

7. **THIS COURT ORDERS** that the Receiver's Statement of Receipts and Disbursements for the period from March 18 to August 11, 2017 is hereby approved.

APPROVAL OF DISTRIBUTIONS

8. **THIS COURT ORDERS** that the Receiver is authorized to distribute to HSBC Bank Canada the sum of \$2,000,000.00 as a permanent reduction of the indebtedness of 2Source to HSBC Bank Canada.

9. **THIS COURT ORDERS** that the Receiver is authorized to distribute the sum of \$123,127.22 to Wage Earner Protection Program with respect to unpaid wages, salaries, and other compensation in accordance with the *Wage Earner Protection Program Act*.

Court File No. 32-2274852

Court File No: CV-17-11672-00CL

IN THE MATTER OF THE BANKRUPTCY OF 2SOURCE MANUFACTURING INC.
AND: IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101
OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED
BETWEEN: HSBC BANK CANADA –AND– 2SOURCE MANUFACTURING INC.

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

Proceeding commenced at Toronto

ORDER

THORNTON GROUT FINNIGAN LLP
Barristers & Solicitors
Suite 3200, P.O. Box 329
Toronto-Dominion Centre
Toronto, ON M5K 1K7

Leanne Williams LSUC#: 41877E
Email: lwilliams@tgf.ca
Tel: (416) 304-0060

Puya Fesharaki LSUC#: 70588L
Email: pfesharaki@tgf.ca
Tel: (416) 304-7979

Lawyers for Deloitte Restructuring Inc., in its capacity
as the Court-appointed Receiver of the assets,
undertakings and properties of 2Source Manufacturing
Inc.

Court File No. 32-2274852

Court File No: CV-17-11672-00CL

IN THE MATTER OF THE BANKRUPTCY OF 2SOURCE MANUFACTURING INC.
AND: IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED
BETWEEN: HSBC BANK CANADA –AND– 2SOURCE MANUFACTURING INC.

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceedings commenced at **Toronto**

MOTION RECORD
(Returnable August 29, 2017)

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