

DODICK LANDAU

January 11, 2018

CREDITOR PACKAGE

To the Creditors of Toronto Machine & Tool Inc. ("TMT" or the "Company")

Please be advised that on January 5, 2018, Dodick Landau Inc., in its capacity as Proposal Trustee (the "**Proposal Trustee**") of the Estate of Toronto Machine & Tool Inc. filed with the Official Receiver a proposal in the name, and on behalf, of Toronto Machine & Tool Inc., (the "**Proposal**").

The reason you are receiving this letter and the enclosed creditor information ("**Creditor Package**") is because TMT advised the Proposal Trustee that you are a creditor of TMT and may be eligible to vote in the Proposal. The purpose of the Creditor Package is to provide you with the information you require to evaluate, and vote on, the Proposal.

Enclosed in this Creditor Package are the following documents:

- 1) Notice of Proposal to Creditors;
- 2) Proposal;
- 3) Trustee's Report on Proposal;
- 4) Statement of Affairs;
- 5) Proof of Claim form with instructions;
- 6) Proxy;
- 7) Voting Letter

A Meeting of the Creditors to consider the Proposal will be held at the office of the Proposal Trustee, located at 4646 Dufferin Street, Suite 6, Toronto, Ontario M3H 5S4 on January 25, 2018 at 11:00 a.m.

In order to be eligible to attend and vote at the meeting of creditors, creditors must have filed with the Proposal Trustee before the meeting, a proof of claim form signed and witnessed as required and accompanied by a statement of account. Those Creditors who do not intend to have a personal representative at the meeting held on January 25, 2018, may complete and submit the voting letter which is enclosed in this Creditor Package prior to the meeting indicating their vote for or against the acceptance of the Proposal. The Trustee has also enclosed a form of proxy should a Creditor wish to appoint a proxy to represent them at the meeting. Additional details relating to the filing of claims prior to the meeting of creditors are outlined in the Report of the Trustee on the Proposal.

DODICK LANDAU

Completed proofs of claim, and other documents may be returned to the Trustee to the attention of Brenda McKnight by fax (416-649-7725) or electronic mail (brenda.mcknight@dodick.ca). Should you need further assistance, you may contact our office by telephone at 416-645-0542.

To access further information pertaining to the Toronto Machine & Tool Inc. proceedings, including an electronic copy of the Creditor Package, please visit the Trustee's website (<http://dodick.ca/public-documents/>).

DODICK LANDAU INC.,

Proposal Trustee of the estate of Toronto Machine & Tool Inc.
and not in its personal or
corporate capacity.

Per:



Rahn Dodick, CPA, CA, CIRP, LIT

NOTICE OF PROPOSAL

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2324294
Estate No. 31-2324294

FORM 92
Notice of Proposal to Creditors
(Section 51 of the Act)

In the matter of the proposal of
Toronto Machine & Tool Inc.
of the city of Scarborough, in the Province of Ontario

Take notice that Toronto Machine & Tool Inc. of the city of Scarborough in the Province of Ontario has lodged with us a proposal under the Bankruptcy and Insolvency Act.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.


A general meeting of the creditors will be held at 4646 Dufferin St., Suite 6, Toronto, ON on the 25th day of January 2018 at 11:00 AM.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to the commencement of the meeting.

Dated at the city of Toronto in the Province of Ontario, this 12th day of January 2018.

Dodick Landau Inc. - Licensed Insolvency Trustee



4646 Dufferin St., Suite 6

Toronto ON M3H 5S4

Phone: (416) 736-4357 Fax: (416) 649-7725

(A form of proof of claim, a form of proxy and a voting letter should be enclosed with each notice.)

PROPOSAL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE PROPOSAL OF
TORONTO MACHINE & TOOL INC.,
OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**

PROPOSAL

TORONTO MACHINE & TOOL INC. hereby submits the following Proposal under the provisions of the *Bankruptcy and Insolvency Act*.

**PART I
INTERPRETATION**

Definitions

1. In this Proposal:
 - (a) "Act" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.
 - (b) "Administrative Fees and Expenses" means the fees and expenses of the Trustee incidental to the NOI and the preparation and facilitation of the Proposal and any amendments thereto, including, without limitation, fees incurred by the Trustee in the administration of the Funded Proposal Payments; and, the legal fees and expenses of the Company before and following execution, acceptance and approval of this Proposal and in connection with the NOI and the preparation of this Proposal, as well as advice to the Company in connection therewith;
 - (c) "Affected Creditors" means those Creditors of the Company forming Class 1, as defined in Part III of this Proposal;
 - (d) "Approval Order" means an order of the Court approving this Proposal to be granted pursuant to the provisions of the Act, the appeal period having

expired, and no appeal having been filed or any appeal therefrom having been dismissed and such dismissal having become final;

- (e) "Bankruptcy Reserve" means a reserve amount of \$15,000 to be held by the Trustee as security for the administrative costs of the bankruptcy of the Company, in the event that this Proposal is annulled, and the Company becomes bankrupt;
- (f) "Business Day" means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (g) "Claim" means any right of any Person with indebtedness, liability or obligation of any kind against the Company which indebtedness, liability or obligation is in existence at the Date of Filing, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by surety or otherwise and whether or not such a right is executory in nature including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause, chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or at the time of Date of Filing;
- (h) "Company" means Toronto Machine & Tool Inc.;
- (i) "Court" means the Ontario Superior Court of Justice in Bankruptcy and Insolvency;
- (j) "Court Approval Date" means the date on which the Approval Order is issued;
- (k) "Creditors" means any Person having a Claim, but excluding Secured Creditors;
- (l) "Creditors Meeting" means the meeting of the Affected Creditors called for the purpose of considering and voting upon this Proposal;
- (m) "Crown Claims" means Claims of Her Majesty in right of Canada or any province of all amounts of a kind contemplated by Section 60(1.1) of the Act;
- (n) "Date of Filing" means the date on which the Company filed the NOI;
- (o) "Employee Preferred Claim" means a Claim by a current or former employee of the Company, or such portion of such Claim, that would be payable in priority under Subsection 136(1) of the Act;

- (p) "Effective Date" means the date on which the transactions and agreements provided for in this Proposal are to become effective which shall be the date on which the Approval Order is issued;
- (q) "Event of Default" has the meaning given to it in Part VIII of this Proposal;
- (r) "Funded Proposal Payments" shall mean funds which will be advanced to the Trustee for distribution pursuant to Part V of this Proposal;
- (s) "Inspectors" means the inspectors appointed pursuant to Part X of this Proposal;
- (t) "Levy" means the levy imposed by the Superintendent of Bankruptcy under the Act;
- (u) "Maturity Date" means the date on which all payments to the Creditors have been made, provided that no Event of Default has occurred that has not been cured or waived;
- (v) "NOI" means the Notice of Intention to Make a Proposal filed by the Company on December 8, 2017;
- (w) "Person" means any individual, partnership, joint venture, trust corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (x) "Post-Filing Crown Claims" means all Crown Claims that became due or shall become due on or after the Date of Filing;
- (y) "Post-Filing Goods and Services" means the goods supplied, services rendered and other consideration given or provided to the Company on or after the Date of Filing;
- (z) "Pre-Filing Crown Claims" means all Crown Claims that were outstanding as at the Date of Filing;
- (aa) "Preferred Claim" means any claim that is afforded priority under Section 136(1) of the Act;
- (bb) "Preferred Creditor" means any Unsecured Creditor holding a Preferred Claim, solely in respect to that Preferred Claim;
- (cc) "Proposal" means this proposal dated December 5, 2017, together with any amendments or additions thereto;

- (dd) "Proposal Period" means the period between the Court Approval Date and the Maturity Date;
- (ee) "Proven" as used in relation to any Claim means such Claim as finally accepted or determined by the Trustee in accordance with the provisions of the Act and this Proposal, subject to the Creditor's right of appeal to Court, the Court's determination of that Claim or any applicable appeal periods having expired and no appeal having been made,
- (ff) "Secured Creditor" means a Person holding a mortgage, hypothec, pledge, charge, lien or privilege on or against the property of the Company or any part thereof as security for a Claim;
- (gg) "Trustee" means Dodick Landau Inc., solely in its capacity as proposal trustee of the Company;
- (hh) "Unsecured Claim" means the value of any Proven Claim in respect of which no Security is held; and
- (ii) "Unsecured Creditors" means those Persons with Claims in respect of which no Security is held and which is not afforded priority under Section 136(1) of the Act.

Headings

2. The division of this Proposal into parts, paragraphs and subparagraphs, and the insertion of headings herein, is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

Number, etc.

3. In this Proposal, where the context requires, a word importing the singular includes the plural and vice versa, and a word importing gender includes the masculine, feminine and neuter genders.

Date for Action

4. In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

Accounting Principles

5. Accounting terms not otherwise defined in this Proposal have the meanings assigned to them in accordance with generally accepted Canadian accounting principles.

**PART II
PURPOSE AND EFFECT OF THIS PROPOSAL**

Purpose of Proposal

6. The purpose of this Proposal is to effect a restructuring of the indebtedness of the Company in the manner contemplated herein and as permitted by the Act in the expectation that all Creditors will derive a greater benefit from the restructuring and the continued operation of the business and affairs of the Company than would result from a bankruptcy of the Company.

Effect of Proposal

7. This Proposal restructures the indebtedness of the Company and provides the essential terms on which all Creditors' Claims will be fully and finally resolved and settled. During the Proposal Period, and provided that an Event of Default has not occurred and is continuing hereunder, all Creditors will be stayed from commencing or continuing any proceeding or remedy against the Corporation or any of its property or assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies, to recover or enforce any judgment against the Company in respect of a Claim or to commence any formal proceedings against it other than as provided for under this Proposal.

**PART III
CLASSIFICATION OF CREDITORS**

8. For the purpose of this Proposal, the Creditors of the Company shall be comprised of a single class, consisting of Creditors having Preferred Claims and Unsecured Claims ("Class 1"). For greater certainty, Preferred Creditors entitled to vote pursuant to the Act shall vote in this class, and claims of Her Majesty in right of Canada and any province for all amounts other than Crown Claims shall vote in this class.

**PART IV
SECURED CREDITORS**

9. This Proposal is not made to Secured Creditors and accordingly, Secured Creditors are unaffected by the terms hereof and shall not be entitled to vote on the Proposal.

**PART V
TREATMENT OF VARIOUS CLAIMS,
FUNDING OF PROPOSAL AND DISTRIBUTION**

Crown Claims

10. At the Date of Filing, the Company owed approximately \$375,193 to Canada Revenue Agency ("CRA") for employee source deductions withheld but not remitted, including related penalties and interest calculated up to the Date of Filing. In addition to the Funded Proposal Payments, all Proven Pre-Filing Crown Claims shall be paid out of additional funds to be delivered by the Company to the Trustee and shall be remitted by the Trustee to Her Majesty in the Right of Canada or of any province, as applicable, within six (6) months of the Court Approval Date.

Employee Preferred Claims

11. At the Date of Filing, the Company is not aware of any Employee Preferred Claims or potential Employee Preferred Claims. All Employee Preferred Claims (if any) shall be paid out of additional funds to be delivered by the Company to the Trustee and shall be remitted by the Trustee to the entitled claimants (if any) immediately after the Court Approval Date.

Secured Claims

12. Claims of Secured Creditors shall be unaffected by this Proposal and shall be paid in accordance with the terms of the agreements between the Company and the Secured Creditors.

Preferred Claims (in addition to Employee Preferred Claims)

13. Proven Preferred Claims, other than Employee Preferred Claims (which shall be satisfied pursuant to Paragraph 11 of this Proposal), shall be paid in full, without interest, out of the Funded Proposal Payments, in priority to Proven Unsecured Claims.

Unsecured Claims

14. Proven Unsecured Claims shall be paid out of the Funded Proposal Payments on a *pro rata* basis

Related-Party Creditors

15. The following Creditors have agreed, as evidenced by such Creditors' signed confirmation appended hereto as Schedule "A", not to file Claims in this Proposal and will not participate in distributions to Unsecured Creditors under this Proposal:
 - (a) Mattali Group Inc.;
 - (b) 2190367 Ontario Associates/Blum & Associates; and
 - (c) Bluecap Financial Solutions.

Funding the Proposal

16. Upon the full satisfaction of the Crown Claims and Employee Preferred Claims, the Company will cause to be paid to the Trustee the Funded Proposal Payments in the form of cash instalments in the aggregate amount of \$20,834 every three months (3), for three (3) years, subject to Paragraph 18 of this Proposal.
17. The Company's obligation to commence funding the Funded Proposal Payments shall commence on the earlier of:
 - (i) the last day of the month following the month in which the Crown Claims are paid in full; and
 - (ii) 30-days following the day that is six (6) months after the Court Approval Date.
18. The Funded Proposal Payments will be made until an amount is paid to the Trustee equal to the lesser of:
 - (i) 35% of the value of the Proven Claims; and
 - (ii) \$250,000.

Distribution

19. Interim distributions will be made to Unsecured Creditors by the Trustee when sufficient Funded Proposal Payments have, in the Trustee's discretion, accumulated to warrant an interim distribution.
20. A final distribution will be made to the Unsecured Creditors by the Trustee when the aggregate of all Funded Proposal Payments made to the Trustee is equal to the amount required under Paragraph 18 hereof.
21. The Funded Proposal Payments shall be distributed by the Trustee in the following order of priority:
 - (a) first, to the Administrative Fees and Expenses;
 - (b) second, to establish the Bankruptcy Reserve, to be held in trust by the Trustee, which amount shall be used to fund the administrative costs of the bankruptcy of the Company in the event that this Proposal is annulled, and the Company becomes bankrupt, failing which such amount shall be distributed in accordance with Subparagraphs 19(c) and 19(d) of this Proposal;
 - (c) third, to Proven Claims of Preferred Creditors, other than Employee Preferred Claims which will have been paid, without interest (if any); and

- (d) fourth, the balance of the Funded Proposal Payments shall be distributed *pro rata* among all of the Unsecured Creditors on account of Proven Unsecured Claims.

Amendments to Agreements

22. Notwithstanding the terms and conditions of all agreements or other arrangements with Creditors entered into before the Date of Filing, provided that no Event of Default has occurred and is continuing hereunder, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern. All Creditors will provide such acknowledgements, agreements, discharges or other documentation as may be necessary to give effect to the intent of this Proposal.

Treatment of Claims

23. For purposes of this Proposal, each Creditor holding a Claim will receive the treatment provided for in this Proposal on account of such Claim.

PART VI POST-FILING OBLIGATIONS

Payment of Post-Filing Goods & Services

24. During the Proposal Period, all Post-Filing Goods and Services shall be paid in full in the ordinary course of business by the Company

Post-Filing Crown Claims

25. During the Proposal Period, the Company shall remit all Post-Filing Crown Claims as and when due.

Reporting by the Company

26. During the Proposal Period, the Company shall provide to the Trustee every three months commencing on first day of the month following the month in which the Approval Order is issued, a report containing the information set out below:
- (i) a cash flow statement for the Company's business and affairs for the prior three months; and
 - (ii) evidence of Company's filing and remittance of source deductions and HST.

**PART VII
LEVY, MANDATORY PAYMENTS AND PREFERRED CLAIMS**

Levy

27. The Levy, if applicable, shall be deducted by the Trustee from payments to creditors by the Trustee.

Payment of Fees and Expenses

28. The Administrative Fees and Expenses shall be paid in priority to the Crown Claims, the Claims of Preferred Creditors and the Claims of general Unsecured Creditors.

Employee Claims

29. As per Part V of this Proposal, All Employee Preferred Claims will be paid in priority to other Claims immediately after the issuance of the Approval Order.

Preferred Claims

30. As per Part V of this Proposal, Proven Claims of Preferred Creditors, without interest, are to be paid in full priority to all Claims of the Unsecured Creditors including, without limitation, any entitlement of the Unsecured Creditors to the payments to be made under Part V of this Proposal.

**PART VIII
EVENTS OF DEFAULT**

31. The following events will constitute Events of Default for purposes of Section 63 of the Act and otherwise under this Proposal:
- (a) the non-payment by the Company of any of its obligations hereunder within thirty (30) days after written notice has been given by the Trustee that such payment is past due; and
 - (b) the breach or failure by the Company to observe and perform any other covenant and provision of this Proposal, other than payment as provided for in this Paragraph 29(a) which is not remedied within thirty (30) days after written notice thereof has been given to the Company by the Trustee.

**PART IX
TRUSTEE**

32. The Trustee is acting solely in its capacity as proposal trustee under the Act and not in its personal capacity and no officer, director, employee or agent of the

Trustee shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of the Company.

33. Any payments made by the Trustee to Creditors hereunder shall be made by the Trustee net of any levies payable or due under the Act.

PART X INSPECTORS

Appointment of Inspectors

34. At the Creditors Meeting, the Affected Creditors will be entitled to appoint one or more, but not exceeding five (5) Inspectors in total.

Powers of Inspectors

35. The inspectors, by way of majority, will have the following powers, but will have no personal liability to the Company or other Creditors:
- (a) the power to extend the dates the Funded Proposal Payments are due under this Proposal;
 - (b) the power to waive any default in the performance of any provision of this Proposal; and
 - (c) the power to advise the Trustee in respect of such matters as may be referred to the Inspectors by the Trustee.

PART XI CONDITIONS PRECEDENT

Creditor Approval

36. The Trustee shall call a meeting of the Affected Creditors of the Company to seek creditor approval for the Proposal in the requisite majority in number and value of the classes, as set out in the Act, of each of the classes of creditors described in this Proposal. The performance of this Proposal by the Company shall be conditional upon approval of the Affected Creditors. If the Affected Creditors do not approve the Proposal, the Trustee shall report on the result of the vote as required under Section 57 of the Act and the Company shall be deemed bankrupt.

Court Approval

37. In the event the Proposal is approved by the Affected Creditors the Proposal Trustee shall, within five (5) days of such approval, apply to the Court for a hearing to seek the Approval Order. The performance of this Proposal by the

Company shall be conditional upon the issuance of the Approval Order. In the event that the Court does not approval the Proposal, the Company shall be deemed bankrupt.

PART XII RELEASE

38. As at 12:01 a.m. the Maturity Date, the Company and each and every present and former officer and director of the Company (collectively, the "Released Parties"), shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor or person may be entitled to assert as of the Date of Filing, including without limitation, any and all claims in respect of the potential statutory liabilities of the former, present and future directors and officers of the Company, and any and all claims relating to any obligations of the Company where the present, former or future directors or officers are or may be by law liable in their capacity as directors or officers for the payment of such obligations, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Date of Filing relating to, arising out of or in connection with the claims, the business and affairs of the Company, this Proposal, and provided that nothing herein shall release or discharge any director or officer of the Company from any claims coming within the exceptions set out in Subsection 50(14) of the Act. This release shall have no force or effect if the Company goes bankrupt before the terms of the Proposal are performed.

PART XIII MISCELLANEOUS

Preferential Payments

39. Sections 95 to 101 of the Act shall not apply to any dealings by the Company at any time prior to the Date of Filing. The releases contemplated in Paragraph 36 of this Proposal include releases in favour of the Released Parties from all claims, actions, or remedies available to Creditors or others pursuant to Sections 95 to 101 of the Act, provided that nothing herein shall release any director of the Company from any claims coming within the exceptions set out in Section 50(14) of the Act.

Consents, Waivers and Agreements

40. On the Effective Date, all Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety. For greater certainty, each

such Creditor will be deemed to have waived any default by the Company in any provision, express or implied, in any agreement existing between the Creditor and the Company that has occurred on or prior to the Date of Filing, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of this Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

Further Actions

41. The Company and the Creditors will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated hereby.

Performance

42. All obligations of the Company under this Proposal will commence as of the Effective Date. All obligations of the Company under this Proposal will be fully performed for the purposes of Section 65.3 of the Act only upon the Company having made the payments to the Trustee provided for herein.

Acceleration of Payments

43. Notwithstanding the payment structure set out in Part V of this Proposal, nothing herein prevents or restricts the Company from accelerating any of the Funded Proposal Payments or from satisfying the full amount of the Funded Proposal Payments in advance of the time period contemplated in Part V of this Proposal.

Binding Effect

44. The provisions of this Proposal will be binding on the Creditors and the Company, and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Approval Order after all appeal periods have expired.

PART XIV ANNULMENT OF PROPOSAL


45. If this Proposal is annulled by an order of the Court, all payments on account of Claims made pursuant to the terms of this Proposal will reduce the Claims of Creditors.

**PART XV
AMENDMENTS**

46. The Company may propose amendments to the Proposal at any time prior to the conclusion of the Creditors Meeting provided that any such amendment does not reduce the rights and benefits given to the Creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

DATED at the City of Toronto, in the Province of Ontario, this 5th day of January, 2018.

TORONTO MACHINE & TOOL INC.

Per: 
Name: Dan Blum
Title: President

SCHEDULE "A"

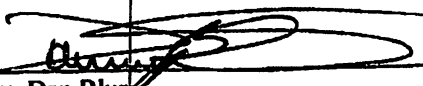
CONFIRMATION OF RELATED-PARTY CREDITORS

Pursuant to this Proposal, the following Creditors hereby confirm, acknowledge and agree that they will not file a Claim in this Proposal and will not participate in any distributions to Unsecured Creditors under this Proposal.

Date: January 5, 2018

Mattali Group Inc.


Witness:

per 
Name: Dan Blum
Title: President

Date: January 5, 2018

2190367 Ontario Inc./Blum & Associates

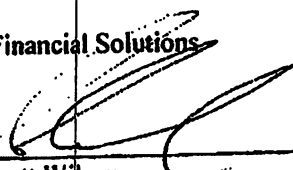
Witness:

per 
Name: Dan Blum
Title: President

Date: January 5, 2018

Bluecap Financial Solutions

Witness:

per 
Name: Scott Wilson
Title: Authorized Signing Officer

REPORT ON PROPOSAL

**IN THE MATTER OF THE PROPOSAL OF
TORONTO MACHINE & TOOL INC.
OF THE CITY OF SCARBOROUGH
IN THE PROVINCE OF ONTARIO**

REPORT OF TRUSTEE ON PROPOSAL

January 12, 2018

INTRODUCTION

1. On December 8, 2017 (the **"Date of Filing"**), Toronto Machine and Tool Inc. (**"TMT"** or the **"Company"**) filed with the Official Receiver a Notice of Intention to Make a Proposal (**"NOI"**) to its creditors and named Dodick Landau Inc. (**"DLI"**) as Proposal Trustee (the **"Proposal Trustee"**). On January 5, 2018, pursuant to section 62 of the Bankruptcy and Insolvency Act (the **"BIA"** or the **"Act"**), TMT filed with the Official Receiver a proposal (the **"Proposal"**).
2. The purpose of this report (**"Report"**) is to provide information to the creditors of TMT (the **"Creditors"**) to assist in their evaluation of the proposal filed by TMT.
3. The Proposal has been developed to effect a restructuring of the indebtedness of the Company in the manner contemplated herein and as permitted by the Act in the expectation that all Creditors will derive a greater benefit from the restructuring and the continued operation of the business and affairs of the Company than would result from a bankruptcy of the Company.
4. **A meeting of the Creditors to consider the Proposal will be held at the office of the Proposal Trustee, Dodick Landau Inc., located at 4646 Dufferin St., Suite 6, Toronto, Ontario, M3H 5S4, on January 25, 2018 at 11:00 a.m. Details relating to the filing of claims, and other documents, prior to the meeting of the creditors, are outlined in this report and will be mailed to each known creditor of TMT, or their duly appointed representative.**

DISCLAIMER

5. In preparing this Report, the Proposal Trustee has relied upon certain unaudited, draft and/or internal financial information, the Company's books and records, discussions with the Company's management ("**Management**"), Creditors and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report:
 - i) the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the Information;
 - ii) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants handbook, has not been performed; and
 - iii) the Proposal Trustee has prepared this Report in its capacity as a Court appointed officer and has made a copy of this Report available on DLI's website at www.dodick.ca. Parties using this Report, other than for the purpose of evaluating the Proposal, are cautioned that it may not be appropriate for their purposes. DLI will continue to maintain on its website copies of any court orders, reports and other material public filings it considers relevant to this proceeding.
6. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
7. The capitalized terms not defined in this report are defined in the Proposal and this Report should only be read in conjunction with the Proposal. While this Report summarizes key aspects of the Proposal, Creditors are advised to carefully read the Proposal in full. Should there be any discrepancy between the summary contained in this Report and the Proposal, the Proposal shall govern.
8. Unless otherwise stated, all monetary amounts contained herein are in Canadian dollars.

BACKGROUND

Operations

9. TMT operates a specialty machine and tool shop (the “**Business**”) and employs over thirty people on a full-time basis.
10. TMT operates from leased premises located at 38 Milne Ave., Toronto and 57 Mack Ave., Toronto. TMT’s parent company, Toronto Machine & Tool Company Limited (“**TMT Ltd.**”) is the owner of 38 Milne Ave., Toronto (the “**Milne Property**”) and 57 Mack Ave., Toronto (the “**Mack Property**”) which properties are abutting and form one complex.
11. TMT commenced operations in 2015 and was incorporated under the Ontario Business Corporations Act on June 25, 2015. Other than acting as the landlord with respect to the Milne Property and the Mack Property (collectively, the “**Properties**”), TMT Ltd. does not carry on any active business, but prior to 2015, TMT Ltd. operated the Business for over 40 years.

Financial Results

12. TMT’s internally prepared unaudited financial statements indicate that for its fiscal year ended December 31, 2016, it:
 - i) incurred operating losses of approximately \$690,000;
 - ii) had total debt of approximately \$1.6 million; and
 - iii) had a shareholder deficiency of approximately 690,000.
13. TMT debt includes approximately \$510,000 owed to the Royal Bank of Canada (“**RBC**”), on a secured based, under certain loan and VISA credit facilities.
14. In addition to its own debt to RBC, the Company also provided a guarantee for credit facilities obtained by TMT Ltd from RBC (together with the aforementioned credit facilities obtained by TMT directly, the “**Credit Facilities**”). TMT Ltd. has also guaranteed the debts of TMT to RBC. As at the Date of Filing, the indebtedness to RBC under the Credit Facilities totalled approximately \$3.4 million.

CAUSES OF FINANCIAL DIFFICULTIES

15. According to Management, reasons for the Company's operating losses can be attributed to mistakes made by the former management team combined with two major events which took place during the late spring and summer of 2016 which unfavourably affected sales.
16. These adverse events were:
 - i) a mild recession in the mining and oil & gas sectors, from which TMT derives 70% of its revenues; and
 - ii) the forest fires in Northern Alberta which affected oil sands production and development.

Former management responded slowly to these events. As well, poor implementation of a new enterprise resource planning (ERP) software program contributed to the failure by management to react in a timely manner to these events, as management had not fully exploited all the reporting features offered by the new program and, therefore, did not have all the information needed to react to these events.
17. TMT's sales during the second half of 2016 dropped by \$1.2 million, representing 27% of its annual gross revenues. TMT's former general manager did not effectively react to the market conditions set out above and, as a result, significant operating losses were sustained.
18. To generate cash flow to repay the Credit Facilities, TMT Ltd began marketing the Properties for sale. On or about December 21, 2017, TMT Ltd entered into conditional agreements of purchase and sale with respect to the Properties (collectively, the "Offers"). Deposits totalling \$100,000 have been paid, in trust, to the real estate brokerage acting for TMT Ltd, with a further deposit of \$100,000 to be paid on or before February 28, 2018. The closing date for the Offers is April 2018. There are conditions with respect to the Offers which must be waived or satisfied for the Offers to become firm.
19. On November 10, 2017 RBC issued a letter to TMT and TMT Ltd demanding the full repayment of both companies' indebtedness to the bank by November 22, 2017 ("**Repayment Deadline**").
20. On or about December 1, 2017, RBC filed an application for the appointment of a receiver, as both companies failed to repay their indebtedness by the Repayment Deadline.

21. In response to RBC's application, the Company had no other readily available options but to file the NOI on the Date of Filing to prevent irreparable harm to its business and to protect the sale of the Properties.
22. On January 5, 2018, an Order was issued by the Ontario Superior Court of Justice (the "**Court**") on consent of the Company and RBC which postponed any receivership unless the sale of the Properties should not be completed on or before April 30, 2018, or in the event the buyer has not waived or satisfied conditions in the Offers on or before February 21, 2018 (the "**Consent Order**").
23. According to Management, should the Offers successfully close in April 2018 at the agreed upon closing prices it is anticipated that the RBC debt in TMT and TMT Ltd will be repaid in full.

Secured and Unsecured Debt

Secured Creditors

24. On or about January 2015, TMT Ltd and TMT applied to RBC for financing. TMT Ltd and TMT each granted RBC a security interest, the terms of which were set out in General Security Agreements each dated October 23, 2015.
25. TMT Ltd. also provided a Mortgage to RBC, which was registered against the Properties.
26. At the Date of Filing, Management has estimated that RBC is owed approximately \$3.4 million by both TMT Ltd. and TMT combined.
27. In addition to RBC, John Christensen is a Secured creditor in TMT, was granted a second security interest behind RBC, the terms of which were set out in a General Security Agreement dated on or around October 2015. At the Date of Filing, Management has estimated that Mr. Christensen is owed approximately \$500,000 by both TMT Ltd. and TMT.

Crown Claims

28. At the Date of Filing, TMT was indebted to CRA in the amount of approximately \$375,000 for employee source deductions withheld but not remitted, including related penalties and interest calculated up to the Date of Filing. CRA issued a Third-Party Demand to RBC dated November 20, 2017 against TMT which was cancelled following the filing of the NOI.

29. As of the date of this Report, TMT is current in remitting post-filing employee source deductions and HST.

Unsecured Trade Creditors

30. According to Management, TMT's unsecured trade debt totaled approximately \$670,000 at the Date of Filing. The unsecured indebtedness is owed to approximately 104 known unsecured trade creditors.

THE PROPOSAL

Class

31. For the purpose of this Proposal, the Creditors of the Company are comprised of a single class, consisting of Creditors having preferred and unsecured claims ("**Class 1**").
32. This Proposal is not made to Secured Creditors and accordingly, Secured Creditors are unaffected and are not entitled to vote on the Proposal with respect to the secured portion of their claims.
33. For greater certainty, the Creditors entitled to vote in Class 1 consist of unsecured trade creditors (i.e., holding claims without priority under the BIA), Preferred Creditors pursuant to the BIA, and claims of Her Majesty in right of Canada and any province for all amounts other than Crown Priority Claims.

Treatment of Claims

34. Crown Priority Claims are all proven pre-filing claims of CRA, or any province, contemplated by section 60(1.1) of the BIA, consisting of unremitted source deductions. Crown Priority Claims will be paid in full, and shall be paid by the Company from operating funds paid to the Proposal Trustee and remitted by the Proposal Trustee to CRA, or the province, as applicable, within six (6) months of the Court Approval Date. As described above, Crown Priority Claims are current.
35. Employee Preferred Claims, if any, shall be paid in full, without interest, in priority to Unsecured Claims out of additional funds to be delivered by the Company to the Trustee and shall be remitted by the Trustee to the entitled claimants, if any, immediately after the Court Approval Date.
36. Secured Claims shall be unaffected by this Proposal and shall be paid in accordance with the terms of the agreements between the Company and the Secured Creditors.

37. Proven Preferred Claims, other than Employee Preferred Claims, shall be paid in full, without interest, out of the Funded Proposal Payments, in priority to Proven Unsecured Claims.
38. Proven Unsecured Claims shall, after satisfaction of any priority claims, be paid *pro rata* out of the Funded Proposal Payments as set out below.
39. Related-Party Creditors have agreed not to file Claims in this Proposal and will not participate in distributions to Unsecured Creditors under this Proposal.

Funding the Proposal

40. Upon the full satisfaction of the Crown Claims and Employee Preferred Claims, the Company will cause to be paid to the Trustee the Funded Proposal Payments in the form of cash instalments in the aggregate amount of \$20,834 every three months (3), for three (3) years, subject to Paragraph 42 below.
41. The Company's obligation to commence funding the Funded Proposal Payments shall commence on the earlier of:
 - i) the last day of the month following the month in which the Crown Claims are paid in full; and
 - ii) 30-days following the day that is six (6) months after the Court Approval Date.
42. The Funded Proposal Payments will be made until an amount is paid to the Trustee equal to the lesser of:
 - i) 35% of the value of the Proven Claims; and
 - ii) \$250,000.

Distribution

43. All distributions are subject to the Superintendent's Levy in accordance with the BIA.
44. The Total Allocation will be distributed by the Proposal Trustee in the following order of priority:
 - i) *Administrative Fees and Expenses* - To fund all administrative fees and expenses of the Proposal Trustee, including the legal fees of the Trustee and the Company.
 - ii) *Bankruptcy Reserve* - To establish a reserve of \$15,000 to be held in trust by the Proposal Trustee, which amount shall be used to fund the administrative costs of the bankruptcy of

the Company in the event that the Proposal is annulled and the Company becomes bankrupt, failing which such amount shall be distributed to the Creditors.

- iii) *Proven Claims of Preferred Creditors* – To pay all Proven Preferred Claims, if any, other than the Employee Preferred Claims, which would have been paid immediately following Court approval.
- iv) *Proven Claims of Unsecured Creditors* – The remainder will be distributed among all the Unsecured Creditors, who will share *pro rata* out of the funds available after payment of the foregoing.

OVERVIEW OF TMT'S WEEKLY CASH FLOW FORECAST

- 45. TMT, with the assistance of the Proposal Trustee, has prepared a cash flow forecast for the period from December 9, 2017 to April 13, 2018 ("**Cash Flow Forecast**"). A copy of the Cash Flow Forecast is attached hereto as **Appendix "A"** to this Report. The Cash Flow Forecast has been prepared by Management of TMT in support of its insolvency proceedings, using probable and hypothetical assumptions set out in notes 1 to 12 attached to the Cash Flow Forecast. The Cash Flow Forecast reflects receipts and disbursements to be received or paid over the 18-week forecast period in Canadian dollars. An updated cash flow has not yet been prepared.
- 46. The Cash Flow Forecast projects that TMT will have sufficient liquidity to fund their expenses and the Proposal proceeding.
- 47. A critical assumption made in the Cash Flow Forecast is that TMT is expected to be able to operate within its available cash flow throughout the Proposal proceeding and not require interim financing.
- 48. The Proposal Trustee's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussion related to information supplied to the Proposal Trustee by certain of the management and employees of TMT. Since hypothetical assumptions need not be supported, the Proposal Trustee's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposal Trustee has also reviewed the support provided by management of TMT for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast.

49. Based on the Proposal Trustee's review, nothing has come to its attention to cause it to believe that, in all material respects:
- i. the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - ii. as at the date of this Report, the probable assumptions developed by management are not suitably supported and consistent with the plans of TMT or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
 - iii. the Cash Flow Forecast does not reflect the probable and hypothetical Assumptions.
50. As described in the Disclaimer above, since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposal Trustee expresses no assurance as to whether the Cash Flow Forecast will be achieved. In addition, the Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of financial information presented in the Cash Flow Forecast.
51. The Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

LIQUIDATION ANALYSIS / ESTIMATED RECOVERY IN BANKRUPTCY

Liquidation Analysis

52. In the event that the Proposal is not accepted by the Unsecured Creditors and TMT is deemed bankrupt, the following liquidation analysis represents the estimated value of TMT's assets should its assets be liquidated.
53. The Proposal Trustee has relied on representations of the Company in determining the estimated liquidation value of the assets. The liquidation analysis was prepared at a point in time, being the Date of Filing. However, the value of the cash-on-hand and accounts receivable are changing as receipts are collected and new sales are made. Accordingly, in the event that the Company were to become bankrupt, the realizable value of the assets at that time may be different than presented below.

Summary of Estimated Liquidation Value - TMT Inc.

As at December 8, 2017

(000's)

	Notes	Total
Receipts		
Accounts Receivable	1	267,500
Inventory	2	201,000
Machinery and Equipment	3	21,000
Total Receipts		489,500
Disbursements		
Administrative costs	4	12,500
Liquidator's fee	5	22,200
Occupancy costs	6	NIL
Total Disbursements		34,700
Net Cash Flow from Liquidation		454,800
Professional Fees	7	18,000
Net Cash Flow		436,800

Notes:

- 1. Accounts Receivable collections are assumed to be at 75% of gross book value due to discounts expected to be offered to ensure timely collection and offsets due to damage claims that may be asserted by TMT customers on account of supply interruption.*
- 2. Inventory consists primarily of raw material and components and is assumed to be at 50% of book value.*
- 3. The vast majority of Machinery and Equipment onsite is owned by TMT Ltd. and is expected to be sold by a liquidator as part of TMT Ltd's equipment auction. The remaining Machinery and Equipment owned by TMT are assumed to be at 20% of book value.*
- 4. Administrative costs consist of the retention of Company's bookkeeper for a period of three months to collect the accounts receivable.*
- 5. A liquidator is assumed to be paid at 10% of the net realizable value of the inventory and machinery and equipment.*
- 6. Occupancy costs are assumed to be paid by TMT Ltd pending completion of the sale of the Properties.*
- 7. Professional Fees represent costs for a Bankruptcy Trustee to oversee the liquidation of the Company's assets.*

Estimated Recovery – Bankruptcy vs. Proposal Scenario

54. The following chart (which is rounded to the nearest thousands' of dollars) sets out the expected recovery to CRA (Crown Priority Claims), Preferred Creditors and the Unsecured Creditors under a Bankruptcy/Liquidation scenario and the Proposal scenario. As can be seen below, the net estimated recovery to:
- i) CRA for Crown Priority Claims in a bankruptcy scenario is 100%. In the Proposal scenario Crown Priority Claims will be paid in full, and shall be paid by the Company from operating funds paid to the Proposal Trustee within six (6) months of the Court Approval Date; and
 - ii) Unsecured Creditors in a bankruptcy scenario is approximately 7% versus approximately 30% under the Proposal scenario.
55. The analysis under both scenarios assume that the sales of the Properties successfully close by April 2018. Moreover, as discussed in Note 5 below, it assumes that RBC is repaid in full out of the sale of the Properties. This is significant because if RBC is not paid out, its secured claim will rank in priority to the unsecured creditors and, in a bankruptcy scenario, may well reduce recoveries to the unsecured creditors to 0%.

<u>Estimated Recovery in a Liquidation Scenario</u>		<u>Estimated Recovery in a Proposal Scenario</u>	
Liquidation Value of Assets (based on a liquidation as calculated above)	436	Estimated Funded Proposal Payments (note 1)	250
Less: Crown Priority Claims - Deemed Trust Portion (note 2)	<u>(375)</u>	Less: Crown Priority Claims - Deemed Trust Portion (note 2)	<u>n/a</u>
Net amount available for Preferred and Unsecured Creditors	61	Net amount available for Preferred and Unsecured Creditors	250
Less: Estimated Professional fees and expenses (note 3)	(10)	Less: Estimated Professional fees and expenses (note 3)	(35)
Less: Superintendent's Levy (note 4)	<u>(3)</u>	Less: Superintendent's Levy (note 4)	<u>(14)</u>
Net amount available for Preferred and Unsecured Creditors	48	Net amount available for Preferred and Unsecured Creditors	201
Estimated Claims of Preferred Creditors	<u>NIL</u>	Estimated Claims of Preferred Creditors	<u>NIL</u>
Net amount available for Unsecured Creditors	48	Net amount available for Unsecured Creditors	201
Estimated Claims of Unsecured Creditors	670	Estimated Claims of Unsecured Creditors	670
Estimated Recovery to Unsecured Creditors	<u>7%</u>	Estimated Recovery to Unsecured Creditors	<u>30%</u>
Estimated Recovery to CRA for Crown Priority Claims	<u>100%</u>	Estimated Recovery to CRA for Crown Priority Claims	<u>100%</u>
Estimated Recovery to Secured Creditors	<u>n/a</u>	Estimated Recovery to Secured Creditors	<u>n/a</u>

Notes:

1. *For the purposes of the above analysis the Funded Proposal Payments amount is assumed to be \$250,000. However, the Company will pay the Trustee the Funded Proposal payments up until an amount is paid to the Trustee equal to the lesser of: 35% of the value of the Proven Claims; and \$250,000. Therefore, the Funded Proposal payment will differ based on the actual value of the Proven Claims.*
2. *In a bankruptcy scenario, CRA's deemed trust for Crown Priority Claims only extends over the employee portion of deductions, not the employer contributions or the interest and penalties. In a bankruptcy scenario the liability for employer contributions and the interest and penalties would be an Unsecured Claim. In the proposal scenario, CRA will receive the same deemed trust entitlement as it would receive in the bankruptcy scenario, but it will be paid from the Company's operating proceeds in addition to the Funded Proposal Payment.*
3. *This amount represents a provision for the estimated professional fees triggered by the bankruptcy proceedings. In the case of a proposal professional fees include administering the proposal before and after Court approval.*
4. *The Superintendent's Levy is applicable to payments made to Preferred and Unsecured Creditors and is calculated as 5% of each payment. It is not applicable to payments made to satisfy deemed trust claims.*
5. *The calculation has assumed that the Secured Creditors will not participate in either the Liquidation scenario or the Proposal scenario as it will be paid the full amount it is owed by TMT from TMT Ltd through the proceeds realized on the sale of the Properties as a result of the guarantee provided by TMT Ltd on the TMT RBC debt. The majority of the machinery used by TMT in its operations is owned by TMT Ltd and in a Liquidation Scenario RBC will also liquidate this machinery equipment which is expected to repay RBC any shortfall realized on the sale of the Properties.*

CREDITORS' MEETING/VOTING PROCEDURE AND CLASSES OF CREDITORS

Creditors' Meeting/Voting Procedure

56. The primary purpose of the Creditors' Meeting is to permit Creditors to consider the acceptance or rejection of the Proposal. For the Proposal to be accepted, at least two-thirds (66.67%) of each creditor class by dollar value, and more than 50% of each creditor class by number, must vote in favour of the Proposal at the meeting either in person, by proxy or by mailing a voting letter to the Proposal Trustee in advance of the meeting. Only Creditors who actually vote are counted for the purpose of determining whether the necessary thresholds have been reached. Creditors related to TMT may not vote for the Proposal.
57. **To be eligible to vote on the Proposal, Creditors must have filed with the Proposal Trustee, before the meeting, an unsecured proof of claim form signed and witnessed as required and accompanied by a statement of account or affidavit in support of the claim. Those**

Creditors who do not intend to have a personal representative at the meeting, to be held on January 25, 2018, may complete and submit the voting letter which is enclosed in the creditor package prior to the meeting indicating their vote for or against the acceptance of the Proposal. The Proposal Trustee has also enclosed a form of proxy should a Creditor wish to appoint a proxy to represent them at the meeting. If the Proposal is not accepted by the required majorities of unsecured creditors, the Company will be deemed bankrupt.

58. If the Proposal is accepted by the required statutory majorities referenced above, the Proposal Trustee will then make an application to the Court for approval of the Proposal. If the Court provides such approval (“**Approval Order**”), the Proposal will be binding on all Creditors and such Creditors, and their respective heirs, executors, administrators, successors and assigns, shall have no further Claim against the Company other than for the distributions provided in the Proposal.

Class of Creditors

59. For purposes of considering, and voting on, the Proposal, and receiving a distribution pursuant to the Proposal, the Creditors are grouped in one (1) class.
60. The Proposal does not compromise or otherwise affect certain creditor claims, specifically:
- a) claims for goods and/or services delivered to the Company on or after the Date of Filing, December 8, 2017, including Administrative Fees and Expenses;
 - b) Crown Priority Claims;
 - c) Employee Preferred Creditors; and
 - d) Secured Creditor Claims
61. Distributions to Creditors will be made as described in the “Distribution” section of this Report.

ALTERNATIVES TO THE PROPOSAL

62. At the Creditors’ Meeting, the Creditors are being asked by the Proposal Trustee to choose between two alternatives, namely accepting the Proposal, or rejecting the Proposal which would result in TMT being deemed bankrupt.
63. For the reasons described above, the Proposal Trustee is of the view that the Proposal Scenario will produce a more favourable and certain result for the Creditors of TMT than would a liquidation in a bankruptcy.

CONDUCT OF TMT

Preference Transactions and Transfers at Undervalue

64. The Proposal contemplates that Sections 95-101 of the BIA shall not apply in connection with this Proposal and, as a result, the Proposal Trustee shall have no responsibility, liability or authority whatsoever in connection herewith. Accordingly, the Proposal Trustee has not undertaken a detailed review for possible preference transactions or transfers at undervalue.
65. If the Company was to become bankrupt, and either preference transactions or transfers at undervalue did exist, it is possible that some of these transactions could be found to be void through Court proceedings. The Proposal Trustee is not aware of any such transactions existing.

Conduct Post-Filing

66. Pursuant to Section 50(10) of the BIA, the Proposal Trustee is required to monitor the affairs of the Company until the Proposal is approved by the Court.
67. During the NOI Period, the Company worked diligently with the Proposal Trustee to prepare its Proposal, as well as to manage costs and continue operations. TMT are working diligently to complete the Proposal. TMT continues to operate its business and meeting its liquidity needs in order to be able to successfully implement the Proposal.

CREDITORS' CLAIMS

68. To date, no provable claims in the Proposal have been received by the Proposal Trustee.

PREVIOUS BUSINESS DEALINGS WITH TMT

69. The Proposal Trustee has not had any business dealings with TMT prior to its appointment as Proposal Trustee and is not in a conflict of interest.

SUMMARY COMMENTS/RECOMMENDATION

70. For the reasons set out in this Report it is the Proposal Trustee's opinion that:
- i) the Proposal will allow for a greater recovery to the Creditors of the Company than they would receive in a liquidation of the Company's assets in a bankruptcy proceeding; and
 - ii) acceptance of the Proposal is in the best interest of the Creditors. If the Proposal is rejected by the Creditors, the Company will be deemed automatically bankrupt and it is uncertain what the

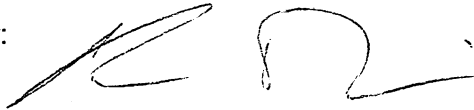
actual realizable values of the assets will ultimately be in a bankruptcy. Accordingly, the Proposal Trustee recommends that the Creditors vote in favour of the Proposal.

Yours very truly,

DODICK LANDAU INC.

Trustee *re* the Proposal of Toronto Machine & Tool Inc.
and not in its personal or corporate capacity.

Per:

A handwritten signature in black ink, appearing to read 'R D', written over a horizontal line.

Rahn Dodick, CPA, CA, CIRP, LIT

APPENDIX "A"

Toronto Machine & Tool Inc. ("TMT Inc")
Weekly Cash Flow Forecast
For the period from December 9, 2017 to April 13, 2018

Week Ending	Notes	15-Dec-17	22-Dec-17	29-Dec-17	05-Jan-18	12-Jan-18	19-Jan-18	26-Jan-18	02-Feb-18	09-Feb-18	16-Feb-18	23-Feb-18	02-Mar-18	09-Mar-18	16-Mar-18	23-Mar-18	30-Mar-18	06-Apr-18	13-Apr-18	TOTAL
Receipts																				
Sales	2	12,500	12,500	12,500	48,750	48,750	52,500	61,250	75,385	75,385	84,697	85,947	76,813	76,813	97,688	97,688	99,359	99,359	72,922	1,190,805
AR Collections	3	48,655	53,625	92,045	66,811	39,926	52,201	1,106												354,370
Other	4																			60,000
Total Receipts		61,155	66,125	104,545	115,561	88,676	104,701	62,356	75,385	75,385	84,697	85,947	76,813	76,813	97,688	97,688	99,359	99,359	132,922	1,605,175
Disbursements																				
Material and Freight	5	21,485	22,485	22,899	21,399	21,399	21,399	26,359	26,359	26,359	26,359	20,175	20,175	20,175	20,175	20,852	20,852	20,852	20,852	400,607
Payroll	6	4,374	48,823	4,374	47,574	3,125	67,931	3,125	50,217	3,125	87,300	3,125	50,217	3,125	87,300	3,125	50,217	3,125	87,300	607,505
Utilities & Insurance	7	3,594	3,594	3,594	3,469	3,469	3,469	3,469	3,469	3,469	3,469	3,469	3,469	3,469	3,469	3,469	3,469	3,469	3,469	2,969
Other Operating Expenses	8	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	76,050
G&A Expenses	9	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	33,300
Professional Fees	10							15,000	5,000						5,000			5,000		40,000
Total Disbursements		35,528	80,977	36,942	78,517	34,068	98,873	54,028	91,120	39,028	128,203	32,844	79,936	37,844	117,019	38,520	80,613	38,020	117,195	1,219,274
Net Cash Flow		25,628	-14,851	67,603	37,045	54,608	5,828	8,328	-15,736	36,357	-43,506	53,104	-3,124	38,969	-19,331	59,167	18,747	61,339	15,726	385,901
Bank Balance																				
Opening Bank Balance	11		25,628	10,776	78,379	115,424	170,032	175,860	184,189	168,453	204,810	161,305	114,408	111,284	150,253	30,922	90,089	108,835	120,175	
Add: Net Cash Flow		25,628	14,851	67,603	37,045	54,608	5,828	8,328	-15,736	36,357	43,506	53,104	-3,124	38,969	-19,331	59,167	18,747	61,339	15,726	385,901
Deduct: Payments to CRA	12											100,000		100,000				50,000	60,000	310,000
Closing Bank Balance		25,628	10,776	78,379	115,424	170,032	175,860	184,189	168,453	204,810	161,305	114,408	111,284	150,253	30,922	90,089	108,835	120,175	75,901	75,901

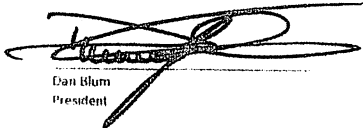
ACCOUNTS RECEIVABLE ROLLFORWARD

Opening AR	3	354,371	433,985	438,245	404,085	365,336	353,473	325,584	340,040	364,014	387,989	402,651	416,063	410,501	404,938	378,501	352,063	327,029	301,995	354,371
Add: Sales		140,770	70,385	70,385	76,813	76,813	76,813	76,813	99,359	99,359	99,359	99,359	71,250	71,250	71,250	74,325	74,325	74,325	74,325	1,494,201
Deduct: Collections		61,155	66,125	104,545	115,561	88,676	104,701	62,356	75,385	75,385	84,697	85,947	76,813	76,813	97,688	97,688	99,359	99,359	132,922	1,605,175
Closing AR		433,985	438,245	404,085	365,336	353,473	325,584	340,040	364,014	387,989	402,651	416,063	410,501	404,938	378,501	352,063	327,029	301,995	243,398	243,398

This statement of forecast cash flow of TMT Inc. is prepared in accordance with section 50.4 (2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the accompanying notes and Trustee's report on cash flow statement dated this 13th day of December, 2017.

Dodick Landau Inc.
 the Trustee in the Proposal of Toronto Machine & Tool Inc.

Per: 
 Dan Blum, CPA, CA, CRP, CIT

Per: 
 Dan Blum
 President

General & Administrative expenses

Advertising and promotion	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	3,150
Sales expenses	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	5,850
Meals & Entertainment	350	350	350	350	350	350	350	350	350	350	350	350	350	350	350	350	350	350	350	6,300
Accounting and consulting	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	4,500
Computer software	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	2,250
Office and general	275	275	275	275	275	275	275	275	275	275	275	275	275	275	275	275	275	275	275	4,950
Travel	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	9,000
Bank Charges	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125	2,250
Loan interest	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	37,800
Total G&A Expenses	9	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	76,050
Professional Fees	10	-	-	-	-	-	15,000	5,000	-	5,000	-	-	5,000	-	5,000	-	5,000	-	5,000	40,000
Total Disbursements		35,528	80,977	36,942	78,517	34,068	98,873	54,028	91,120	39,028	128,203	32,814	79,936	37,544	117,019	38,520	80,613	38,020	117,195	1,219,274
Net Cash Flow		25,628	- 14,851	67,603	37,045	54,608	5,828	8,328	- 15,736	36,357	- 43,506	53,104	- 3,124	38,969	- 19,331	59,167	18,747	61,339	15,726	385,901
Bank Balance																				
Opening Bank Balance	11	-	25,628	10,776	78,379	115,424	170,032	175,860	184,189	168,453	204,810	161,305	114,408	111,284	150,253	30,922	90,089	108,835	120,175	-
Add: Net Cash Flow Per Above		25,628	- 14,851	67,603	37,045	54,608	5,828	8,328	- 15,736	36,357	- 43,506	53,104	- 3,124	38,969	- 19,331	59,167	18,747	61,339	15,726	385,901
Deduct: Payments to CRA	12	-	-	-	-	-	-	-	-	-	-	100,000	-	-	100,000	-	-	50,000	60,000	310,000
Closing Bank Balance		25,628	10,776	78,379	115,424	170,032	175,860	184,189	168,453	204,810	161,305	114,408	111,284	150,253	30,922	90,089	108,835	120,175	75,901	75,901

ACCOUNTS RECEIVABLE ROLL-FORWARD

Opening AR	3	354,371	433,985	438,245	404,085	365,336	353,473	325,584	340,040	364,014	387,989	402,651	416,063	410,501	404,938	378,501	352,063	327,029	301,995	354,371
Add: Sales		140,770	70,385	70,385	76,813	76,813	76,813	76,813	99,359	99,359	99,359	99,359	71,250	71,250	71,250	71,250	74,325	74,325	74,325	1,494,201
Deduct: Collections		61,155	66,125	104,545	115,561	88,676	104,701	62,356	75,385	75,385	84,697	85,947	76,813	76,813	97,688	97,688	99,359	99,359	132,922	1,605,175
Closing AR		433,985	438,245	404,085	365,336	353,473	325,584	340,040	364,014	387,989	402,651	416,063	410,501	404,938	378,501	352,063	327,029	301,995	243,398	243,398

Toronto Machine & Tool Inc. (“TMT” or the “Company”)
Major Assumptions
Cash Flow Forecast
For the Period December 9, 2017 to April 13, 2018 (the “**Period**”)

1. TMT’s financial projections have been prepared for the purpose of meeting the requirements of the Bankruptcy and Insolvency Act. The Projection is based on the hypotheses that TMT will continue production in the normal course and will generate sufficient cash flow to meet its ongoing operational needs.

Receipts:

2. TMT’s sales projections for the purposes of this cash flow are based on management’s order book as at December 9, 2017 (the “**Order Book**”) plus additional forecast sales for the Period. The cash flow forecast assumes that the Company will collect its sales based on historic collection rates by customer. Over the Period, total collections for new orders are projected to be \$1.19 million of which \$862,000 represents actuals orders in TMT’s Order Book.
3. The opening Accounts Receivable balance of \$354,000 is assumed to be 100% collectible as historically TMT has had nominal, if any, bad debts. Collection is forecast by customer based on historic customer collection rates. Accounts Receivable over the Period is forecast to range from a low of approximately \$243,000 to a high of approximately \$416,000.
4. The other receipt is from a related company and represents residual proceeds after the close of the sale of its real property following its repayment of its secured debt payable.

Disbursements:

5. Production material and freight includes raw materials, outsourced services to complete the manufacturing process such as plating, heat treatment and welding as well as freight costs. Production costs are forecast based on the Company’s historical production costs.
6. Payroll includes amounts for both salaried and hourly employees, vacation pay and a management fee payable to one of the Company’s owners, who is active in the day to day business. The management fee is forecast at \$1,875/week.

To manage payroll costs over the Period seven employees were terminated and total hours for the hourly employees were reduced by 6 hours per week. The Company has assumed that it will continue to employ the remaining 31 employees throughout the Period and no overtime will be required. Other payroll costs included are source remittances, employee benefits and WSIB payable in the Period. Commencing in January employee benefits are forecast at 50% of the current run rate as employees will begin absorbing 50% of the cost.

7. Utilities & Insurance includes all utility costs as well the insurance payable.

8. Other operating expenses includes repairs and maintenances costs for the building and equipment, shop expenses and small tools expenses.
9. General and administrative expense include general office expenses as well as interest being paid on the RBC debt at \$300/day.
10. Professional fees include fees for the Company's Counsel, Proposal Trustee and the Proposal Trustee's counsel for the Period.
11. The forecast assumes no opening cash balance as all cash has either been utilized, garnished by CRA prior to the filing of the NO or applied by RBC against its secured debt.
12. The forecast includes a total of \$310,000 being repaid to CRA for unremitted source deductions commencing in the week ending January 26, 2018. The total amount payable to CRA for unremitted source deductions total \$390,000 therefore a balance of \$80,000 will be paid by TMT from operations after the Period and within six months of court approval of the Proposal.

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2324294
Estate No. 31-2324294

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

In the matter of the proposal of
Toronto Machine & Tool Inc.
of the city of Scarborough, in the Province of Ontario


The President of Toronto Machine & Tool Inc., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 13th day of December 2017, consisting of projections for the eighteen week period from December 9, 2017 to April 13, 2018.

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

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

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

Dated at the city of Toronto in the Province of Ontario, this 13th day of December 2017.


Toronto Machine & Tool Inc.
Debtor

DAN BLUM - President
Name and title of signing officer

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2324294
Estate No. 31-2324294

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

In the matter of the proposal of
Toronto Machine & Tool Inc.
of the city of Scarborough, in the Province of Ontario

Purpose:

Solely for the purpose of this insolvency proceeding

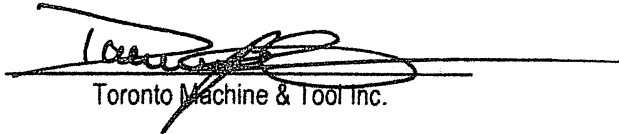
Projection Notes:

See attached cash-flow

Assumptions:

See attached cash-flow

Dated at the city of Toronto in the Province of Ontario, this 13th day of December 2017.


Toronto Machine & Tool Inc.

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2324294
Estate No. 31-2324294

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

In the matter of the proposal of
Toronto Machine & Tool Inc.
of the city of Scarborough, in the Province of Ontario

The attached statement of projected cash flow of Toronto Machine & Tool Inc., as of the 13th day of December 2017, consisting of projections for the eighteen week period from December 9, 2017 to April 13, 2018, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

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

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

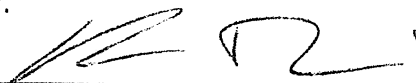
- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given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

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

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

Dated at the city of Toronto in the Province of Ontario, this 13th day of December 2017.

Dodick Landau Inc. - Licensed Insolvency Trustee
Per:



Rahn Dodick - Licensed Insolvency Trustee
4646 Dufferin St., Suite 6
Toronto ON M3H 5S4
Phone: (416) 736-4357 Fax: (416) 649-7725

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2324294
Estate No. 31-2324294

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

In the matter of the proposal of
Toronto Machine & Tool Inc.
of the city of Scarborough, in the Province of Ontario

Purpose:

Solely for the purpose of this insolvency proceeding

Projection Notes:

See attached cash-flow

Assumptions:

See attached cash-flow

Dated at the city of Toronto in the Province of Ontario, this 13th day of December 2017.

Dodick Landau Inc. - Licensed Insolvency Trustee

Per:



Rahn Dodick - Licensed Insolvency Trustee

4646 Dufferin St., Suite 6

Toronto ON M3H 5S4

Phone: (416) 736-4357 Fax: (416) 649-7725

STATEMENT OF AFFAIRS

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2324294
 Estate No. 31-2324294

Original Amended

-- Form 78 --

Statement of Affairs (Business Proposal) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the matter of the proposal of
 Toronto Machine & Tool Inc.
 of the city of Scarborough, in the Province of Ontario

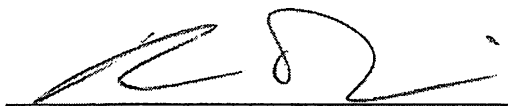
To the debtor:

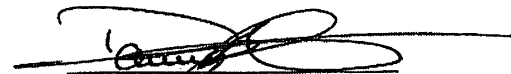
You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 8th day of December 2017. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)		ASSETS (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A"	670,551.88	1. Inventory	200,845.46
Balance of secured claims as per list "B"	2,929,945.47	2. Trade fixtures, etc.	0.00
Total unsecured creditors	3,600,497.35	3. Accounts receivable and other receivables, as per list "E"	
2. Secured creditors as per list "B"	573,311.53	Good	356,618.95
3. Preferred creditors as per list "C"	0.00	Doubtful	0.00
4. Contingent, trust claims or other liabilities as per list "D"	0.00	Bad	0.00
estimated to be reclaimable for		Estimated to produce	356,618.95
Total liabilities	4,173,808.88	4. Bills of exchange, promissory note, etc., as per list "F" ...	0.00
Surplus	NIL	5. Deposits in financial institutions	0.00
		6. Cash	0.00
		7. Livestock	0.00
		8. Machinery, equipment and plant	1.00
		9. Real property or immovable as per list "G"	0.00
		10. Furniture	0.00
		11. RRSPs, RRIFs, life insurance, etc.	0.00
		12. Securities (shares, bonds, debentures, etc.)	0.00
		13. Interests under wills	0.00
		14. Vehicles	1.00
		15. Other property, as per list "H"	15,845.12
		If debtor is a corporation, add:	
		Amount of subscribed capital	0.00
		Amount paid on capital	0.00
		Balance subscribed and unpaid	0.00
		Estimated to produce	0.00
		Total assets	573,311.53
		Deficiency	3,600,497.35

I, Dan Blum, of the city of Scarborough in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 11th day of January 2018 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
 before me at the city of Toronto in the Province of Ontario, on this 11th day of January 2018.


 Rahn Dodick, Commissioner of Oaths
 For the Province of Ontario
 Expires June 1, 2020


 Dan Blum

Rahn Dodick, a Commissioner, etc.
Province of Ontario, for Dan Blum
Landau Inc. and Dodick Legal LLP
Partnership. Expires June 1, 2020.

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2324294
 Estate No. 31-2324294

FORM 78 -- Continued

List "A"
 Unsecured Creditors

Toronto Machine & Tool Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	2190367 Ontario Inc/Blum & Associates	1900 Lakeshore Blvd. W., Ste. 502 Toronto ON M6S 1A4	29,417.00	0.00	29,417.00
2	407 ETR Express Toll Route Attn: Marion Richardson/Collections	6300 Steeles Ave W Woodbridge ON L4H 1J1	1,070.00	0.00	1,070.00
3	AC Electrical Contractors Ltd.	251 Raleigh Avenue Toronto ON M1K 1A5	4,056.00	0.00	4,056.00
4	Accucut Profile and Grinding Limited	300 Connie Crescent Concord ON L4K 5W6	33,592.00	0.00	33,592.00
5	Action Locksmiths Inc.	2370 Kingston Road Toronto ON M1N 1V2	223.00	0.00	223.00
6	ADT Security Services Canada Inc. (English) Attn: Accounts Receivable	615 18th Street SE Calgary AB T2E 6J5	717.00	0.00	717.00
7	Advanced Cutting Tools	80 Nashdee Road, Unit 118 Toronto ON M1V 5E4	1,182.00	0.00	1,182.00
8	Allied Heat Treat	7521 Tranmere Drive Mississauga ON L5S 1L4	310.00	0.00	310.00
9	All-Weld Company Limited	49 Passmore Avenue Toronto ON M1V 4T1	9,605.00	0.00	9,605.00
10	Applied Process	. ON .	1,480.00	0.00	1,480.00
11	APPS Transport Group	6495 Tomken Road Mississauga ON L5T 2X7	284.00	0.00	284.00
12	APS Metal Industries Inc.	895 Sandy Beach Rd., Unit #4 Pickering ON L1W 3N7	498.00	0.00	498.00
13	Atlantic Heat Treating	401 Frankcom Street Ajax ON L1S 1R4	2,640.00	0.00	2,640.00
14	AV Gauge	4000 Delduca Drive Oldcastle ON N0R 1L0	12,632.00	0.00	12,632.00
15	Axon Electrical Mechanical Ltd.	107 Wye Valley Road Toronto ON M1P 2A7	5,964.00	0.00	5,964.00
16	Bell City Foundry	411 West Street Brantford ON N3R 3V9	5,744.00	0.00	5,744.00
17	Bluecap Financial Solution Inc.	1660 North Service Rd. E., Ste. 208 Oakville ON L6H 7L9	1,995.00	0.00	1,995.00
18	Bowmanville Foundry Co. Ltd.	172 Wellington Street Bowmanville ON L1C 1W3	24,815.00	0.00	24,815.00
19	BSI Management Systems Company	c/o TH1056 Toronto ON M5W 5W6	10,330.00	0.00	10,330.00
20	Can-Cope	5080 Timberlea Blvd. #49-51 Mississauga ON L4W 4M2	180.00	0.00	180.00
21	Castle Metals Attn: Bruce James	Scott & Goldman 590 West Crossville Road, Ste. 104 Rosswell GA 30075 USA	2,656.00	0.00	2,656.00
22	Cedar Spring	45 Villarbott Crescent #2 Concord ON L4K 4R2	60.00	0.00	60.00
23	Century Tools & Machinery Ltd.	425 Superior Blvd. #4 Mississauga ON L5T 2W5	5,492.00	0.00	5,492.00
24	Certified Fixture and Gauge Inc. & 3rd Party Inspection Services Inc.	30 Fleming Drive Cambridge ON N1T 2B1	1.00	0.00	1.00

11-Jan-2018

Date


 Dan Blum

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2324294
 Estate No. 31-2324294

FORM 78 – Continued

List "A"
 Unsecured Creditors

Toronto Machine & Tool Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
25	Champion Commercial Products	102-2680 Matheson Blvd. Mississauga ON L4W 0A5	233.00	0.00	233.00
26	Cintas Canada Limited	3370 Dundas St. West Toronto ON M6S 2S2	9,670.00	0.00	9,670.00
27	City of Toronto Attn: George Charocopos	55 John Street, Metro Hall Toronto ON M5V 3C6	4,380.00	0.00	4,380.00
28	Colson Group Canada	1600 Bishop Street Cambridge ON N1R 7N6	212.00	0.00	212.00
29	CP Office Solution	4500 Sheppard Ave. E., Unit 31 Toronto ON M1S 3R6	655.00	0.00	655.00
30	CRA - Tax - Ontario Attn: Quebec Insolvency Intake Centre 817535727RT0001	Shawinigan - Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-sud QC G9P 5H9	102,780.38	0.00	102,780.38
31	Desjardins Card Services	c/o FCT Default Solutions PO Box 2514 Stn B London ON N6A 4G9	635.00	0.00	635.00
32	Durham Fasteners	757 McKay Road, Unit #9 Pickering ON L1W 3C8	818.00	0.00	818.00
33	Earle M. Jorgensen	305 Pendant Drive Mississauga ON L5T 2W9	2,362.00	0.00	2,362.00
34	Enbridge Consumers Gas	500 Consumers Road North York ON M2J 1P8	3,885.00	0.00	3,885.00
35	Express Services of Canada Company	PO Box 9245, Postal Str A Toronto ON M5W 3M1	2,767.00	0.00	2,767.00
36	Fastenal Canada Ltd.	1990 Ellesmere Road, Unit 1 Toronto ON M1H 2W2	1,357.00	0.00	1,357.00
37	FCA Insurance Brokers	1867 Yonge Street, Suite 300 Toronto ON M4S 1Y5	0.00	0.00	0.00
38	Frontier Networks	530 Kipling Avenue Toronto ON M8Z 5E3	2,076.00	0.00	2,076.00
39	FX Machine Technology	173A Fifth Street Toronto ON M8V 2Z5	2,340.00	0.00	2,340.00
40	GFL Environmental East Corporation	125 Villarboit Crescent, Suite B Vaughan ON L4K 4K2	2,468.00	0.00	2,468.00
41	Global Rubber Products Limited	515 Milner Avenue, Unit #7 Toronto ON M1B 2K4	538.00	0.00	538.00
42	Gradac Grinding Ltd.	6315 Shawson Drive, Unit #18 Mississauga ON L5T 1J2	4,870.00	0.00	4,870.00
43	HD Supply Brafasco/CTF	721 Progress Avenue Toronto ON M1H 2W7	251.00	0.00	251.00
44	Houghton International Inc.	915 Meyerside Drive Mississauga ON L5T 1R8	291.00	0.00	291.00
45	In House Solutions	240 Holiday Inn Drive, Unit A Cambridge ON N3C 3X4	8,699.00	0.00	8,699.00
46	Jerry Adel and Company	3230 Yonge Street, #1202 Toronto ON M4N 3P6	2,000.00	0.00	2,000.00
47	JHB Mechanical Ltd.	1015 Lakeshore Blvd. East Toronto ON M4M 1B3	3,553.00	0.00	3,553.00

11-Jan-2018

Date


 Dan Blum

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2324294
 Estate No. 31-2324294

FORM 78 -- Continued

List "A"
 Unsecured Creditors

Toronto Machine & Tool Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
48	John Christensen	3 Wisteria Road Toronto ON M1R 4X7	0.00	300,000.00	300,000.00
49	Johnston Industrial Plastics	20 Fleeceline Road Toronto ON M8V 2K3	2,047.00	0.00	2,047.00
50	Josef Gas Inc.	201 Basaltic Road Concord ON L4K 1G4	2,248.00	0.00	2,248.00
51	Kaf Manufacturing Co. Inc.	14 Fahey Street Stamford Connetic 06907 USA	4,600.00	0.00	4,600.00
52	KBC Tools & Machinery ULC	6200 Kennedy Road, Suite 1 Mississauga ON L5T 2Z1	190.00	0.00	190.00
53	Keltic Logistics	1273 North Service Road E, Unit F3 Oakville ON L6H 1A7	675.00	0.00	675.00
54	Kinequip Automation Inc.	33 Wyecroft Rd. Uit 8 Oakville ON L6K 2H2	497.00	0.00	497.00
55	Kingsway Transport	6700-St. Francois Road St. Laurent QC H4S 1B7	250.00	0.00	250.00
56	Kleanol Distribution Inc.	35 Paulander Avenue Toronto ON M1C 1W7	3,308.00	0.00	3,308.00
57	KTS Tooling Supply	317 Attwell Drive Toronto ON M9W 5C1	650.00	0.00	650.00
58	Lake Foundry Ltd.	287 South Service Road Grimsby ON L3M 1Y6	15,320.00	0.00	15,320.00
59	Livingstone International	PO Box 5640, Terminal A Toronto ON M5W 1P1	1,585.00	0.00	1,585.00
60	M & M Plating Inc.	100-10 Barbados Blvd. Toronto ON M1J 1K9	30,765.00	0.00	30,765.00
61	Markham Division, Miller Waste System	8050 Woodbine Avenue Markham ON L3R 2N8	250.00	0.00	250.00
62	Marron/Keystone Canada Inc.	1200 Heritage Road Burlington ON L7L 4X9	9,506.00	0.00	9,506.00
63	Matcon Industrial Installations Inc.	1531 Creditstone Road Vaughan ON L4K 5V6	21,483.00	0.00	21,483.00
64	Metal Supermarkets London	45 Ironside Crescent Toronto ON M1X 1N3	7,200.00	0.00	7,200.00
65	Millars Life Truck Service	729 Morrish Road Toronto ON M1C 1G4	1,532.00	0.00	1,532.00
66	Ministry of Finance - Collections Branch, Non Tax Revenue Collections Unit Attn: Asta Alberry	Michael Starr Bldg 33 King St W, 6th Flr Oshawa ON L1H 8H5	21,825.00	0.00	21,825.00
67	Mississauga Foundry Limited	5230 General Road Mississauga ON L4W 1G8	5,110.00	0.00	5,110.00
68	Mississauga Steel Mart	925 Meyerside Drive Mississauga ON L5T 1R8	20,370.00	0.00	20,370.00
69	National Tube Supply	6811 Edwards Blvd. Mississauga ON L5T 2S2	1,822.00	0.00	1,822.00
70	Ontario Belting & Power Transmission Co.	371 Hanlan Road Woodbridge ON L4L 3T1	4,500.00	0.00	4,500.00
71	Orkin Canada	5840 Falbome Street Mississauga ON L5R 4B5	565.00	0.00	565.00

11-Jan-2018

Date


 Dan Blum

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2324294
 Estate No. 31-2324294

FORM 78 - Continued

List "A"
 Unsecured Creditors

Toronto Machine & Tool Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
72	OSG Marketing Inc.	80 Hale Road Brampton ON L6W 3N9	5,424.00	0.00	5,424.00
73	Paulin H. & Company Ltd.	55 Milne Avenue Toronto ON M5W 0E9	730.00	0.00	730.00
74	Philpott Janzen Metal Inc.	486 Evans Avenue, Unit #7 Toronto ON M8W 2T7	730.00	0.00	730.00
75	Philpott Janzen Metal Inc.	468 Evans Avenue Etobicoke ON M8W 2T7	2,687.00	0.00	2,687.00
76	Powercast Manufacturing Inc.	540 Boul. Industriel St. Eustache QC J7R 5V3	3,514.00	0.00	3,514.00
77	PRKS Fine Static Coatings Inc.	20 Hanlan Road, Unit 12 Woodbridge ON L4L 3P6	800.00	0.00	800.00
78	Progress Steel Fabricating & Welding Co.	425 Finchdene Square Toronto ON M1X 1B7	960.50	0.00	960.50
79	Purdator Courier Ltd. Attn: Ordie	P.O. Box 1100 Toronto ON M9C 5K2	700.00	0.00	700.00
80	Quality Carbide Grind Inc.	5335 Pulleybank Street Oldcastle ON N0R 1L0	7,070.00	0.00	7,070.00
81	Questa Design Limited	1305 Morningside Avenue, Unit #1 Toronto ON M1B 4Z5	250.00	0.00	250.00
82	RBC Royal Bank Visa c/o Bankruptcy-highway.com Attn: Razel Bowen	PO Box 57100 Etobicoke ON M8Y 3Y2	27,000.00	0.00	27,000.00
83	Rick Lewis	608 Binnacle Street Oxnard CA 93035 USA	1,350.00	0.00	1,350.00
84	Robco Inc.	7200 St. Patrick LaSalle QC H8N 2W7	858.00	0.00	858.00
85	Rogers Communications Bankruptcies c/o FCT Default Solutions Attn: Insolvency Department	PO Box 2514 Stn B London ON N6A 4G9	250.00	0.00	250.00
86	Rotoprecision (Canada) Inc.	304 Waitline Avenue Mississauga ON L4Z 1P4	292.00	0.00	292.00
87	Royal Bank of Canada	36 York Mills Road, 4th Floor Toronto ON M2P 0A4	0.00	2,137,946.47	2,137,946.47
88	Royal Bank of Canada	36 York Mills Road, 4th Floor Toronto ON M2P 0A4	0.00	491,999.00	491,999.00
89	Shell Canada Limited Attn: John McKeown	P.O. Box 8 Calgary AB T2P 2G9	250.00	0.00	250.00
90	Sloan Partners	6-4646 Dufferin Street Toronto ON M3H 5S4	20,000.00	0.00	20,000.00
91	Smith & Long Limited	115 Idema Road Markham ON L3R 1A9	3,310.00	0.00	3,310.00
92	SMS Machine Tools Limited	32 Claireville Drive Toronto ON M9W 5T9	2,543.00	0.00	2,543.00
93	Specialty Gaskets Inc.	2-295 Superior Blvd. Mississauga ON L5T 1L6	434.00	0.00	434.00
94	Speedy Transport	265 Rutherford Rd. S. Brampton ON L6W 1V9	250.00	0.00	250.00
95	SupplyOn	. ON .	1,260.00	0.00	1,260.00

11-Jan-2018

Date


 Dan Blum

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2324294
 Estate No. 31-2324294

FORM 78 - Continued

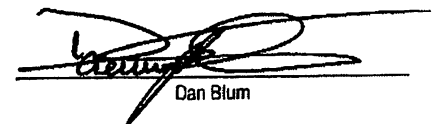
List "A"
 Unsecured Creditors

Toronto Machine & Tool Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
96	Synergy Machine Sales Inc.	1530 Drew Road Mississauga ON L5S 1W8	1,938.00	0.00	1,938.00
97	TC Chrome Inc.	63 Skagway Avenue Toronto ON M1M 3T9	250.00	0.00	250.00
98	The Great-West Life Assurance Company Attn: Laura Murray	4C - 100 Osborne St N Winnipeg MB R3C 3A5	9,835.00	0.00	9,835.00
99	The IT Professional Group Inc.	625 Lonsdale Road Toronto ON M1L 1K1	12,307.00	0.00	12,307.00
100	The UPS Store	162 Guelph Street Georgetown ON L7G 4A6	620.00	0.00	620.00
101	Thyssenkrupp Materials NA	c/o T27540 Mississauga ON L5T 1J5	1,678.00	0.00	1,678.00
102	Tiffany Metal Castings Ltd.	286075 County Rd. 10 Mono ON L9W 6P5	29,200.00	0.00	29,200.00
103	Toolweld Enterprises (1986) Inc.	335 Midwest Road Toronto ON M1P 3A6	7,955.00	0.00	7,955.00
104	Toronto Gear Works	455 Milner Avenue Toronto ON M1B 2K4	250.00	0.00	250.00
105	Toronto Hydro	PO Box 4490 Toronto ON M5W 4H3	8,802.00	0.00	8,802.00
106	Toronto Lube Service	#2-3175 14th Avenue Markham ON L3R 0H1	4,542.00	0.00	4,542.00
107	Trustworthy Services Inc.	40 Metropolitan Rd. Suite 30 Toronto ON M1R 2T6	457.00	0.00	457.00
108	Try Hard Industrial Supply Company Ltd.	1411 Courtneypark Drive Mississauga ON L5T 2E3	2,004.00	0.00	2,004.00
109	ULINE Canada	60 Hereford Street Brampton ON L6Y 0N3	617.00	0.00	617.00
110	Unifirst Canada Ltd.	1175 Squires Beach Rd. Pickering ON L1W 3V3	3,571.00	0.00	3,571.00
111	Vaicarb Industrial Supplies Ltd.	52 West Beaver Creek Rd. Unit #1 Richmond Hill ON L4B 1L9	7,366.00	0.00	7,366.00
112	Wells Foundry Ltd.	1250 Florence Street London ON N5W 2N4	9,084.00	0.00	9,084.00
113	Wilson Vukelich LLP	60 Columbia Way, Ste #710 Markham ON L3R 0C9	511.00	0.00	511.00
114	Workplace Safety and Insurance Board Attn: c/o Collection Services 1090550	200 Front St W Toronto ON M5V 3J1	20,821.00	0.00	20,821.00
Total:			670,551.88	2,929,945.47	3,600,497.35

11-Jan-2018

Date


 Dan Blum

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2324294
 Estate No. 31-2324294

FORM 78 - Continued

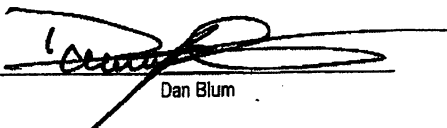
List "B"
 Secured Creditors

Toronto Machine & Tool Inc.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	CRA - Tax - Ontario Attn: Quebec Insolvency Intake Centre 817535727RP0001	Shawinigan - Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-sud QC G9P 5H9	375,000.00	Debts Due - Business - Accounts Receivable - . Business Assets - Stock In Trade - Inventory	01-Jan-2017 01-Jan-2017	356,618.95 18,381.05		
2	Donway Ford Lincoln Attn: Kim Williams	1975 Eglinton Ave E Scarborough ON M1L 2N1	1.00	Motor Vehicles - Automobile - 2015 - Ford - F350 - 1FDRF3GT5FEA66820	04-Sep-2014	1.00		
3	John Christensen	3 Wisteria Road Toronto ON M1R 4X7	300,000.00	Other - Prepaid Debts Due - Business - Accounts Receivable - . Business Assets - Stock In Trade - Inventory	01-Jan-2017 01-Jan-2017 01-Jan-2017	0.00 0.00 0.00		300,000.00
4	National Leasing Group Inc. Attn: Bankruptcy Designate	1525 Buffalo Pl Winnipeg MB R3T 1L9	1.00	Business Assets - Machinery - Telephone System and VOIP	16-Dec-2015	1.00		
5	Royal Bank of Canada	36 York Mills Road, 4th Floor Toronto ON M2P 0A4	2,336,256.00	Other - Prepaid Business Assets - Stock In Trade - Inventory Debts Due - Business - Accounts Receivable - .	01-Jan-2017 01-Jan-2017 01-Jan-2017	15,845.12 182,464.41 0.00		2,137,946.47
6	Royal Bank of Canada	36 York Mills Road, 4th Floor Toronto ON M2P 0A4	491,999.00	Other - Prepaid Business Assets - Stock In Trade - Inventory	01-Jan-2017 01-Jan-2017	0.00 0.00		491,999.00
Total:			3,503,257.00			573,311.53	0.00	2,929,945.47

11-Jan-2018

Date


 Dan Blum

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2324294
Estate No. 31-2324294

FORM 78 - Continued

List "C"
Preferred Creditors for Wages, Rent, etc.

Toronto Machine & Tool Inc.

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

11-Jan-2018

Date


Dan Blum

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2324294
Estate No. 31-2324294

FORM 78 -- Continued

List "D"
Contingent or Other Liabilities

Toronto Machine & Tool Inc.

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
Total:			0.00	0.00		

11-Jan-2018

Date


Dan Blum

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2324294
 Estate No. 31-2324294

FORM 78 – Continued

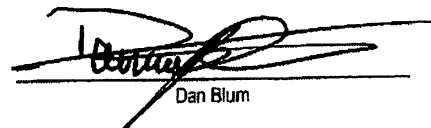
List "E"
 Debts Due to the Debtor

Toronto Machine & Tool Inc.

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
1	Accounts Receivable	. ON .		356,618.95 0.00 0.00		01-Jan-2017	356,618.95	
Total:				356,618.95 0.00 0.00			356,618.95	

11-Jan-2018

Date


 Dan Blum

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2324294
 Estate No. 31-2324294

FORM 78 – Continued

List "F"

Bills of Exchange, Promissory Notes, Lien Notes, Chattel
 Mortgages, etc., Available as Assets

Toronto-Machine & Tool Inc.

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
Total:				0.00		0.00	

11-Jan-2018

Date



Dan Blum

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2324294
Estate No. 31-2324294

FORM 78 -- Continued


List "G"
Real Property or Immovables Owned by Debtor

Toronto Machine & Tool Inc.

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
			Total:	0.00	0.00

11-Jan-2018

Date



Dan Blum

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2324294
 Estate No. 31-2324294

FORM 78 -- Concluded

List "H"
 Property

Toronto Machine & Tool Inc.
 FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade		Inventory	0.00	200,845.46
(b) Trade fixtures, etc.		Fixed Assets	0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant		Telephone System and VOIP	0.00	1.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles		Automobile - 2015 - Ford - F350 - 1FDRF3GT5FEA66820	0.00	1.00
(l) Taxes			0.00	0.00
(m) Other		Prepaid	0.00	15,845.12
			Total:	216,692.58

11-Jan-2018

Date


 Dan Blum

Court No. 31-2324294

File No. 31-2324294

In the matter of the proposal of
Toronto Machine & Tool Inc.
of the city of Scarborough, in the Province of Ontario

Form 78 (Bill C-12)
Statement of affairs (Business bankruptcy)

Dodick Landau Inc. - Licensed Insolvency Trustee

4646 Dufferin St., Suite 6
Toronto ON M3H 5S4
Phone: (416) 736-4357 Fax: (416) 649-7725

PROOF OF CLAIM WITH INSTRUCTIONS

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2324294
Estate No. 31-2324294

- FORM 31 -
Proof of Claim
(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the matter of the proposal of
Toronto Machine & Tool Inc.
of the city of Scarborough, in the Province of Ontario

All notices or correspondence regarding this claim must be forwarded to the following address:

In the matter of the proposal of Toronto Machine & Tool Inc. of the city of Scarborough in the Province of Ontario and the claim of _____, creditor.

I, _____ (name of creditor or representative of the creditor), of the city of _____ in the province of _____, do hereby certify:

1. That I am a creditor of the above named debtor (or I am _____ (position/title) of _____ creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 8th day of December 2017, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ _____

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)

Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
(Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$ _____
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____.
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____.
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____.
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ _____.
- G. CLAIM AGAINST DIRECTOR \$ _____

(To be completed when a proposal provides for the compromise of claims against directors.)
 That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I _____ (am/am not) (or the above-named creditor _____ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.

- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____.

 Witness

Creditor

Phone Number: _____
 Fax Number : _____
 E-mail Address : _____

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

Checklist for Proof of Claim

This checklist is provided to assist you in preparing the proof of claim form and, if appropriate, the proxy form in a complete and accurate manner. Please check each requirement.

General

- The **signature of a witness** is required.
- The document **must be signed** by the individual completing the declaration.
- **Provide the complete address** where all notices and correspondence are to be forwarded along with your phone number, fax number and email address where appropriate.

Notes

- It is permissible to file a proof of claim by fax or electronic mail.
- A creditor may vote either in person or by proxy at any meeting of creditors if the proof of claim is filed with the Trustee prior to the time appointed for the meeting.
- A quorum at any meeting of creditors consists of at least one creditor with a valid proof of claim in attendance in person or by proxy.
- A corporation may vote through an authorized agent or mandatary at meetings of creditors.
- In order for a duly authorized person to have a right to vote, they must be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.
- A creditor who is participating in any distribution from an estate must have filed a proof of claim prior to the distribution being declared.
- In the case of an individual bankrupt, by checking the appropriate box or boxes at the bottom of the proof of claim form, you may request that the trustee advise you of any material change in the financial situation of the bankrupt or the amount the bankrupt is required to pay into the bankruptcy, and a copy of the trustee's report on the discharge of the bankrupt.

Paragraph 1

- The creditor must state the full and complete legal name of the individual, company or firm.
- If the individual completing the proof of claim is a representative of the creditor, the individual's position or title must be identified.

Paragraph 3

- The amount owing must be set out in paragraph 3.

Paragraph 4

Notes

- **Paragraph A** applies to *ordinary unsecured claims*. In addition to recording the amount of the claim, please indicate whether the claim has a priority pursuant to section 136 of the Act.
- **Paragraph B** applies to *lessor claims* in a commercial proposal. Please ensure that the claim applies to a commercial proposal and, if so, include the full particulars of the claim.
- **Paragraph C** applies to *secured claims*. Please indicate dollar value of the security and attach copies of the security document. In addition, please attach copies of the security registration documents, where appropriate. If you are a noteholder, attaching these documents is not necessary if you are in agreement with the amount on the Schedule "A" provided to you.
- **Paragraph D** applies to *inventory claims of farmers, fisherman and aquaculturists*. Please note that such claims apply to inventory supplied from farmers, fishermen and aquaculturists within 15 (fifteen) days of the date of bankruptcy. In addition, please attach copies of any applicable sales agreements and delivery slips.
- **Paragraph E** applies to *claims by wage earners*. Please note that such claims applies only for unpaid wages owed upon the bankruptcy of an employer or when the employer becomes subject to a receivership.
- **Paragraph F** applies to *claims by employees for unpaid amounts regarding pension plans*. Please note that such claims apply only to unremitted pension contributions outstanding when he sponsoring employer becomes bankrupt or is subject to a receivership.
- **Paragraph G** applies to *claims against directors*. Please note that such claims apply only to directors of corporations that have filed a commercial proposal to creditors that includes a compromise of statutory claims against directors.
- **Paragraph H** applies to *claims of customers of a bankrupt securities firm*. Please ensure that the claim of the customer is for net equity and, if so, include the full particulars of the claim, including the calculations upon which the claim is based.

Paragraph 5

- All claimants must indicate whether or not they are related to the debtor, as defined in section 4 of the Act, or dealt with the debtor in a non-arm's-length manner.

Paragraph 6

- All claimants must attach a detailed list of **all payments or credits** received or granted as follows:
 - a. **Within the 3 (three) months preceding** the initial bankruptcy event (including the bankruptcy or the proposal);
 - b. **Within the 12 (twelve) months preceding** the initial bankruptcy event (including the bankruptcy or the proposal) in the case where the claimant and the debtor were not dealing at arm's length.

Proxyholder

Note

The Act permits a proof of claim to be made by a duly authorized representative of a creditor but, in the absence of a properly executed proxy, does not give such an individual the power to vote at the first meeting of creditors nor to act as proxyholder of the creditors.

General

- In order for duly authorized persons to have a right to vote, they must themselves be creditors or be the holders of a properly executed proxy. The name of the creditor must appear in the proxy.

Note

- A creditor may vote either in person or by proxyholder.
- A proxy may be filed at any time prior to a vote at a meeting of creditors.
- A proxy can be filed with the trustee in person, by mail or by any form of telecommunication.
- A proxy does not have to be under the seal of a corporation unless required by its incorporating documents or its bylaws.
- The individual designated in a proxy cannot be substituted unless the proxy provides for a power of substitution.
- Bankrupts/debtors may not be appointed as proxyholders to vote at any meeting of their creditors.
- The trustee may be appointed as a proxyholder for any creditor.
- A corporation cannot be designated as a proxyholder.

PROXY

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2324294
Estate No. 31-2324294

- FORM 36 -
Proxy
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the matter of the proposal of
Toronto Machine & Tool Inc.
of the city of Scarborough, in the Province of Ontario

I, _____, of _____, a creditor in the above matter, hereby
appoint _____, of _____, to be
my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without)
power to appoint another proxyholder in his or her place.

Dated at _____, this _____ day of _____, _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:

Dodick Landau Inc. - Licensed Insolvency Trustee

4646 Dufferin St., Suite 6
Toronto ON M3H 5S4
Phone: (416) 645-0542 Fax: (416) 649-7725
E-mail: brenda.mcknight@dodick.ca

VOTING LETTER

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2324294
Estate No. 31-2324294

- FORM 37 -

Voting Letter
(Paragraph 51(1)(f) of the Act)

In the matter of the proposal of
Toronto Machine & Tool Inc.
of the city of Scarborough, in the Province of Ontario

I, _____, creditor (or I, _____, representative
of _____, creditor), of _____, a creditor in the above matter
for the sum of \$ _____, hereby request the trustee acting with respect to the proposal of Toronto
Machine & Tool Inc., to record my vote _____ (for or against) the acceptance of the proposal as
made on the 8th day of December 2017.

Dated at _____, this _____ day of _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____

Name and Title of Signing Officer

Return To:
Dodick Landau Inc. - Licensed Insolvency Trustee
Per:

Rahn Dodick - Licensed Insolvency Trustee
4646 Dufferin St., Suite 6
Toronto ON M3H 5S4
Phone: (416) 645-0542 Fax: (416) 649-7725
E-mail: brenda.mcknight@dodick.ca