

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF KK PRECISION INC.**

Applicant

**MOTION RECORD
(Returnable August 1, 2014)**

July 25, 2014

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

John Salmas (LSUC 42336B)
Tel: (416) 863-4374
Fax: (416) 863-4592
Email: john.salmas@dentons.com

Robert J. Kennedy (LSUC 474070)
Tel: (416) 367-6756
Fax: (416) 863-4592
Email: robert.kennedy@dentons.com

Solicitors for the Applicant

SERVICE LIST

TO:	<p>AIRD & BERLIS LLP Brookfield Place 181 Bay Street, Suite 1800 P.O. Box 754 Toronto, ON M5J 2T9</p> <p>Steven L. Graff Telephone: (416) 865-7726 Fax: (416) 863-1515 Email: sgraff@airdberlis.com</p> <p>Ian Aversa Telephone: (416) 865-3082 Fax: (416) 863-1515 Email: iaversa@airdberlis.com</p> <p><i>Solicitors for Bank of Montreal and BMO Capital Corporation</i></p>
AND TO:	<p>MILLER & MARTIN PLLC Suite 1000 Volunteer Bldg. 832 Georgia Avenue Chattanooga, TN 37402</p> <p>Jonathan F. Kent Telephone: (423) 785-8301 Fax: (423) 321-1539 Email: jkent@millermartin.com</p> <p><i>Solicitor for River VI, L.P.</i></p>
AND TO:	<p>CHAITON LLP 5000 Yonge Street 10th Floor Toronto, ON M2N 7E9</p> <p>Sam Rappos Telephone: (416) 218-1137 Fax: (416) 1837 Email: samr@chaitons.com</p> <p><i>Solicitor for the Monitor</i></p>
AND TO:	<p>GOWLING LAFLEUR HENDERSON LLP 1 First Canadian Place 100 King Street West</p>

	<p>Suite 1600 Toronto, ON M5X 1G5</p> <p>Frank Lamie Telephone: (416) 862-3609 Fax: (416) 862-7661 Email: frank.lamie@gowlings.com</p> <p><i>Solicitor for Siemens Energy Inc.</i></p>
AND TO:	<p>MINDEN GROSS LLP 145 King Street West Suite 2200 Toronto, ON M5H 4G2</p> <p>David Ullmann Telephone: (416) 369-4148 Fax: (416) 864-9223 Email: dullmann@mindengross.com</p> <p><i>Solicitor for the Landlord</i></p>
AND TO:	<p>PRATT & WHITNEY CANADA 1000, Marie-Victorin Blvd. Longueuil, Québec J4G 1A1</p> <p>Pascal Perron Telephone: (450) 647-7648 Email: pascal.p.perron@pwc.ca</p>
AND TO:	<p>XEROX CANADA LTD. 33 Bloor Street East, 3rd Floor Toronto, ON M4W 3H1</p> <p>Stephanie Grace Email: stephanie.grace@xerox.com</p>
AND TO:	<p>ORBIAN FINANCIAL SERVICES II, LLC 200 Connecticut Avenue Norwalk, CT 06854</p> <p>Telephone: (203) 866-1980 Fax: (203) 866-1008</p>
AND TO:	<p>RIVER VI, L.P. 1640 Republic Centre 633 Chestnut</p>

	Chattanooga, TN 37450
AND TO:	ROLLS-ROYCE CANADA LIMITED 9500, Côte-De-Liesse Lachine, Québec H8T 1A2 Richard Brattle Email : richard.brattle1@rolls-royce.com Mick Butler Email: mick.butler2@rolls-royce.com
AND TO:	104 OAKDALE ACQUISITION CORP. 2 Bloor Street West Suite 3400 Toronto, ON M4W 3E2 Jesse Gill Email: jg@terranovapartners.com
AND TO:	RICHTER ADVISORY GROUP INC. 1981 McGill College 12 th Floor Montréal, Québec H3A 0G6 Andrew Adessky, CPA, CA, CIRP Telephone: (514) 934-3513 Fax: (514) 934-3504 Email: aadessky@richter.ca Eric Barbieri, CPA, CA Telephone: (514) 934-8693 Fax: (514) 934-3504 Email: ebarbieri@richter.ca Adam Sherman Telephone: (416) 488-2345 Fax: (514) 934-8603 Email: asherma@richter.ca <i>The Monitor</i>

INDEX

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

**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF KK PRECISION INC.**

Applicant

INDEX

TAB NO.

- 1** Notice of Motion, dated July 25, 2014
 - A** Draft Approval and Vesting Order
- 2** Affidavit of Garth Wheldon, sworn July 25, 2014, and exhibits:
 - A** The Liquidation Services Agreement between the Company and Infinity Asset Solutions, dated July 25, 2014;
 - B** A copy of the Solicitation Letter detailing the opportunity to purchase the Company's business and/or assets, dated June 16, 2014;
 - C** A copy of the Monitor's First Report, dated June 24, 2014;
 - D** A copy of the Lease, the First Lease Amendment and the Letter Agreement, collectively constituting the Lease Documents;
 - E** A true copy of the Landlord email sent to the Monitor dated July 18, 2014;
 - F** A true copy of the Response letter from the Company to the Landlord, dated July 24, 2014;
 - G** A copy of the PPSA search results in respect of the Company with a file currency date of May 5, 2014;

CONFIDENTIAL EXHIBITS

- 1** Chart comparing the offers received through the Solicitation Process; and
- 2** An unredacted copy of the Liquidation Services Agreement.

TAB 1

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF KK PRECISION INC.**

APPLICANTS

**NOTICE OF MOTION
(Returnable August 1, 2014)**

KK Precision Inc. (the "**Company**" or "**KKP**") will make a motion to the Court before the Honourable Justice Wilton-Siegel on August 1, 2014 at 10:00 a.m., or as soon after that time as the motion can be heard at 330 University Avenue, Toronto, Ontario.

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

THE MOTION IS FOR:

1. An Order abridging and validating the time for service of the Notice of Motion and Motion Record such that the Motion is property returnable on August 1, 2014, and dispensing with further service thereto;
2. An Order, substantially in the form attached hereto as Schedule "A", for the following relief:
 - (a) an Order ratifying and approving the Liquidation Services Agreement dated July 25, 2014 between the Company and Infinity Asset Solutions Inc. ("**Infinity**" and the "**Liquidation Services Agreement**", respectively), substantially in the form attached as Exhibit 'A' to the Affidavit of Garth Wheldon, sworn July 25, 2014 (the "**Wheldon Affidavit**") and approving the transaction (the "**Transaction**")

contemplated therein in respect of the Assets (as such term is defined in the Liquidation Services Agreement);

- (b) an Order vesting all of the Company's right, title and interest in and to the Assets (as defined in the Liquidation Services Agreement), free and clear of any and all encumbrances, in and to the applicable purchaser.
- (c) an Order sealing the summary of bids received through the Solicitation Process (defined below);
- (d) an Order approving the Company's redaction of the sensitive commercial information contained in the Liquidation Services Agreement, *nunc pro tunc*, together with an Order sealing the unredacted Liquidation Services Agreement and the schedules thereto;
- (e) such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. On May 30, 2014, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued an order (the "**Initial Order**") granting Company protection pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Pursuant to the Initial Order, Richter Advisory Group Inc. ("**Richter**") was appointed as the Court-appointed monitor (the "**Monitor**"). The Initial Order provided the Company with, *inter alia*, a stay of proceedings until June 29, 2014. On June 25, 2014, the Court issued an order which, among other things, extending the Stay Period to September 19, 2014 (the "**Stay Period**");

Solicitation Process

1. The Company, in consultation with the Monitor, assembled a list of potential interested parties, including many strategic/financial parties and parties that regularly liquidate assets in insolvency proceedings (collectively, the "**Prospective Purchasers**") and undertook a short sales process (the "**Solicitation Process**");

1. On June 16, 2014, the Company distributed an offer solicitation letter to the Prospective Purchasers detailing the opportunity to purchase the Company's business and/or assets (the "**Offer Solicitation Letter**"). Included with the Offer Solicitation Letter was a schedule detailing the Company's machinery/equipment. In total the Company contacted fifty-four (54) parties to advise of the opportunity to acquire the Company and/or its assets. The Solicitation Letter set out the terms and conditions associated with the submission of an offer to purchase;
2. On June 25, 2014, this Honourable Court granted an order (the "**SISP Order**") which approved the Solicitation Process for all of the Assets, such process was described in the Monitor's first report to the Court dated June 24, 2014;
3. Given the current circumstances, it was imperative that KKP promptly proceed with the Solicitation Process, which was developed to maintain a fair, reasonable and open process for those parties that may become involved, and is a critical component to these *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") proceedings;
4. Six (6) offers (the "**Offers**") to purchase and/or auction the Company's assets were received prior to the Offer Deadline. The Offers are summarized in a table and included as Confidential Exhibit '1' to the Wheldon Affidavit;
5. Extending the Solicitation Process to obtain further offers was not an option given (i) the time constraints to vacate the Premises and (ii) the expense involved in transporting and storing the equipment indefinitely at a new storage facility pending any future sale;
6. Infinity was selected to act as the Liquidator because it provided the greatest amount of consideration, via a Net Minimum Guarantee (as defined therein), amongst all of the bids received and acknowledged that it could meet the September 30, 2014 deadline for completing the transaction;
7. On July 25, 2014, the Company and Infinity entered into a Liquidation Services Agreement. The Transaction is conditional upon, among other things, the Court granting the Approval and Vesting Order being sought by the Company;

8. The terms of the Liquidation Services Agreement are similar to those terms and conditions contained in other auction services agreements approved by this Honourable Court;
9. As the Liquidation Services Agreement and the summary of Offers attached to the Wheldon Affidavit contain commercially sensitive information which may have an impact on the realization at auction for the Assets and the marketability of the Assets should the Transaction fail to close, the Company requests that the unredacted Liquidation Services Agreement and the summary of Offers be subject to a sealing Order of the Court until the auction is completed;
10. The Monitor supports the proposed relief; and
11. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. The Wheldon Affidavit and the attached exhibits;
2. The First Report of the Monitor dated June 24th, 2014
3. The Second Report of the Monitor dated July 25th, 2014; and
4. Such further and other materials as counsel may advise and this Honourable Court may permit.

July 25, 2014

DENTONS CANADA LLP
Barristers & Solicitors
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, Ontario L5K 0A1

John Salmas

LSUC No: 42336B
Telephone: (416) 863-4737
Fax: (416) 863-4592
Email: john.salmas@dentons.com

Robert Kennedy

LSUC No: 474070
Telephone: (416) 367-6756
Fax: (416) 863-4592
Email: Robert.kennedy@dentons.com

Lawyers for the Applicants

TO: SERVICE LIST

TAB A

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.)	FRIDAY, THE 1 st
)	
JUSTICE WILTON-SIEGEL)	DAY OF AUGUST, 2014

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF KK PRECISION INC.

APPROVAL AND VESTING ORDER

THIS MOTION made by the applicant, KK Precision Inc. (the "**Applicant**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order approving the transaction (the "**Transaction**") contemplated by a liquidation services agreement (the "**Liquidation Services Agreement**") between the Applicant and Infinity Asset Solutions Inc. ("**Infinity**" or the "**Liquidator**") dated July 25, 2014 appended to the affidavit of Garth Wheldon, dated July 25, 2014 (the "**Wheldon Affidavit**"), filed, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Wheldon Affidavit, the first report of Richter Advisory Group Inc. (the "**Monitor**") dated June 24, 2014 (the "**First Report**") and the second report of the Monitor dated July 25, 2014 (the "**Second Report**") and on hearing the submissions of counsel for the Applicant, the Monitor, 2215225 Ontario Inc., no one appearing for any other person on the service list, although properly served as appears from the affidavit of _____ sworn July ___, 2014 filed:

1. **THIS COURT ORDERS AND DECLARES** that the time for service of the Notice of Motion and Motion Record herein be and is hereby abridged such that this motion is properly

returnable today and that all parties entitled to notice of the Motion have been duly served, and that any requirement for service of the Notice of Motion and Motion Record upon any party other than the parties served is unnecessary and hereby dispensed with and that the service of the Notice of Motion and Motion Record is hereby validated in all respects.

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Liquidation Services Agreement by the Applicant is hereby ratified and approved, with such minor amendments as the Applicant, Liquidator or Monitor may deem necessary. The Applicant is hereby authorized and directed to perform the Liquidation Services Agreement and complete the Transaction in accordance with the terms and conditions of the Auction Services Agreement including, taking such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction.

3. **THIS COURT ORDERS AND DECLARES** that the Liquidation Services Agreement is hereby approved, and the terms of the Liquidation Services Agreement and the consideration set out in the Liquidation Services Agreement are fair and commercially reasonable and were arrived at in a commercially reasonable manner.

4. **THIS COURT ORDERS** that Infinity is entitled use to the Applicant's premises and is entitled to use the name "KK Precision Inc." and similar derivations in all of its advertising and promotional activities related to the Liquidation Services Agreement.

5. **THIS COURT ORDERS AND DECLARES** that all right, title and interest of the Applicant in and to the Assets (as defined in the Liquidation Services Agreement), shall be sold by Infinity as contemplated by the Liquidation Services Agreement and, upon payment of the applicable purchase price for each of the Assets by Purchasers (as that term is defined in the Liquidation Services Agreement), they shall vest in the applicable Purchaser of such Asset(s) free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), mortgages, charges, hypothecs, estates, trusts or deemed trusts (whether contractual, statutory or otherwise), liens (whether contractual, statutory or otherwise), executions, levies, claims, charges, encumbrances or any other rights, rights of use, claims, disputes and debts of any person or entity of any kind whatsoever whether legal or equitable, of all persons or entitles of any kind whatsoever (collectively, the "**Encumbrances**"), including, but not limited to, any

Encumbrances held by or in favour of the parties or entities which are served or whose solicitors are served with the Notice of Motion to approve the Liquidation Services Agreement, and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Assets are hereby expunged and discharged as against the Assets purchased from Infinity in accordance with the Liquidation Services Agreement.

6. **THIS COURT ORDERS AND DIRECTS** that the Net Proceeds (as such term is defined in the Liquidation Services Agreement) distributed to the Applicant under the Liquidation Services Agreement after deduction of the Expense Amount (as that term is defined in the Liquidation Services Agreement) shall stand in the place and stead of the Assets and shall stand charged with all the Encumbrances as existed in respect of the Assets which were released, discharged or otherwise displaced by the sale of the Assets by Infinity and such Encumbrances on the Net Proceeds shall enjoy the same priorities as each such Encumbrance had in respect of the Assets as of the date of the Order of the Court directing the same, as if the sale of the Assets had not occurred, but the holder of any such Encumbrance shall have no further right in or against, or recourse to, the Assets.

7. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

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

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

the Liquidation Services Agreement and the Transaction shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable

by creditors of the Applicant, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

9. **THIS COURT ORDERS** that nothing herein contained shall require the Liquidator to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property (as defined in the Initial Order dated May 30, 2014) that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt Infinity from any duty to report or make disclosure imposed by applicable Environmental Legislation. Infinity, shall not, as a result of this Order or anything done in pursuance of Infinity' s duties and powers hereunder or under the Liquidation Services Agreement, be deemed in Possession of any Property within the meaning of any Environmental Legislation, unless it is actually in possession.

10. **THIS COURT ORDERS** that Infinity, shall incur no liability or obligation as a result of its appointment or carrying out the provisions of the Liquidation Services Agreement, save and except for (i) any gross negligence or wilful misconduct on its part, and (ii) any liabilities or obligations owing to the Company under the Liquidation Services Agreement, or in connection therewith.

11. **THIS COURT ORDERS** that the redaction of the sensitive commercial information in the Liquidation Services Agreement and the schedules thereto as set forth in Exhibit "A" of the Wheldon Affidavit is hereby approved *nunc pro tunc*,

12. **THIS COURT ORDERS** that the (i) summary of bids pursuant to the Solicitation Process attached as Confidential Exhibit '1' to the Wheldon Affidavit and (ii) the unredacted Liquidation Services Agreement attached as Confidential Exhibit '2' to the Wheldon Affidavit be kept sealed pending further Order of the Court or the completion of the auction process as outlined within the Liquidation Services Agreement.

TAB 2

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF KK PRECISION INC.**

APPLICANTS

**AFFIDAVIT OF GARTH WHELDON
(Sworn July 25, 2014)**

I, Garth Wheldon, of the City of Burlington, in the Province of Ontario,
SOLEMNLY SWEAR AND SAY:

1. I am a managing director of MVM Industrial Services Limited, which is a third party providing consulting services to KK Precision Inc. (the "**Company**" or "**KKP**") pursuant to a Court-approved advisory services agreement, and as such, I have personal knowledge of the matters to which I hereinafter deposed to, except where stated to be based on information and belief, in which case I verily believe the same to be true.

2. This affidavit is sworn in support of the KKP's motion, returnable August 1, 2014 (the "**Motion**"), for relief which includes the following:

- (a) an Order ratifying and approving the Liquidation Services Agreement dated July 25, 2014 between the Company and Infinity Asset Solutions Inc. ("**Infinity**"), substantially in the form attached hereto as **Exhibit "A"** (the "**Liquidation Services Agreement**") and approving the transaction (the "**Transaction**") contemplated therein in respect of the Assets (as such term is defined in the Liquidation Services Agreement);

- (b) an Order vesting all of the Company's right, title and interest in and to the Assets (as defined in the Liquidation Services Agreement), free and clear of any and all encumbrances, in and to the applicable purchaser.
 - (c) an Order sealing the summary of bids received through the Solicitation Process (defined below);
 - (d) an Order sealing the unredacted Liquidation Services Agreement, together with an Order approving the Company's redaction of the sensitive commercial information contained in the Liquidation Services Agreement, *nunc pro tunc*; and
 - (e) such further and other relief as this Honourable Court may deem just.
3. I have had the opportunity to review a draft of the second report of Richter Advisory Group Inc., in its capacity as Court-appointed monitor in these proceedings ("**Richter**" or the "**Monitor**") dated July 25, 2014 (the "**Second Report**"), and I agree with the summaries and the recommendation contained therein.

BACKGROUND

4. On May 30, 2014, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued an order (the "**Initial Order**") granting Company protection pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Pursuant to the Initial Order, Richter was appointed as the Court-appointed monitor. The Initial Order provided the Company with, *inter alia*, a stay of proceedings until June 29, 2014.

Solicitation Process

5. As noted in the affidavit of George Koulakian sworn May 28, 2014, the Company originally identified a total of 57 potential purchasers for all of part of the KKP assets (the "**Assets**"). The Company completed a comprehensive sales process (the "**Initial Sales Process**") from February to April 2014 that generated interest from several parties, but did not result in a firm deal for the sale of the Company's business and/or assets.

6. As such, given the Company's limited liquidity and the fast approaching expiration of the lease for the Premises, the Company, with the assistance of the Monitor, undertook a short sales process (the "**Solicitation Process**").

7. The Company, in consultation with the Monitor, assembled a list of potential interested parties, including many of the strategic/financial parties that participated in the Initial Sales Process and parties that regularly liquidate assets in insolvency proceedings (collectively, the "**Prospective Purchasers**")

8. On June 16, 2014, the Company distributed an offer solicitation letter to the Prospective Purchasers detailing the opportunity to purchase the Company's business and/or assets (the "**Offer Solicitation Letter**"). Included with the Offer Solicitation Letter was a schedule detailing the Company's machinery/equipment. In total the Company contacted fifty-four (54) parties to advise of the opportunity to acquire the Company and/or its assets. The Solicitation Letter set out the terms and conditions associated with the submission of an offer to purchase and imposed a deadline for receipt of an offer before 5:00 p.m. (Eastern) on July 7, 2014. A copy of the Solicitation Letter is attached to this may affidavit as **Exhibit 'B'**.

9. Given that the Company's lease extension expires on September 30, 2014, it was imperative that the Company promptly proceed with the Solicitation Process in order to provide a sufficient period of time to:

- (a) allow the Interested Parties to evaluate the Assets;
- (b) receive Offers (as defined in the Solicitation Process);
- (c) negotiate a binding and definitive asset purchase agreement;
- (d) obtain Court approval in respect of a proposed transaction; and
- (e) facilitate the successful purchaser's timely removal of the Assets from the operating premises of the Company known municipally as 104 Oakdale Road, North York (the "**Premises**") (on or before September 30, 2014).

10. On June 25, 2014, this Honourable Court granted an order (the “**SISP Order**”) which approved the Solicitation Process for all of the Assets, such process was described in the Monitor’s first report to the Court dated June 24, 2014 (the “**First Report**”). I further confirm that the Company has conducted the Solicitation Process pursuant to the SISP Order with the assistance of the Monitor.

11. A copy of the First Report is attached to this my affidavit as **Exhibit ‘C’**

12. Six (6) offers (the “**Offers**”) to purchase and/or auction the Company’s assets were received prior to the Offer Deadline.

13. Extending the Solicitation Process to obtain further offers was not an option given (i) the time constraints to vacate the Premises and (ii) the expense involved in transporting and storing the equipment indefinitely at a new storage facility pending any future sale.

14. The Company has no reason to believe any new expressions of interest, offers or bids will be forthcoming in a reasonable amount of time to purchase all of the Company’s Assets on mass.

Stay Period

15. On June 25, 2014, the Court issued an order which, among other things, extending the Stay Period to September 19, 2014 (the “**Stay Period**”).

16. On July 14, 2014, the Company, the Monitor and the Landlord attended a hearing with Justice Wilton-Siegel to update the court on the status of proceedings. During that hearing the Court was advised that the Company was likely to seek an extension of the Stay Period when it returned seeking to approve the Transaction resulting out of the SISP.

17. The Company, in consultation with the Monitor, believes that any extension of the Stay Period is best dealt with in early to mid-September. The Company intends to seek a stay extension at that time because it will have more accurate information regarding the

status of available cash and greater certainty regarding the time required to complete these proceedings.

Landlord and Lease

18. On September 1, 2011, the Company entered into a lease agreement (the “**Lease**”) with 104 Oakdale Acquisition Corp. (the “**Prior Landlord**”). The Lease was amended by an amendment to lease, entered into as of February 1, 2013 (the “**First Lease Amendment**”) and amended further by a letter agreement effective as of May 1, 2014 (the “**Letter Agreement**”, together with the First Lease Amendment and the Lease, the “**Lease Documents**”). A copy of the Lease Documents are attached to this my affidavit as **Exhibit ‘D’**.

19. As stated above, the lease of the Premises expires September 30, 2014. 2215225 Ontario Inc. (the “**Landlord**”) had previously communicated that it will not extend the Term provided for in the lease any further and desired to have vacant possession of the Premises immediately following the expiration of the lease. However, the Landlord has recently suggested that it might be willing to entertain the idea of an extension of the lease term.

20. On July 16, 2014 the Landlord attended the Premises to inspect the state of the repair of the Premises and identify any items that it believed needed to be corrected, repaired or restored.

21. On July 18, 2014 the Landlord sent an email (the “**Landlord Email**”) to the Monitor addressing 15 issues with the current state of the Premises that it stated “need to be corrected, repaired or restored in order for the Company’s vacation of the Premises to be in accordance with the terms of the lease which govern the Premises”. A true copy of the Landlord Email is attached to this my affidavit as **Exhibit ‘E’**.

22. On July 24, 2014 the Company responded to the Landlord Email (the “**Response Letter**”). The Response Letter expressed the Company’s position that “that the Return State is the state of the Premises at September 1, 2011 – being the “commencement of the Term” under the Lease Documents”. Notwithstanding, in an effort to deal with all

alleged Premises rectification issues, the Company indicated that it was agreeable to make certain of the requested repairs to the Premises. A true copy of the Response Letter is attached to this my affidavit as **Exhibit 'F'**.

APPROVAL AND VESTING ORDER

23. The Company, in consultation with the Monitor, reviewed the offers received from 6 potential buyers through the Solicitation Process. Attached hereto as **Confidential Exhibit '1'** is a chart comparing the offers received through the Solicitation Process.

24. Following that review, The Company engaged Infinity to act as an agent for the company to sell all of the Assets of the Company via an auction sales process in order to facilitate the sale of the entirety of the Assets and the vacation of the Premises before the expiry of the lease Term (as defined in the Lease Documents).

25. Infinity was selected to act as the Liquidator because it provided the greatest amount of consideration amongst all of the bids received and acknowledged that it could meet the September 30, 2014 deadline for completing the transaction.

26. On July 25, 2014, the Company and Infinity entered into a Liquidation Services Agreement. A redacted copy of the Liquidation Services Agreement is attached hereto as Exhibit 'A' and an unredacted copy of the Liquidation Services Agreement is attached hereto as **Confidential Exhibit '2'**.

27. The Transaction outlined in the Liquidation Services Agreement provides for the sale of all of the Assets on the open market in the most efficient and expedient manner given time limitations on completing the sale.

28. The Transaction is conditional upon, among other things, the Court granting the Approval and Vesting Order being sought by the Company. Therefore, the Company is requesting that this Honourable Court recognize and approve the Transaction and grant an order approving the Liquidation Services Agreement and the Transaction set out

therein and vesting title to purchasers upon their payment of the purchase price to the Liquidator.

29. Given the restrictions on time to effectuate a sale of the Assets, I believe that the auction process contemplated by the Liquidation Services Agreement provides the best opportunity to attain the highest value for the Assets by compelling Interested Parties to negotiate against each other to purchase the Assets.

30. I also believe that the Liquidation Services Agreement represents minimal risk for the Company as it includes a Net Minimum Guarantee (as defined therein) to be paid by Infinity to the Company. The Liquidation Services Agreement also provides that the Company will receive a substantial deposit upon the execution of the Liquidation Services Agreement and will receive to the unpaid Net Minimum Guarantee by no later than two business days prior to the date of the Auction, which has been scheduled by the Liquidator for September 10, 2014.

31. I have been advised by counsel and the Monitor that the terms of the Liquidation Services Agreement are similar to those terms and conditions contained in other auction services agreements approved by this Honourable Court.

32. As the Liquidation Services Agreement and the schedules thereto contains commercially sensitive information which may have an impact on the realization on the Assets if made available to the public. Further, in the event that this Court approves the Transaction and the Transaction does not close, the Company is of the view that efforts to remarket its assets may be impaired if either of the Confidential Exhibits are made public. The Company requests that the unredacted Liquidation Services Agreement and the chart comparing the offers received through the Solicitation Process be subject to a sealing Order of the Court until the auction is completed.

33. All of the parties that would otherwise be entitled to notice under any of the provisions of the CCAA, the *Bankruptcy and Insolvency Act* (Canada) or the *Personal Property and Security Act* (Ontario) (the “PPSA”) that could exercise redemption rights under such statutes are already parties to these proceedings or are being given notice of

the Motion. A copy of the PPSA search results in respect of the Company with a file currency date of May 5, 2014, is attached hereto as **Exhibit 'G'**.

34. I verily believe that the Liquidation Services Agreement establishes a fair, reasonable and open process for all parties that have an interest in the Company and that may ultimately become involved, and is a critical component in the advancement of these CCAA proceedings.

35. The Monitor also supports the approval of the Liquidation Services Agreement.

36. I make this Affidavit in support of the Company's motion and for no improper purpose.

SWORN before me at the City of)
Burlington, in the Province of Ontario, this)
25th day of July, 2014)



A commissioner for taking Affidavits

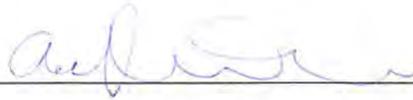


GARTH WHELDON

Aolfe Catherine Quinn,
a Commissioner, etc., Province of
Ontario, while a Student-at-Law.
Expires **May 1, 2017.**

TAB A

Exhibit "A" to the Affidavit of Garth Wheldon,
sworn before me this 25th day of July, 2014.

A handwritten signature in blue ink, appearing to read "Aofe Quinn", is written over a horizontal line.

Commissioner for Taking Affidavits, etc.

**Aofe Catherine Quinn,
a Commissioner, etc., Province of
Ontario, while a Student-at-Law.
Expires May 1, 2017.**

LIQUIDATION SERVICES AGREEMENT

THIS AGREEMENT made as of the 25 day of July, 2014.

B E T W E E N :

KK PRECISION INC., a corporation incorporated under the laws of the Province of Ontario (the “**Company**”)

- and -

INFINITY ASSET SOLUTIONS INC., a corporation incorporated under the laws of the Province of Ontario (the “**Liquidator**”)

RECITALS:

- A. On May 30, 2014, pursuant to an order of the Ontario Superior Court of Justice (the “**Court**”), the Company obtained protection pursuant to the *Companies’ Creditors Arrangement Act* (Canada) and Richter Advisory Group Inc. was named as the Court-appointed Monitor (the “**Monitor**”).
- B. On June 25, 2014 the Company obtained an order of the Court (the “**Solicitation Process Order**”), which among other things, ratified a solicitation process in respect of the assets, properties and undertakings of the Company.
- C. In accordance with the Solicitation Process Order, the Company has agreed to retain the Liquidator as its exclusive agent to sell and the Liquidator has agreed to sell on the Company’s behalf, the Assets (as hereinafter defined) in accordance with the terms of this Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to the terms and conditions set forth below.

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

“**Accounts Receivable**” means all accounts, debts, dues, demands and choses in action howsoever arising that are now due, owing or accruing due to the Company;

“**Additional Excluded Asset**” shall have the meaning ascribed thereto in Section 2.01(2);

“**Agreement**” means this agreement, including its recitals and schedules, as amended from time to time.

“**Applicable Law**” means (i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty, and (ii) any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a Governmental Authority having the force of law.

“**Assets**” means:

- (a) all of the Company’s fixtures, furniture, equipment, computers, servers, and telephone systems on a “floor to ceiling, wall to wall” basis at the Premises as inspected by the Purchaser on the Inspection Date, including, without limitation, those items described in **Schedule “A”** hereto;
- (b) the items held in storage in Mississauga, Ontario described in **Schedule “B”** hereto (the “**Stored Assets**”);
- (c) all inventory located at the Premises on the Turnover Date save and except for any work-in-progress and inventory detailed in paragraph (d) of the definition of Excluded Assets;
- (d) all Intellectual Property; and
- (e) the books and records related to the Assets detailed in (a) to (d) above.

but specifically excluding the Excluded Assets.

“**Auction**” shall have the meaning ascribed thereto in Section 2.01(3).

“**Auction Date**” shall have the meaning ascribed thereto in Section 2.04(3).

“**Auction Statement**” shall have the meaning ascribed thereto in Section 2.04.

“**Approval and Vesting Order**” shall have the meaning ascribed thereto in Section 6.01(1).

“**Buyers’ Premium**” shall have the meaning ascribed thereto in Section 2.03.

“**Business Day**” means a day other than a Saturday, Sunday or statutory holiday in Ontario.

“**Claims**” means all losses, damages, expenses, liabilities (whether accrued, actual, contingent, latent or otherwise), interest, penalties, costs, claims, complaints, injuries and demands of whatever nature or kind, including all legal fees and costs on a substantial indemnity basis.

“**Company Indemnified Parties**” shall have the meaning ascribed thereto in Section 5.02(2).

“**Condition Date**” shall mean the date that is 2 Business Days before the Auction Date.

“**Customer Arrangements**” means any or all of the contracts or purchase orders involving the Company and any Major Customers in respect of work-in-progress and inventory.

“**Deposit**” has the meaning ascribed thereto in Section 2.05(1).

“**Excluded Assets**” means:

- (a) the books and records of the Company which do not relate to the Assets;
- (b) Accounts Receivable; and
- (c) those items set out in Schedule “C” hereto.
- (d) all inventory and work-in-progress subject to Customer Arrangements.

“**Expense Amount**” means the sum of \$ [REDACTED].

“**Governmental Authority**” means any domestic or foreign legislative, executive, judicial or administrative body or person having or purporting to have jurisdiction in the relevant circumstances.

“**Gross Proceeds**” means all proceeds of sale of the Assets collected from Sales, including Transfer Taxes and Buyer’s Premium;

“**Inspection Date**” means July 14, 2014 being the date on which the Liquidator inspected the Assets;

“**Intellectual Property**” means all Software, patents, trademarks, copyrights, designs, specifications and drawing or similar rights enjoyed by the Company, save and except in respect of any Intellectual Property previously sold prior to the date hereof by the Company to any of its Major Customers.

“**Major Customers**” means collectively, Rolls-Royce Canada Ltd. and Rolls-Royce Power Engineering PLC, Siemens Energy Inc. and Pratt & Whitney Canada Corp.

“**Net Minimum Guarantee**” has the meaning ascribed thereto in Section 2.02(1).

“**Net Proceeds**” means the Gross Proceeds excluding any Buyer's Premium and excluding all Transfer Taxes.

“**Occupancy Costs**” has the meaning ascribed thereto in Section 3.02(2).

“**Occupancy Period**” has the meaning ascribed thereto in Section 3.02(2).

“**Premises**” means the premises leased by the Company located at 104 Oakdale Road, Toronto, Ontario.

“**Purchasers**” means the entities which purchase the Assets from the Liquidator.

“**Regulated Materials**” has the meaning ascribed thereto in Section 3.05(1).

“**Removal Deadline**” means no later than September 30, 2014.

“**Sales**” has the meaning ascribed to it in section 2.01(3).

“**Software**” means all software used by the Company to operate the machinery and equipment forming part of the Assets, including such software as may be located in such machinery and equipment, personal computers or USB keys which are currently used by the Company for the purpose of operating such machinery and equipment.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Transfer Taxes**” has the meaning set out in Section 2.04(2).

“**Turnover Date**” means September 1, 2014 (or such earlier date as may be determined by the Company), being the date upon which the Company shall cease use and operation of the Assets.

1.02 Headings

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

1.03 Extended Meanings

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities. The term “including” means “including without limiting the generality of the foregoing”.

1.04 Statutory References

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.05 Currency

All references to currency herein are to lawful money of Canada.

1.06 **Schedules**

The following are the Schedules to this Agreement:

- Schedule “A” - Assets Located at the Premises
- Schedule “B” - Stored Assets
- Schedule “C” - Excluded Assets

ARTICLE 2 – SALE OF ASSETS

2.01 **Appointment of Liquidator**

(1) Upon and subject to the terms and conditions hereof, the Liquidator agrees to sell on behalf of the Company, and the Company appoints the Liquidator as its exclusive agent to sell to Purchasers all of the Company right, title, benefit and interest in and to all of the Assets.

(2) If the Company and/or the Liquidator is not entitled to sell any of the Assets by reason of a claim to or proceeding in respect of any such Asset(s), the Company will advise the Liquidator in writing and such items will be excluded (hereinafter an “**Additional Excluded Asset**”) from the Assets to be sold by the Liquidator on and subject to the terms set forth herein.

(3) The Liquidator will sell the Assets to Purchasers in accordance with the Liquidator’s standard auction procedures subject to the terms of this Agreement. The sale of the Assets by the Liquidator to Purchasers shall be by way of a public auction (“**Auction**”) conducted at the Premises, and/or by prior private sale (referred to together with the Auction as “**Sales**”).

(4) The Liquidator will not, and will have no authority to, incur any liability or obligation on behalf of the Company. The sole authority of the Liquidator, as agent of the Company, is to convey to Purchasers the Company’s right, title, interest and benefit in and to the Asset(s) sold to each Purchaser.

2.02 **Net Minimum Guarantee**

(1) Subject to Sections 2.01 (2) and Sections 2.08 and 3.01, the Liquidator guarantees in favour of the Company that Net Proceeds shall not be less than \$ [REDACTED] subject to the adjustments set forth in this Agreement (the “**Net Minimum Guarantee**”).

(2) If the Company advises the Liquidator in accordance with Section 2.01(2) herein as to an Additional Excluded Asset(s), the Net Minimum Guarantee will be reduced by the fair market value of such item. Fair market value shall be determined by the Company and the Liquidator, both acting reasonably, failing which an independent third party expert shall be retained at the parties’ joint cost to determine the fair market value of such Additional Excluded Asset. The determination of such expert shall be final and binding on the parties.

2.03 Buyer's Premium

The Liquidator shall be entitled to charge and retain, free of any claim of the Company, a buyer's premium in the amount of ■% of the selling price of any Asset in addition to the price obtained at an Auction (or private sale) for any Assets sold by the Liquidator ("**Buyer's Premium**"). The Buyer's Premium shall not form part of the Net Proceeds or be subject to the proceeds sharing formula set out in Section 2.04(4)(d) hereof.

2.04 Proceeds of Sale and Payment of Taxes

(1) The Liquidator will be responsible for the collection of the Gross Proceeds. The Liquidator will prepare and provide an Auction statement setting out the Gross Proceeds of the Auction and the amounts payable under section 2.04(4) (the "**Auction Statement**") to the Company within ten days after the Auction Date. Both the Company and the Monitor shall have the right to audit the Auction Statement at such party's own expense.

(2) The Liquidator will collect from the Purchasers and will remit, or cause to be remitted or paid, any applicable federal and provincial sales taxes, goods and services taxes, harmonized sales taxes, excise taxes, all transfer, value added, *ad-valorem*, use, consumption, retail sales, social services, or other similar taxes or duties (other than income taxes of the Company) payable under any Applicable Law on or with respect to any Sale of any Assets (collectively, "**Transfer Taxes**"). The Liquidator will pay the Transfer Taxes in accordance with the relevant taxing legislation when due and deliver to the Company and the Monitor evidence confirming the Liquidator's payment of, or exemption from payment of, the Transfer Taxes in form and substance reasonably acceptable to the Company and the Monitor. The Liquidator will indemnify and hold the Company and the Monitor harmless in respect of any Transfer Taxes, penalties, interest and other amounts that may be assessed against the Company and/or the Monitor under any Applicable Law as a result of the failure to collect and/or remit all such Transfer Taxes.

(3) The Liquidator will pay to the Company an amount equal to the unpaid Net Minimum Guarantee (less any adjustment as provided in this Agreement) less the Deposit by no later than two (2) Business Days prior to the date of the Auction scheduled by the Liquidator ("**Auction Date**")

(4) Without limiting the Liquidator's liability to pay the Net Minimum Guarantee, the Net Proceeds will be distributed by the Liquidator in the following order of priority within 21 days of delivery of the Auction Statement, unless otherwise agreed in writing between the Liquidator and the Company:

- (a) firstly, to the Liquidator an amount equal to (i) the Net Minimum Guarantee (as may be adjusted pursuant to the terms of this Agreement);
- (b) secondly, to the Liquidator, the Expense Amount;
- (c) finally, all remaining Net Proceeds shall be paid to the Company.

2.05 Deposit

(1) Within two (2) Business Days following the execution by the Company of this Agreement, the Liquidator shall pay the sum of \$ [REDACTED] to be held as a deposit (“**Deposit**”).

(2) The Deposit will be credited and applied against the Net Minimum Guarantee by the Company on the Condition Date.

2.06 All Sales to be “As Is, Where Is”

(1) Notwithstanding any other provision of this Agreement, the Liquidator acknowledges that it has inspected the Assets and except as otherwise expressly provided in this Agreement, no representation, warranty or condition whether statutory (including under the *Sale of Goods Act* (Ontario), the International Sale of Goods Contracts Convention Act(Canada) and the International Sale of Goods Act(Ontario) or any international equivalent act which may be applicable to the subject matter pursuant to the provisions of this Agreement, including the United Nations Convention on Contracts for the International Sale of Goods, expressed or implied, oral or written, legal, equitable, conventional, collateral or otherwise will be given by the Company as to description, fitness for purpose, merchantability, quantity, condition, quality, suitability, durability, assignability, or marketability thereof or any other matter or thing whatsoever, and all of the same are expressly excluded. The Liquidator acknowledges and agrees that it has inspected the Assets on the Inspection Date and has relied on its own investigations as to the matters set out above and in determining to enter this Agreement.

(2) The Liquidator agrees that all Sales of the Assets to the Purchasers will be on the “as is, where is” basis as detailed in Section 2.06(1) hereof and shall be final and consistent with the terms of Section 2.06(1) above. The Liquidator will ensure that all advertising signs and promotional materials in connection with the Assets advise Purchasers that all sales are made on an “as is, where is” basis and are final, and the Liquidator agrees that all receipts or bills of sale will contain similar language.

(3) The Company agrees that no representation or warranty will be given by it or the Company to Purchasers, whether statutory, express or implied, oral or written, legal, equitable, collateral or otherwise, as to fitness for purpose, suitability, durability, marketability, condition, quantity or quality of the Assets or in respect of any other matter or thing whatsoever.

(4) Notwithstanding the foregoing or anything to the contrary, on the Turnover Date, the Assets shall be in the same location, form and condition as same existed on the Inspection Date.

(5) As soon as practicable after receipt of the Approval and Vesting Order (as hereinafter defined), the Company shall, at its expense, move the Stored Assets to the Premises.

2.07 Obligations and Liabilities Not Assumed

Except as provided in this Agreement or by Applicable Law, the Liquidator does not assume and shall not be liable for any obligations or liabilities of the Company whatsoever, including, without limitation, any and all environmental obligations or liabilities of the Company

relating to the Assets or the Premises, any taxes or duties which may be or become payable by the Company including any income taxes, corporate taxes, realty taxes, source deductions or customs duties which may be or become payable by the Company resulting from or arising as a consequence of the sale of the Assets to the Purchasers (excluding for the avoidance of doubt, any Transfer Taxes as provided in Section 2.04(2) hereof).

2.08 Title to the Assets and Risk of Loss

(1) Until sold to Purchasers, title to the Assets will remain with the Company, and the Assets will remain at the Company's risk. In the event of any loss of or damage to some or all of the Assets prior to the sale of such Assets to Purchasers:

(a) where all or substantially all of the Assets are lost or damaged, for the purposes of this Agreement, the Liquidator shall have the option to (i) accept the insurance proceeds - which shall be considered Gross Proceeds from the sale of Assets for the purpose of the calculation of the Net Minimum Guarantee and complete the transaction contemplated herein; or (ii) terminate this Agreement, in which case both parties shall be released from all obligations hereunder, other than the obligation of the Liquidator to make any payment required by Section 7.03 hereof and the obligation of the Company to return the Deposit to the Liquidator and the Company shall reimburse (i) the payment made by the Liquidator (if any) pursuant to section 2.04(3), and (ii) the Liquidator's actual and reasonable out of pocket expenses incurred between the date of this Agreement and the date of such termination, up to a maximum of the Expense Amount; and

(b) in the event of the loss of or damage to some items of the Assets, the fair market value of such item, determined in same manner in accordance with Section 2.02(2) hereof as if such item were an Additional Excluded Asset, shall be deducted from the Net Minimum Guarantee and such items of Assets shall become Excluded Assets (and for greater certainty the insurance proceeds of such Excluded Assets shall accrue to the benefit of the Company).

(2) The Company will maintain first party all risk property insurance and boiler and machinery insurance in accordance with the form and extent of coverage that the Company had in place from time to time in their usual business activities in respect of loss or damage in respect of the Assets. In the event of any loss, damage or claim in respect of any risk for which insurance is carried as aforesaid arising before the Condition Date, the Liquidator, as an additional condition hereunder, will be entitled to be satisfied that the Company has put the applicable insurers on written notice of the loss.

2.09 Liquidator Dealing with Assets

The Liquidator will deal with the Assets in accordance with proper liquidation industry practices using qualified personnel during the Occupancy Period. The Liquidator covenants and agrees that it will provide evidence to the Company and the Monitor of liability insurance in favour of the Liquidator in the amount of no less than CAD \$5 million.

2.10 Approval and Vesting Order

The Company shall ensure that the Approval and Vesting Order includes a provision or provisions that provide that title to the Assets acquired by the Purchasers is vested free and clear of all liens, encumbrances, security or any other interest upon payment of the agreed upon purchase price to the Liquidator.

ARTICLE 3– POSSESSION, DELIVERY AND REMOVAL OF ASSETS

3.01 Delivery of the Assets

(1) The Company represents and warrants that, other than the Stored Assets, the Assets are all located at the Premises and agrees that following the Auction the Assets sold by the Liquidator shall be surrendered to the Purchasers at the Premises.

(3) The Liquidator acknowledges that the Company shall continue to use the Assets located at the Premises until the Turnover Date. On the Turnover Date, the Assets shall be inspected by the Company and the Liquidator to ensure that they are in the same location and condition as the same existed on the Inspection Date. If they are not in the same location or condition, the Liquidator and the Company, acting reasonably, shall agree to a reduction in the amount of the Net Minimum Guarantee. If the Liquidator and the Company cannot agree to the amount of such reduction then an independent third party expert shall be retained at the parties' joint cost to determine the amount of such reduction. The determination of such expert shall be final and binding upon the parties.

3.02 Access to the Premises and Occupancy Costs

(1) Immediately following the execution of this Agreement by the Liquidator until the Turnover Date, the Company shall provide the Liquidator with reasonable access to the Premises during regular business hours (8:00 a.m. to 6:00 p.m.) on Business Days, unless otherwise agreed to by the Liquidators and the Company. During this period, the Liquidator shall not interfere with the Company's ongoing operations.

(2) From and after the Turnover Date, the Company shall provide the Liquidator and its agents, employees and representatives with reasonable access to the Premises to the Removal Deadline (the "**Occupancy Period**") on a 24 hour per day, 7 days per week basis, for the purposes of viewing and inspecting the Assets, showing the Assets to prospective purchasers and preparing for and conducting the Auctions and removing the Assets. The Company shall ensure that all of its employees, agents and representatives do not interfere with the Liquidator's activities. During the Occupancy Period, the Company shall deliver to the Liquidator keys to the Premises, particulars of the alarm codes and names of all persons who shall continue to have access to the Premises. The Company agrees to pay all rent and garbage disposal costs and shall be responsible for the continued supply of all utilities to the Premises, including, without limitation, gas, water, heat, hydro and telephone, and for the maintenance of fire and third-party liability insurance on the Premises all at the Company's sole cost (the "**Occupancy Costs**").

(3) The Company shall be solely responsible for all of the acts or omissions of its employees, agents, invitees, representatives and others who have access to the Premises.

(4) Following the Auction Sale, the Company and the Liquidator shall cooperate with the other so that the Liquidator can efficiently facilitate the removal of the Assets and the Company can complete its remediation obligations with respect to the Premises.

3.03 Conduct of Sales and Auctions

The Company acknowledges that the Liquidator intends to sell the Assets by one or more Sales. The Company hereby consents to the use by the Liquidator of the phrase “Public Auction Sale, KK Precision Inc.” and the use of any other trade names or trade-marks owned by the Company in advertisements for the Auction during the period up to and including the Auction Date. The Liquidator shall have the right to supplement the Assets being sold on the Premises and the parties agree that such supplemented assets will not form part of the Assets and the terms of this Agreement will not apply thereto.

3.04 Removal of Assets

The Liquidator shall be responsible for removing the Assets from the Premises by the Removal Deadline and shall leave the Premises in an orderly and workmanlike condition following such removal by no later than the Removal Deadline. The Company shall, at its expense, segregate or remove from the Premises the Excluded Assets (save and except for any Excluded Assets that might be owned by the Company’s landlord) prior to the Auction Date. Any Asset requiring disassembling and moving will be done at the expense of the Liquidator. The Liquidator shall have no obligation to remove or disassemble Excluded Assets or remove from the Premises or dispose of any debris, paper, materials, books, records or other similar items which are not included in the Assets.

After completion of the Auction by the Liquidator at the Premises, the Liquidator shall supervise the removal of all of the Assets from the Premises, which removal shall be at no cost to the Company and shall be done in a workmanlike manner, consistent with good industrial practice, and completed by the Removal Deadline. The Liquidator shall be responsible for leaving the Premises used by it in an orderly manner and workmanlike condition. The Liquidator shall remedy or repair any condition resulting from the removal of Assets, including without limitation, having all electrical wires and air/water/other lines removed and/or capped to the buss bar/nearest wall, all bolts “blown off. For greater certainty, the Liquidator shall not be responsible for filling in holes in the floor, walls or roof. Furthermore, the cost of the removal and disposal of any oils, lubricants or fluids contained in any of the machines comprising the Assets together with all garbage and debris located at the Premises shall be for the Company’s account.

3.05 Regulated Materials

(1) No provision of this Agreement shall be construed so as to require the Liquidator to investigate, clean up, remove or remedy any adverse or other environmental condition existing at the Premises, or to be responsible for any environmental liabilities, or be liable for the investigation, clean up or remediation of any environmental liabilities, including any cost relating to any investigation, clean up or remediation of such environmental condition or liability or any Regulated Materials (as hereinafter defined) or other adverse environmental condition

existing at, under, on or near the Premises, or contained in the Assets save and except to the extent that the Liquidator or its agents, employees, invitees and guests have caused a spill of such Regulated Materials at, under, on or near the Premises. The costs and expenses associated with the removal of all Regulated Materials located on or near the Premises or contained in the Assets shall be for the Company's account. For the purposes of this Agreement, "**Regulated Materials**" means any substance or material that is or becomes prohibited, controlled or regulated by any governmental authority whether federal, provincial, regional, municipal or local, including, without limitation, any paints, solvents, PCB's, asbestos, contaminants, pollutants, dangerous substances, toxic substances, designated substances, controlled products, wastes, hazardous wastes, subject wastes, regulated materials, dangerous goods or petroleum, its derivatives, by-products or other hydrocarbons, all as defined in or pursuant to any laws, regulations, by-laws, guidelines, policies, approvals, permits or orders rendered by any governmental authority.

(2) Nothing in this Agreement shall oblige the Liquidator and the Liquidator shall not, in fact, be liable for any environmental obligations or liabilities which are existing obligations or liabilities of the Company. The Company acknowledges that during the Occupancy Period, the Liquidator is not in care, management, possession or control of the Premises as contemplated by any environmental laws, regulations, by-law, guidelines, policies, approvals, permits or orders of any governmental authority.

ARTICLE 4 – REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS

4.01 Company's Representations and Warranties

The Company represents and warrants to the Liquidator that:

- (a) subject to obtaining the Approval and Vesting Order, the Company has, the good and sufficient power, authority and right to enter into and deliver this Agreement and to complete the transactions to be completed by the Company contemplated hereunder;
- (b) the Company is the legal and beneficial owner of the Assets;
- (c) other than pursuant to its debt obligations owing to the Bank of Montreal (and its affiliates), the Company has not encumbered, sold or agreed to sell any of the Assets;
- (d) The recitals to this Agreement are true and correct and that, subject to the receipt of the Approval and Vesting Order, the Assets can be conveyed to Purchasers free and clear of any and all liens, security interests and/or other interests of any nature or kind;
- (e) Except for this Agreement, and as otherwise provided for herein, there are no outstanding options, agreements or rights capable of becoming an agreement obligating the Company to sell the Assets or any of them to any person;

- (f) The Company is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 10285 5871 RT0001; and
- (g) The Company is not a non-resident person within the meaning of section 116 of the *Income Tax Act*.

4.02 Survival of Company's Representations, Warranties and Covenants

(1) The representations and warranties of the Company set forth in Section 4.01 will survive the completion of the transactions contemplated hereunder.

(2) The covenants of the Company set forth in this Agreement will survive the transactions contemplated hereunder and, notwithstanding such completion, will continue in full force and effect for the benefit of the Liquidator in accordance with the terms of this Agreement until the Survival Date.

4.03 Liquidator's Representations, Warranties and Acknowledgement(s)

The Liquidator represents, warrants and acknowledges to the Company that:

- (a) the Liquidator is a corporation duly incorporated, organized and subsisting under the laws of Ontario and has all the necessary corporate power and authority to enter into this Agreement and to carry out its obligations hereunder;
- (b) the Liquidator has good and sufficient power, authority and right to enter into and deliver this Agreement and to complete the transactions to be completed by the Liquidator contemplated hereunder;
- (c) subject to obtaining the Approval and Vesting Order, this Agreement constitutes a valid and legally binding obligation of the Liquidator, enforceable against the Liquidator in accordance with its terms;
- (d) neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Liquidator will result in a violation of: (i) any of the provisions of the constating documents or by-laws of the Liquidator ; (ii) any agreement or other instrument to which the Liquidator is a party or by which the Liquidator is bound; or (iii) any Applicable Law;
- (e) other than the Approval and Vesting Order, no authorizations, consents or approvals of, or filing with or notice to, any Governmental Authority is required in connection with the execution, delivery or performance of this Agreement; and
- (f) the Liquidator is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 864299052 RT0001.

4.04 Survival of Liquidator's Representations, Warranties and Covenants

(1) The representations and warranties of the Liquidator set forth in Section 4.03 will survive the completion of the transactions contemplated hereunder.

(2) The covenants of the Liquidator set forth in this Agreement will survive the completion of the transactions contemplated hereunder and, notwithstanding such completion, will continue in full force and effect for the benefit of the Company in accordance with the terms of this Agreement until the Survival Date.

ARTICLE 5– OTHER COVENANTS OF LIQUIDATOR AND COMPANY

5.01 Representations and Warranties

Each of the Company and the Liquidator will ensure that its representations and warranties set out in herein are true and correct at the time of each sale of any of the Assets to a Purchaser.

5.02 Indemnities

(1) The Liquidator agrees to indemnify and save harmless the Company, the Monitor, and their representatives and advisors from and against all Claims, suffered or incurred by any of them from and after the date hereof as a result of or arising directly or indirectly out of or in connection with any negligence, wilful acts, omissions or misconduct of the Liquidator or its officers, employees, contractors, licensees, agents or invitees during the Occupancy Period, or the breach of any provision hereof by the Liquidator.

(2) In addition to any other provision for indemnification by the Liquidator contained in this Agreement, the Liquidator will indemnify and save harmless the Company and its directors, officers, employees, agents and advisors (collectively, the “**Company Indemnified Parties**”) from and against: all Claims incurred by the Company Indemnified Parties directly or indirectly resulting from and arising out of or relating to any breach of any covenant of the Liquidator contained in this Agreement or from any inaccuracy or misrepresentation in any representation or warranty set forth in this Agreement by the Liquidator including all Claims incurred by the Company Indemnified Parties directly or indirectly as a result of the Liquidator not collecting or remitting the Transfer Taxes. The provisions of this Section 5.03(2) will inure to the benefit of the Company Indemnified Parties and their respective successors and assigns.

(3) The Company agrees to indemnify and save harmless the Liquidator and its officers, directors, employees, agents, representatives and advisors from and against all Claims, suffered or incurred by any of them from and after the date hereof as a result of or arising directly or indirectly out of or in connection with any negligence or misconduct of the Company or its employees, contractors, licensees, agents or invitees during the Occupancy Period, including any damage caused by any such employees, contractors, licensees, agents or invitees to the Premises or the Assets.

5.03 Cooperation on Tax Matters

(1) The Liquidator and the Company agree to make, execute and file with the appropriate taxing authorities all elections or purchase exemption certificates as the parties hereto agree are mutually desirable, if any, in prescribed form and within the prescribed time.

(2) The Company and the Liquidator will furnish or cause to be furnished to each other, at the expense of the requesting party, as promptly as practicable, such information and assistance, and provide additional information and explanations of any material provided, relating to the Assets as is reasonably necessary for the filing of any tax returns, for the preparation of any audit, and for the prosecution or defence of any claim, suit or proceeding relating to any adjustment or proposed adjustment with respect to Transfer Taxes.

ARTICLE 6– APPROVAL AND VESTING ORDER

6.01 Approval and Vesting Order

(1) The Company shall, forthwith upon execution of this Agreement, make application to the Court to obtain an order approving the transactions contemplated by this Agreement which order shall include the language contemplated by Section 2.10 hereof (the “**Approval and Vesting Order**”) and this Section 6.01.

(2) The Company shall redact the economic terms (including, without limitation the amount of the Net Minimum Guarantee) in the materials submitted to the Court in connection with the Approval and Vesting Order.

(3) If the Approval and Vesting Order is not obtained within 21 days from the date of execution of this Agreement, the Liquidator shall have the right, in its sole and unfettered discretion to terminate this agreement upon which the Deposit shall be returned to the Liquidator without set-off or deduction and the Company shall reimburse the Liquidator for its actual and reasonable out of pocket expenses incurred between the date of this Agreement and the date of termination up to a maximum of \$██████ per with this Agreement shall be at an end.

ARTICLE 7 - CONDITIONS

7.01 Conditions for the Benefit of the Liquidator

(1) The transactions contemplated hereunder are subject to the following conditions, which are for the exclusive benefit of the Liquidator and which are to be performed or complied with at or prior to the Condition Date:

- (a) the representations and warranties of the Company set forth in Section 4.01 will be true and correct with the same force and effect as if made at and as of such time;
- (b) the Company will have performed or complied with all of the terms, covenants and conditions of this Agreement to be performed or complied with by the Company;

- (c) no order will have been made to restrain, enjoin or prohibit the purchase and sale of all or substantially all of the Assets;
- (d) no material damage by fire or other hazard to all or substantially all of the Assets will have occurred from the date hereof; and
- (e) receipt of the Approval and Vesting Order.

(2) In case any material term or covenant of the Company or condition to be performed or complied with for the benefit of the Liquidator at or prior to the Condition Date has not been performed or complied with at or prior to the Condition Date, the Liquidator, without limiting any other right that the Liquidator has, may at its sole option acting reasonably, either:

- (a) rescind this Agreement by notice to the Company, and in such event the Liquidator will be released from all obligations hereunder; or
- (b) waive compliance with any such term, covenant or condition in whole or in part with respect to any such non-compliance on such terms as may be agreed upon without prejudice to any of its rights of rescission or to claim damages in the event of the non-performance of such term, covenant or condition in whole or in part or of any other term, covenant or condition in whole or in part;

and, if the Liquidator rescinds this Agreement pursuant to Section 7.01(2)(a) the Company will be released from all obligations hereunder unless the term, covenant or condition for which the Liquidator has rescinded this Agreement was one that the Company had covenanted hereunder, to ensure had been performed or complied with, in which event the Company will be liable to the Liquidator for any Claims incurred by the Liquidator directly or indirectly as a result of such breach. Provided however that in the event of a rescission for any reason whatsoever under this Section the Liquidator shall be entitled to the return of the Deposit plus accrued interest thereon and the Company shall reimburse the Liquidator's actual and reasonable out of pocket expenses incurred between the date of this Agreement and the date of such termination, to a maximum of the Expense Amount.

7.02 Conditions for the Benefit of the Company

(1) The transactions contemplated hereunder are subject to the following conditions, which are for the exclusive benefit of the Company and which are to be performed or complied with at or prior to the Condition Date:

- (a) the representations and warranties of the Liquidator set forth in Section 4.03 will be true and correct with the same force and effect as if made at and as of such time;
- (b) the Liquidator will have performed or complied with all of the terms, covenants and conditions of this Agreement to be performed or complied with by the Liquidator at such time;

- (c) no order will have been made to restrain, enjoin or prohibit the purchase and sale of all or substantially all of the Assets;
- (d) no material damage by fire or other hazard to all or substantially all of the Assets will have occurred from the date hereof; and
- (e) receipt of the Approval and Vesting Order.

(2) In case any material term or covenant of the Liquidator or condition to be performed or complied with for the benefit of the Company at or prior to the Condition Date has not been performed or complied with at or prior to the Condition Date, the Company, without limiting any other right that the Company has, may at its sole option acting reasonably, either:

- (a) rescind this Agreement by notice to the Liquidator, and in such event the Company will be released from all obligations hereunder, or
- (b) waive compliance with any such term, covenant or condition in whole or in part on such terms as may be agreed upon without prejudice to any of its rights of rescission in the event of non-performance of any other term, covenant or condition in whole or in part,

and, if the Company rescinds this Agreement pursuant to Section 7.02(2)(a), the Liquidator will also be released from all obligations hereunder unless the term, covenant or condition for which the Company has rescinded this Agreement was one that the Liquidator had covenanted hereunder, to ensure had been performed or complied with, in which event the Liquidator will be liable to the Company for any Claims incurred by the Company directly or indirectly as a result of such breach. In that event, the Assets may be resold by the Company and all money paid by the Liquidator under this Agreement, including the Deposit, plus interest, will be forfeited on account of liquidated damages, but such forfeiture will not be deemed to constitute the full extent of liquidated damages payable by the Liquidator as a result of the Company's rescission pursuant to Section 7.02(2)(a).

7.03 Proceeds of Sales Made Prior to Termination

If this Agreement is terminated by either party pursuant to Article 7 or Section 2.08, and notwithstanding such termination, the Net Proceeds of any Sales made by the Liquidator (or by the Company) prior to the date of such termination shall be immediately paid by the Liquidator to the Company, and the Liquidator shall be responsible for, and remit all Transfer Taxes in respect of such Sales.

ARTICLE 8 – FORCE MAJEURE

8.01 Force Majeure

A failure by either party to perform any obligation under this Agreement as a result (in whole or in part) of *force majeure* will not constitute a default under this Agreement, and neither party will have any liability to the other as a result of any such failure to perform. A party who contends that its performance is excused by reason of *force majeure* must give prompt written

notice to the other party specifying the condition constituting the same and use all commercially reasonable efforts to rectify such condition as soon as possible. For the purposes hereof, *force majeure* means any of the following: lightning, storms, earthquakes, floods, droughts, fires, explosions, failure or reduction of power supplies, failure to perform by (or damage to) plant, machinery, equipment or other property, shortages of labour, strikes, protests, lock-outs or other labour disturbances (whether or not under a party's control) or any other action taken by any person in connection therewith, expropriation, action of any government or governmental body or court, acts of God or any other cause, whether similar to or dissimilar from the foregoing, beyond the reasonable control of the party seeking to take advantage of *force majeure* and affecting performance by such party.

8.02 Assistance

The Liquidator and the Company will co-operate with each other in a commercially reasonable manner in the event of any labour disruption or *force majeure* that interferes with the sale of the Assets or the ability of the Liquidator to perform its obligations hereunder with a view to alleviating such interference.

ARTICLE 9 - GENERAL

9.01 Further Assurances

Each of the Company and the Liquidator shall from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may, at such requesting party's cost, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

9.02 Time of the Essence

Time shall be of the essence of this Agreement.

9.03 Benefit of the Agreement

This Agreement shall inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto.

9.04 Fees and Commissions

Except as expressly provided herein, each of the Company and the Liquidator will pay its respective legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement and any other costs and expenses whatsoever and howsoever incurred and will indemnify and save harmless the other from and against any Claim for any broker's, finder's or placement fee or commission alleged to have been incurred as a result of any action by it in connection with the transactions under this Agreement.

9.05 Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

9.06 Amendments and Waiver

No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by both of the parties hereto and no waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived.

9.07 Assignment

This Agreement may not be assigned by the Liquidator without the prior written consent of the Company.

9.08 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery, by registered mail or by electronic means of communication addressed to the recipient as follows:

To the Company:

KK Precision Inc.
104 Oakdale Road
Toronto, ON
M3N 1V9

Attention: Garth Wheldon
email: gwheldon@kkprecision.com

With a copy to
Dentons Canada LLP
77 King Street West, Suite 400
Toronto, ON, Canada
MK5 0A1

Attention: John Salmas
email: John.Salmas@dentons.com

To the Liquidator:

Infinity Asset Solutions Inc.
63 Maplecrete Road
Concord Ontario
L4K 1A5
Fax : (905) 669-7512
Attention: Leslie Amoils
email: lamoils@infinityassets.com

With a copy to
Aird & Berlis LLP
181 Bay Street, Suite 1800
Toronto, ON, Canada
M5J 2T9
Attention: Richard Epstein
email: repstein@airdberlis.com

or to such other address, individual or electronic communication number as may be designated by notice given by either party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the 4th Business Day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such demand, notice or other communication shall not be mailed but shall be given by personal delivery or by electronic communication.

9.09 **Counterparts**

This Agreement may be executed in several counterparts and all counterparts when taken together shall comprise one and the same instrument, and facsimile copies of signatures shall be treated as originals for all purposes.

9.10 **Execution by Facsimile**

This Agreement may be executed in two counterparts, each of which shall be considered an original agreement, and both of which constitute the same agreement. The delivery by either party of a signed copy of this Agreement by facsimile shall constitute acceptance of this agreement by the party, but each party shall thereafter deliver to the other an original executed copy of the Agreement.

9.11 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

9.12 Attornment

For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have jurisdiction to entertain any action arising under this Agreement. The Company and the Liquidator each attorns to the jurisdiction of the courts of the Province of Ontario.

9.13 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision will not affect the validity or enforceability of any other provision of this Agreement, all of which will be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction will not affect such provision validity or enforceability in any other jurisdiction.

9.14 Confidentiality

The Liquidator and the Company shall keep confidential all information and documents which may have been or may hereafter be exchanged between them or their representatives or may have been retained by the Liquidator or the Company, except for such information and documents as are available to the public, required to be disclosed by applicable law or court order.

[signatures follow on next page]

IN WITNESS WHEREOF the parties have executed this Agreement.

KK PRECISION INC.

Per:


Name: George Koulikian
Title: President

INFINITY ASSET SOLUTIONS INC.

Per:

Leslie Amoils, President

IN WITNESS WHEREOF the parties have executed this Agreement.

KK PRECISION INC.

Per: _____

Name:

Title:

INFINITY ASSET SOLUTIONS INC.



Per: _____

Leslie Amoils, President

SCHEDULE "A"

ASSETS LOCATED AT THE PREMISES

**TO BE FILED
SEPERATELY**

SCHEDULE "B"
STORED ASSETS

**TO BE FILED
SEPERATELY**

SCHEDULE "C"
EXCLUDED ASSETS

**TO BE FILED
SEPERATELY**

TAB B

Exhibit "B" to the Affidavit of Garth Wheldon,
sworn before me this 25th day of July, 2014.



Commissioner for Taking Affidavits, etc.

**Aoife Catherine Quinn,
a Commissioner, etc., Province of
Ontario, while a Student-at-Law.
Expires May 1, 2017.**

June 16, 2014

KK Precision Inc. (“KKP” or the “Company”) – Request for Offer to Purchase Assets

Dear Sirs:

On May 30, 2014, KKP obtained an order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List), pursuant to the Companies’ Creditors Arrangement Act (the “**CCA**”). Richter Advisory Group Inc. (the “**Monitor**”) was appointed as Monitor of the Company during its CCA proceedings.

Located in Toronto, Ontario, KKP manufactures medium-to-large, highly complex gas turbine engine components and sub-assemblies used in the energy, marine and defence sectors.

At this time, the Company is pursuing an orderly wind-down of its operations, and will be continuing production activities until August 31, 2014, at the latest, pursuant to the terms of an Accommodation Agreement approved in the Initial Order.

KKP, in consultation with the Monitor, is soliciting offers to purchase the Company’s production assets (as detailed in the attached machinery and equipment listing), or alternatively in respect to the business on a going concern basis, as appropriate (the “**Sale Process**”). The Monitor will be involved in all aspects of the Sales Process to ensure that the marketing process is reasonable and that prospective interested parties have the ability to make an offer for the Company’s assets.

Prior to the Company’s CCA proceedings, certain interested parties submitted offers to KKP to purchase its machinery and equipment (the “**Initial Offers**”). Parties that submitted Initial Offers, which they want the Company to consider as part of the Sales Process, are required to confirm the terms of their Initial Offer in writing to the Company and the Monitor. Parties that submitted Initial Offers are, however, permitted to amend their offer in accordance with the procedures set out herein. Initial Offers, which are not confirmed in writing to the Company and Monitor, will not be considered.

Offers to purchase the Company’s assets are required to be submitted on or before **5:00 p.m. EST, Monday, July 7, 2014**. With respect to KKP’s machinery and equipment, only en bloc offers will be considered. Offers must include the following items:

- 1) the price to be paid and the form of consideration;
- 2) the assets to be purchased (other than machinery and equipment detailed in the attached listing, which must be included en bloc, as part of any qualified offer);
- 3) conditions precedent; and
- 4) any other material terms to the offer.

Please note that the successful offeror will be required to remove all purchased assets from the Company’s facility located at 104 Oakdale Road, Toronto, Ontario by no later than **September 30, 2014**.

Parties interested in viewing and inspecting the Company’s machinery and equipment should contact Mr. Garth Wheldon at 416-742-5911 or gwheldon@kkprecision.com to schedule an appointment to attend at the Company’s premises.

All offers will be reviewed by the Company, in consultation with the Monitor, and subject to the **Company's and/or the Monitor's discretion, additional clarifications and negotiations may be required.**

The Company reserves the right to negotiate with one or more interested parties at any time and to enter into a definitive agreement without notice to any other interested party. The Company and the Monitor reserve the right not to pursue a transaction of the nature contemplated hereby and to terminate, at any time, in their sole discretion, further participation in the investigation process by any interested party and to modify any data, documentation or other procedures, as may be necessary, without giving any reason therefor.

The acceptability of any offer received is to be determined by the Company in consultation with the Monitor. The Sales Process contemplates that the Company is not required to accept the highest, best or any offer received. In the event that an offer is acceptable, the successful offeror will be provided with a template asset purchase agreement which will form the basis of the transaction. Please note that any sale of the Company and/or its assets will be subject to the approval of the Ontario Superior Court of Justice (Commercial List), which approval will be sought by KKP prior to the end of July 2014.

All inquiries regarding the Company and/or the Sales Process, including any requests for additional **information or to submit offers to purchase the Company's assets, should be directed to the following** individuals:

KK Precision Inc.
Garth Wheldon
416-742-5911
gwheldon@kkprecision.com

Richter Advisory Group Inc.
Adam Sherman
416-642-4836
asherman@richter.ca

KK Precision Detailed Machines and Equipment List

April 1, 2014

Item#	Qty	Description
1	1	1989 Fadal "907-1" 60" x 30" 4-Axis Vertical Machining Centre (S22104) S/N 8907483 w/ 21-Pocket Automatic Tool Changer, CAT 40 Spindle, 6,000 RPM, Fadal "CNC88" CNC Control, 4-Axis Capability w/ Tekmara 4th Axis Rotary Indexer
2	1	Jones & Shipman "540H" 6" x 18" Hydraulic Hand Surface Grinder (S32202) S/N B074193 w/ 2,880 RPM Maximum Speed
3	1	1993 Hardinge "Super Precision HLV-H" Tool Room Lathe (S11201) S/N 14867-T w/ Variable Speed, 125 to 3,000 RPM, Accurite "Master TP" 2-Axis Digital Read-Out, Power Traverse, Collett Attachment, Coolant
4	1	Miller Tig Runner Welder S/N LE415751 w/ Miller Cool Mate 3, Cart
5	1	Avery "3901 AAG" 1000 lb. cap. Portable Beam Scale S/N S-6810069
6	1	Jib Boom Floor Mounted w/ Electric Chain Hoist
7	1	Bridgeport "Series 1" 2HP Vertical Milling Machine S/N 370860482W w/ 9" x 42" Table, R8 Spindle Taper, 36 to 4,200 RPM, Bridgeport Power Longitudinal Feed, 1-Shot Lubrication, Coolant
8	1	Bridgeport "Series 1" 2HP Vertical Milling Machine (S22203) S/N J193485 w/ R8 Spindle Taper, 9" x 42" Table, 36 to 4,200 RPM, Fagor 3-Axis Digital Read-Out, 1 Shot Lubrication, Bridgeport Rear Mounted Vertical Slotting Head - S/N: E12688
9	1	2004 Mori Seiki "NL2000MC/500" CNC Turning Centre S/N NL201DK0180 w/ 12-Position Turret, (2) Live Spindle Stations, 5000 RPM, Mori Seiki "MSX850" CNC Control, SMW
10	1	Fortuna Cylindrical Grinder (S31201) w/ ID Attachment, 22" Maximum Swing, 16"D Magnetic Chuck, 24"D Wheel, Internal Spindle Attachment, Paper Coolant Filter System
11	1	Wespa "MSP4" Vertical Band Saw (S41201) S/N 683040 w/ 15" Throat, 19" x 19" Tilting Table, 10" Under the Guide, Ideal "BSO" Blade Welder, Grinder and Shear, Variable Speed Drive

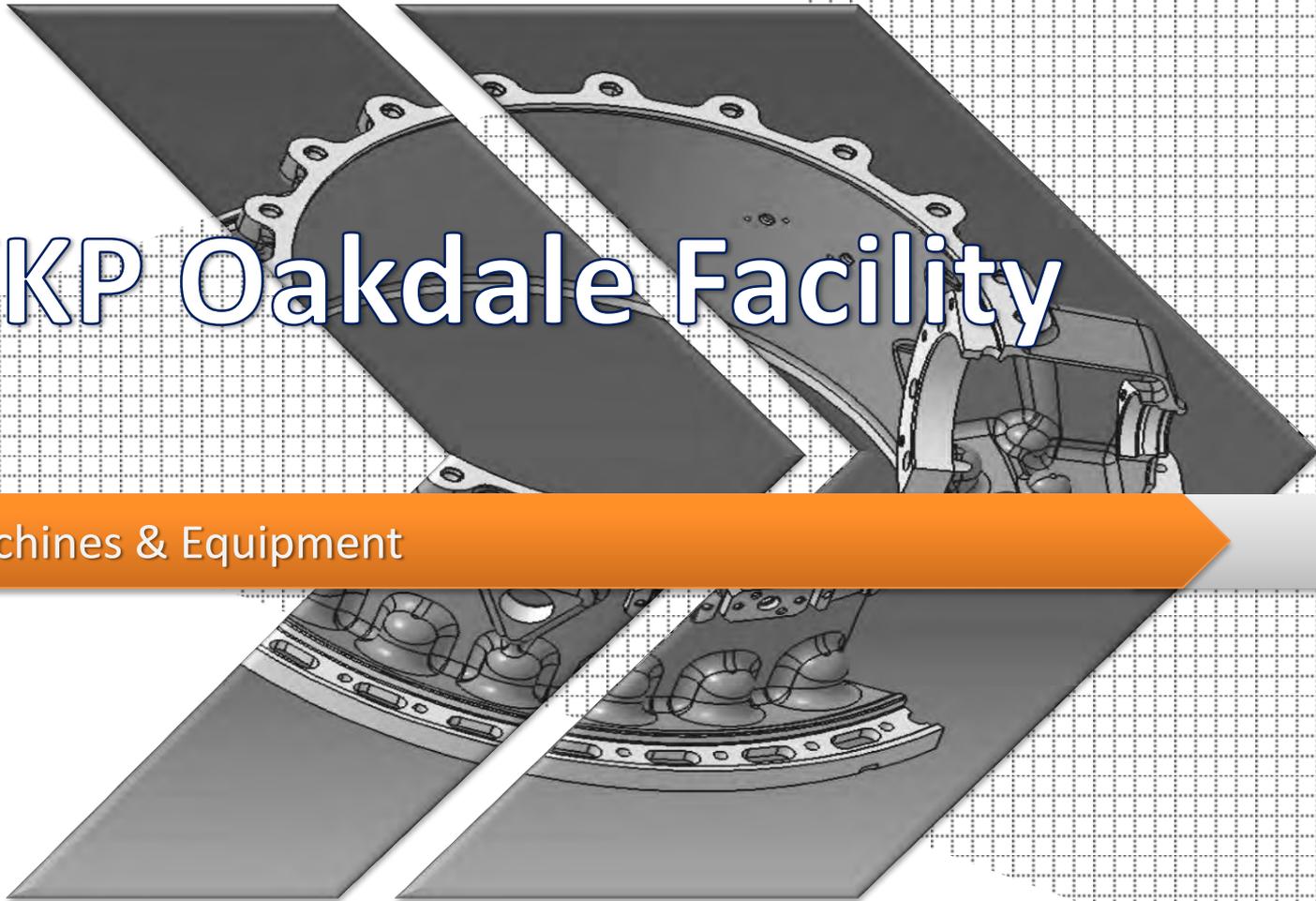
Item#	Qty	Description
12	1	Harrison "M400" Engine Lathe S/N 487084-5857 w/ 16" Maximum Swing Over the Bed, 10" Swing Over the Cross Slide, 50" Maximum Between Centres w/ Removable Gap, 40 to 2,000 RPM Spindle Speed, 2-1/2" Hole Through Spindle, Mitutoyo 2-Axis Digital Read-Out, Rapid Original Tool Post, Coolant, Splash Guard
13	1	2006 Sullair "ES8-20H/A" 20HP Rotary Screw Air Compressor S/N 003-139750 w/ Receiving Tank
14	1	2009 SNK IKEGAI "NB130PE3.5" Horizontal Boring Mill S/N NN00030 w/ Fanuc Series "16i-MB" CNC Control 6 Axis, 87" x 63" Rotary Table, X - 138", Y - 98.4", Z - 63", W - 27.5", Troyke 94" Rotary Table 6th Axis, 60 Station ATC, Chip Conveyor, Control Panel, (2) Right Angle Heads
15	1	2010 Deckel Maho "DMU 160P" Duo Block Horizontal Machining Centre S/N 12080000083 w/ Rotary Table 59.1" x 49.2", X - 63", y - 49.2", Z - 43.3", Max. Spindle Speed 12,000 rpm., 60 Station ATC, Measuring Probes, Tool Probes, Specialized Head Attachments
16	1	Donaldson Torit "WSO25-1" Mist Collector S/N 3625700-01-U01-01
17	1	Schaerer "UD500" Engine Lathe S/N 32-793 w/ 24" Maximum Swing Over the Bed, 12" Over the Cross Slide, 36" Between Centres, 4-Way Tool Post, 3-1/4" Hole Through Spindle, 7 to 1,400 RPM Spindle Speed
18	1	2008 O-M Ltd. "NEO 20" Vertical Turning Centre S/N MT-1611B w/ Fanuc Series "Oi-TC" CNC Control, Table Size 78.75", Swing 94.5", Height 59", Chip Conveyor
19	1	2008 O-M Ltd. "NEO 16" Vertical Turning Centre S/N MT-1596H w/ Fanuc Series "Oi-TC" CNC Control, Table Size 63", Swing 78.75", Height 59", Chip Conveyor

Item#	Qty	Description
20	1	1991 Dainichi "M152X400" 2-Axis CNC Lathe (S11112) S/N 24978 w/ 40" Swing Over the Cross Slide, 150" Between Centres, 750 RPM Maximum Speed, 60"D 4-Jaw Chuck, (2) Steady Rests, Follow Rest, 4-Way Tool Post, Fanuc "Series 15T" CNC Control, Motorized Rapid Tail Stock, Chip Conveyor
21	1	2001 Toshiba "TUE20" 2-Axis CNC Vertical Boring Mill (S12104) S/N 440188 w/ 80"D Table, est. 80" Under the Rail, Single Tool Head w/ 2-Position Holder, Fanuc "Series 18T" CNC Control, Turbo Systems Chip Conveyor, 12-Position Automatic Tool Changer
22	1	2000 Toshiba "TUE20" 2-Axis CNC Vertical Turning Lathe (S12102) S/N 440174 w/ 80"D Table, 90" Maximum Swing, est. 60" Under the Rail, Fanuc "Series 18T" CNC Control, 12-Pocket Automatic Tool Changer
23	1	1968 Giddings & Lewis "VTL" 60" 3-Axis CNC Vertical Turret Lathe (S12101) S/N 510-6968 w/ 60"D Table, Single Head w/ 5-Tool Change, est. 50" Under the Cross Rail, est. Maximum 600 RPM, Fagor CNC Control, Pit Mounted
24	1	Tos Varnsdorf "W100A" 4" Horizontal Boring Mill (S21202) S/N 312246 w/ 49" x 49" Rotary Table, 24"D Facing Head, est. 50" Vertical Travel, 48" Cross Travel, 70" Longitudinal Travel, 7 to 1,120 RPM Spindle Speed, 40" Quill Travel, Fagor 4-Axis Digital Read-Out, Coolant, Work Light, Pendant Control, Outboard Support
25	1	Stanko "2A622-1" Horizontal Boring Mill (S21201) S/N 290 w/ 5" Spindle, Universal Head, 44" x 50" Rotary Table, 35" Longitudinal Travel, 40" Cross Travel, 32" Vertical Travel, 12.5 to 1,250 RPM Spindle Speed, Accurite 3-Axis Digital Read-Out, Coolant, 40" Ram Traverse, Operator's Pendant Control
26	1	Tos "SKJ20" 3-Axis CNC Vertical Boring Mill (S12103) S/N 22120004 w/ (2) Vertical Rams, 80"D Table, est. 50" Maximum Under Rail, 550 RPM Maximum Table Speed, Fagor CNC Control, 63KW Motor, Pit Mounted w/ Hydraulic Power Pack

Item#	Qty	Description
27	Lot	Non-Destructive Test Centre - Consisting of: Floor Mounted Jib Crane w/ CM Lodestar 1-Ton Pendant Controlled Electric Hoist, 2-Door Metal Cabinet, Zyglo "L2948" Inspection Process Machinery - S/N: 77437 w/ Overhead Fume Vent, Stainless Steel Water Wash System w/ Overhead Vent, Zyglo "ZD-2972" Fluorescent Penetrant Pass-Through Type Tester - S/N: 77437, Hooded Work Area w/ Inspection Table, Spectroline "DSE2000A" Radiometer Photometer System, Magniflux "P-500" Testing Unit, Floor Mounted Jib Crane w/ No Hoist, 36" x 48" x 8" Black Granite Surface Plate on Stand, Vulcan "3-550" Bench Top Oven
28	Lot	Assembly, Testing and Cleaning Area - Consisting of: Butcher Block Table w/ Hand-Operated Arbour Press, SIC Marking System w/ Controller, Assorted Rotary Tables, Vises, Work Bench w/ Vise, (2) Test Units (#T001, #T002) w/ Stainless Steel Cabinets, High Pressure Powered Pumps, Digital Control, Micrometer, Assorted Plastic Tote Bins, Sink, Lab Oven, Sterilizer, Assorted Glass Wear, Fisher Scientific "Isotemp" Oven, Fisher Scientific "FS60H" Ultrasonic Rinser Tank, Fisher Scientific "FS60" Cleaner Tank
29	1	1987 OM "TMS2-20/40N" 3-Axis CNC Vertical Boring Mill (S12105) S/N MN864008 w/ GE Fanuc "Series 18i-T" CNC Control, 90"D Table, 100" Maximum Swing, est. 80" Between Rail and Talbe, est. 125 RPM Turning Speed, 15-Pocket Automatic Tool Changer
30	1	Motivation 1000 lb. cap. Floor Mounted Jib Boom w/ CM Electric Chain Hoist
31	1	Sullair "2209A" 30HP Rotary Screw Air Compressor S/N 200609270094 w/ Reservoir Tanks, Sullair "RN150" Refridgerated Air Dryer
32	1	1991 Ferranti "Merlin XM" Co-ordinate Measuring Machine S/N 3388 w/ Control, Probes, 57" x 75" Granite Table, 45" Between Uprights, 35" Under Bridge
33	1	Mitutoyo "FN1106" Gantry-Type Co-Ordinate Measuring Machine S/N 8910909 w/ Renishaw "PH9A" Probe, 35" x 48" Table, 30" Maximum Under the Bridge, PC, Printer, Joystick Control

Item#	Qty	Description
34	1	King "Century Turn VBM" CNC Vertical Boring Mill (\$12107) (Remanufactured May 2000) S/N 17338 w/ GE Fanuc "Series 18i-T" CNC Control, 90"D Table, 100" Maximum Swing, est. 80" Between Rail and Table, est. 125 RPM Turning Speed, 15-Pocket Automatic Tool Changer
35	1	Cincinnati "Century Turn VBM" CNC Vertical Boring Mill (\$12106) (Remanufactured 2000) S/N 2016 w/ 96"D Table, est. 60" Maximum Between Table and Rail, GE Fanuc "Series 18iT" CNC Control, 15-Pocket Automatic Tool Changer
36	1	1989 Toshiba Shibaura "BTD-11R16, 5 Axis CNC Horizontal Boring Mill S/N 433671 w/4.3" Spindle, Cat 50 Spindle, 2500 RPM, 40 Pocket ATC, 55" x 63" Rotary Table, Travels, X-78.7", Y-59", Z-57", W-19.7", Troyke 60" Dia 5th Axis Rotary Table, Angle Plate, Tosnuc T0777 Control
37	1	2001 Shibura Toshiba "BTD-13FR22" 4-Axis CNC Floor-Type Horizontal Boring Mill (\$12105) S/N 144384 w/ 5" Spindle, Toshiba "Tosnac 8" CNC Control, 70" x 87" Rotary Table, 90" Vertical Travel, 78" Longitudinal Travel, 92" Cross Travel, 32-Pocket Tool Changer, Chip Conveyor, Spindle Coolant, (3) Universal Heads
38	1	2004 Makino "A-100E, RDF-140-8-206" 5-Axis Twin Pallet Horizontal Machining Centre (#S2-1102) S/N 050001-2 w/ 39.4" Pallet, Travels X-66.9", Y-53.1", Z-55.1", 12,000 RPM, 132-Pocket Automatic Tool Changer, CAT 50 Spindle Taper, G1 CNC Control, Onakazi Heavy Smoker Mist Collector, "A100S Oilmatic" Temperature Controllers
39	1	Spuroni "KPT" Projector Tool Setter w/ "STP3" 2-Axis Digital Read-Out
40	Lot	Miscellaneous Equipment - Consisting of: Qty Wooden Butcher Block Work Tables w/ Benches, Oxy Acetylene Torch and Cart Set, Baldor Bench Top Double-End Pedestal Grinders, Heavy Duty Racking w/ 6" Beam, 4-Levels High, Steel Work Bench w/ (2) Vises, (5) Metal 2-Door Cabinets, Assorted Tooling and Racking for Machine Shop w/ Dividing Heads, Rotary Tables, Index Fixtures, Chucks, Vises, Darex Tool Sharpener, Lista Tooling Cabinets, Pedestal Drill Press, Agathon Pedestal Grinder, Leeson Belt Grinder, Tennant Floor Scrubber

Item#	Qty	Description
41	Lot	Tool Crib Area, Tooling and Fixtures - Consists of: 2-Door Metal Cabinets, Adjustable Racking, Lista Tool-Type Cabinets, Assorted Holders, Cutters, Perishable Tooling, Tooling and Fixtures Through out Shop, Angle Plates, etc.
42	1	Mitutoyo "PQ/750/D" Optical Comparator S/N 7563 w/ Quadra Check "2000" 2-Axis Read-Out, Mitutoyo "Rockwell 940-130" Hardness Tester - S/N: 9921
43	1	Cabinets - Precision Measuring Equipment w/ Assorted Bore Gauges, Digital Height Guages, Verniers, Calipers, Measuring Instruments, Roughness Tester, Inserts, Micrometers, Surface Plates, Blocks, V-Blocks, etc.
Note: Faro Arm includes a Laser Tracker		
45	1	Faro Arm "Quantum" Portable Co-Ordinate Measuring Machine S/N NQ10020907802 w/ Laptop Computer
46	Lot	Office Furniture and Computers - Consisting of: Desk, Chairs, Filing Cabinets, Storage Cabinets, Desk Top Computers and Monitoes, Pinters, Laptops, etc.



KKP Oakdale Facility

Machines & Equipment

Typical Materials

Forgings or Castings



- » High temp Nickel based alloys
- » Inconel, Waspaloy, Cobalt
- » Titanium
- » Jethete
- » All types of Stainless Steel
- » Aluminum

Manufacturing

- » Turning Horizontal up to 60" (1.5m)
- » Turning Vertical up to 157" (4m)
- » Milling - Horizontal and Vertical
- » Milling – up to 6 Axes, Multi-Pallet
- » Honeycomb Grinding (spark erosion)
- » NDT (MPI, FPI & LPI)
- » Assembly & Testing





ID	Table	Swing	Height
O-M TMS2-20/40N	98.4" (2.5m)	118" (3m) nominal Up to 157" (4m) available	60" (1.5m)
King Century	90" (2.3m)	96" (2.44m)	60" (1.5m)
Cincinnati Century	95"(2.4m)	102" (2.6m)	60" (1.5m)
O-M Neo 16	63" (1.6m)	78.75" (2m)	59" (1.5m)
O-M Neo 20	78.75" (2m)	94.5" (2.4m)	59" (1.5m)
Toshiba TUE-20	78.75" (2m)	90.5" (2.3m)	59" (1.5m)
Toshiba TUE-20	78.75" (2m)	90.5" (2.3m)	59" (1.5m)
G&L 60	70.75" (1.8m)	74.75 (1.9m)	38" (1m)
TOS SKJ20	78.75" (2m)	70" (1.8m) Twin Rams	38" (1m)



ID	Swing	Turning Length
Dainichi M152	60" (1.5m)	157.5" (4m)
Mori Seiki NL2000 Turn Mill	14.4" (0.36m)	20" (0.51m)
Fortuna CG/Int/Ext	22" (0.56m)	32" (0.8m)





ID	Axes	X	Y	Z	W	B (Table)	C (Swing)
DMG DMU 160P	5	63" (2.5m)	49.2" (1.9m)	43.3" (1.7m)		59.1"x49.2"x 360° (2.3m x1.9m x360°)	
SNK NB130P HBM	6	138" (3.5m)	98.4" (2.5m)	63" (1.6m)	27.5" (0.7m)	87"x 63"x360° (2.2m x 1.6m x360°)	Ø94"x 360° (2.4m x 360°)
Toshiba R16 HMB	6	78.7" (2m)	59" (1.5m)	59" (1.5m)	19" (0.48m)	63"x 55"x360° (1.6m x 1.4m x360°)	Ø84"x 360° (2.1m x 360°)
Toshiba R22 HBM	5	118" (3m)	90.5" (2.3m)	63" (1.6m)	29" (0.74m)	87"x 71"x360° (2.2m x 1.8m x360°)	
Makino A100 HMC	5	67" (1.7m)	53" (1.35m)	55" (1.4m)		39.5"x 39.5"x360° (1m x1m x 360°)	Ø47"x360° (1.2mx360°)
Toshiba BMC 80 HMC	5	63" (1.6m)	44" (1.12m)	40" (1m)		31.5"x 31.5"x360° (0.8mx0.8mx360°)	Ø60"x360° (1.52mx360°)
Fadal 88 VMC	4	30" (0.76m)	30" (0.76m)	30" (0.76m)			Ø15" x 360° (0.38 x360°)



ID	Features
Hydra-Mech V-18 Vertical Band Saw	18" (0.46m) throat, vertical and angular cut
Hard Finishing Lathe	Swing 16" (0.4m) for super-finishing bearing lands
Assembly & Test	Dedicated assembly area's to support specific Gas Turbine assemblies and modules
Clean Room	Clean Room for assembly and test of flight fuel shut off valves and similar components requiring controlled environments



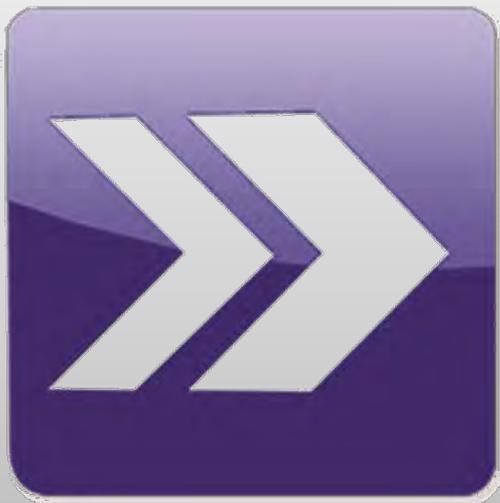
MPI

KK Precision's MPI system is based on a high performance Magnaflux™ unit that permits the inspection of components up to 120" (3m) in overall size. A custom designed enclosure allows us to examine components under black light conditions.

LPI

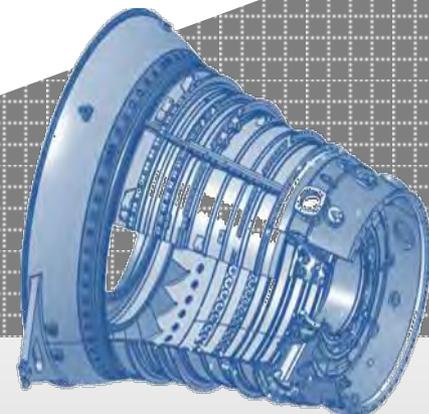
KK Precision's LPI equipment and materials enables us to inspect components to high sensitivity levels. We are able to process components up to 24" (0.61m) by 30" (0.76m) by 48" (1.2m) and up to 500 pounds (227kg)





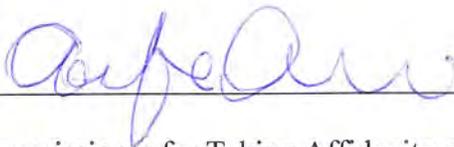
KK Precision Inc.
104 Oakdale Road
Toronto, Ontario, Canada
M3N 1V9

Tel: (416) 742-5911
Fax: (416) 742-5166
Email: sales@kkprecision.com
www.kkprecision.com



TAB C

Exhibit "C" to the Affidavit of Garth Wheldon,
sworn before me this 25th day of July, 2014.



Commissioner for Taking Affidavits, etc.

**Aoife Catherine Quinn,
a Commissioner, etc., Province of
Ontario, while a Student-at-Law.
Expires May 1, 2017.**

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF KK PRECISION INC. (the "**Applicant**")

FIRST REPORT OF
RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS MONITOR OF
KK PRECISION INC.

June 24, 2014

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario
M2N 7E9

Sam Rappos
LSUC #51399S
Tel: (416) 218-1137
Fax: (416) 218-1837
E-mail: samr@chaitons.com

Lawyers for Richter Advisory Group Inc.

TO: THE SERVICE LIST

INDEX

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF KK PRECISION INC. (the "**Applicant**")

INDEX

Tab

Document

1

First Report of Richter Advisory Group Inc. in its capacity as
monitor of KK Precision Inc. dated June 24, 2014

TAB 1

RICHTER

Richter Advisory Group Inc.
181 Bay Street, 33rd Floor
Toronto, ON M5J 2T3
www.richter.ca

KK PRECISION INC.

**FIRST REPORT OF RICHTER ADVISORY GROUP INC.,
IN ITS CAPACITY AS MONITOR OF
KK PRECISION INC.**

JUNE 24, 2014

Table of Contents

Introduction.....	1
Purpose of this Report.....	1
Terms of Reference.....	2
The Company's Activities since the Issuance of the Initial Order.....	3
The Accommodation Agreements with Siemens and Pratt.....	4
The Monitor's Activities since the Issuance of the Initial Order.....	5
Cash Flow for the Period May 10, 2014 to June 13, 2014.....	6
The Solicitation Process.....	8
The Company's Request for an Extension to the Stay of Proceedings to September 19, 2014.....	10
Monitor's Conclusions and Recommendation.....	11

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
KK PRECISION INC.

FIRST REPORT OF RICHTER ADVISORY GROUP INC.
In its capacity as Monitor of KK Precision Inc.

June 24, 2014

Introduction

1. On May 30, 2014, the *Ontario* Superior Court of Justice (Commercial List) (the "Court") issued an order (the "Initial Order") granting KK Precision Inc. (the "Company") protection pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"). Pursuant to the Initial Order, Richter Advisory Group Inc. ("Richter") was appointed the Company's monitor (the "Monitor"). The Initial Order provided the Company with, *inter alia*, a stay of proceedings until June 29, 2014 (the "Stay Period"). The proceedings commenced by the Company under the CCAA are herein referred to as the "CCAA Proceedings".
2. The principal purpose of the CCAA Proceedings is to allow the Company to implement an orderly wind-down of its operations. The orderly wind-down includes production activities for a period of time to, among other things, permit key customers the opportunity to source alternative supply, and to carry out a process to solicit offers from interested parties to purchase the Company's business and/or assets with a view to maximizing value for all stakeholders.

Purposes of this Report

3. The purpose of this report ("Report") is to provide information to this Court in respect of the following:
 - (a) The Company's activities since the issuance of the Initial Order;
 - (b) The Accommodation Agreement dated June 24, 2014 between the Company, Siemens Energy Inc. ("Siemens"), Bank of Montreal and BMO Capital Partners (together, the "Lenders") (the "Siemens Accommodation Agreement");

- (c) The Accommodation Agreement dated June 19, 2014 between the Company and Pratt & Whitney Canada Corp. ("Pratt"), (the "Pratt Accommodation Agreement" and together with the Siemens Accommodation Agreement, the "Accommodation Agreements");
- (d) The Monitor's activities since the issuance of the Initial Order;
- (e) The Company's actual cash flows for the period from May 10, 2014 to June 13, 2014, including a comparison of actual to forecast results;
- (f) The process commenced by the Company to solicit offers for the Company's business and/or assets (the "Solicitation Process");
- (g) The Company's request for an extension of the Stay Period to September 19, 2014; and
- (h) Recommend that this Honourable Court make an order:
 - Ratifying the Solicitation Process;
 - Approving the Siemens Accommodation Agreement;
 - Approving the Pratt Accommodation Agreement;
 - Approving the redaction of the sensitive commercial information in the Accommodation Agreements and sealing the unredacted Accommodation Agreements together with the schedules attached thereto; and
 - Granting the Company's request for an extension of its stay of proceedings from June 29, 2014 to September 19, 2014.

Terms of Reference

4. In preparing this Report, the Monitor has relied on unaudited financial information prepared by the Company's representatives, the Company's books and records, discussions with management and discussions with the Company's advisors. The Monitor has not conducted an audit or other verification of such information.
5. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

The Company's Activities since the Issuance of the Initial Order

6. Details of the Company's activities since the commencement of the CCAA Proceedings are set out in the affidavit of Garth Wheldon sworn June 24, 2014, filed in support of the Company's motion returnable June 25, 2014 (the "June 24 Wheldon Affidavit").
7. A summary of the Company's activities include:
 - (a) Meeting and corresponding with employees regarding the CCAA Proceedings;
 - (b) Continuing to manufacture component parts and supply goods to Rolls-Royce Canada Limited and Rolls-Royce Power Engineering PLC (together, "Rolls Royce") in accordance with the terms of an accommodation agreement between Rolls Royce and the Company approved in the Initial Order (the "Rolls Royce Accommodation Agreement");
 - (c) Preparing weekly production reports for Rolls Royce in accordance with the Rolls Royce Accommodation Agreement;
 - (d) Meeting and corresponding with the Company's other customers, including Siemens and Pratt, to address current production requirements and develop workable schedules for the production of customer parts taking into consideration the Company's available resources;
 - (e) Negotiating the Accommodation Agreements (as discussed further below);
 - (f) Communicating with the new landlord for the Company's premises located at 104 Oakdale Road, Toronto, Ontario (the "Premises"), 2215225 Ontario Inc. ("2215225" or the "Landlord") regarding the Company's lease, which expires on September 30, 2014;
 - (g) Communicating with key suppliers to secure goods and services during the CCAA Proceedings and to address payment terms;
 - (h) Responding to calls and enquiries from creditors and other stakeholders regarding the CCAA Proceedings;
 - (i) Reporting receipts and disbursements;
 - (j) Making payments to suppliers for goods and services received following the issuance of the Initial Order;

- (k) Consulting with the Monitor to develop the Solicitation Process (as discussed further below);
and
- (l) Working with the Monitor to satisfy information requests of Prospective Purchasers (as defined below) as well as both scheduling and overseeing site visits for Prospective Purchasers to view and inspect the Company's machinery/equipment.

The Accommodation Agreements with Siemens and Pratt

8. The Company, with the assistance of the Monitor, has been negotiating the Accommodation Agreements that would ensure continued production of component parts for both Siemens and Pratt during the CCAA Proceedings and provide Siemens and Pratt the time necessary to transition the supply of component parts sourced from the Company to alternate suppliers.
9. Certain of the key business terms addressed by the Siemens Accommodation Agreement and the Pratt Accommodation Agreement are summarized below:
 - (a) Confirmation of the amount of accounts receivable owed by Siemens and Pratt respectively to the Company;
 - (b) Expedited payment for amounts owed by Siemens and Pratt to the Company;
 - (c) Confirmation that the Company will continue to produce and ship component parts to Siemens and Pratt during the period of the Accommodation Agreements, including revised pricing for same;
 - (d) Confirmation that the Company will sell to Siemens and Pratt certain raw materials and work-in-process (unfinished) inventory used in the production of their respective component parts;
and
 - (e) Limitations on Siemens and Pratt's setoff rights against the Company.
10. The Monitor is supportive of the Company's motion for approval of the Accommodation Agreements for the following reasons:
 - (a) They provide a mechanism to maximize the value of the Company's accounts receivable and inventory;

- (b) They provide a framework for the Company to continue to produce component parts for Siemens and Pratt that should allow them to secure alternative production without disruption;
 - (c) They provide a means to fund the Company's operations during the CCAA Proceedings, including the costs of these proceedings; and
 - (d) They provide the framework for the Company to execute an orderly wind-down of its business, including providing the stability required to meet its enhanced short-term production plan and secure payment for component parts shipped in the pre and post-filing periods.
11. A redacted copy of the Siemens Accommodation Agreement (without schedules) and the Pratt Accommodation Agreement (without schedules) are attached as Exhibits "B" and "C" to the June 24 Wheldon Affidavit. As the Accommodation Agreements and the schedules attached thereto include certain sensitive commercial and competitive information, the Company has requested that the unredacted Accommodation Agreements and the schedules attached thereto be filed with the Court on a sealed and confidential basis. In the circumstances, the Monitor believes that it is appropriate for the unredacted Accommodation Agreements and the schedules attached thereto to be filed with the Court on a confidential basis and sealed until further Order of this Court.

The Monitor's Activities since the Issuance of the Initial Order

12. Since the date of the Initial Order, the Monitor's activities have included:
- (a) Arranging for notice of the CCAA Proceedings to be published in the Monday, June 9, 2014 edition of the National Post, as required pursuant to the Initial Order;
 - (b) Sending a notice, within 5 days of the issuance of the Initial Order, of the CCAA Proceedings to all known creditors of the Company;
 - (c) Establishing a website at www.richter.ca/en/insolvency-cases/k/kk-precision-inc, where all materials filed with the Court, and all orders made by the Court in connection with the CCAA Proceedings, will be available in electronic form;
 - (d) Implementing procedures for the monitoring of the Company's cash flows and for ongoing reporting of variances to the Cash Flow Forecast (as hereinafter defined);

- (e) Assisting the Company in preparing communications to its employees regarding the CCAA Proceedings and participating in a meeting with the Company's management team and employees on June 2, 2014 to discuss the CCAA Proceedings, including its impact on employees;
- (f) Assisting the Company in preparing its weekly report to Rolls Royce in accordance with the terms of the Rolls Royce Accommodation Agreement, including an analysis of the production status for component parts to be delivered to Rolls Royce;
- (g) Collecting and dispersing monies received, in trust, from Rolls Royce to the Company in accordance with the terms of the Rolls Royce Accommodation Agreement;
- (h) Assisting the Company in its discussions and negotiations with both Siemens and Pratt regarding the terms of the Accommodation Agreements;
- (i) Considering processes to market the Company's business and/or assets for sale and assisting the Company in developing the Solicitation Process and communications with interested parties;
- (j) Attending frequently at the Company's premises and meeting with the Company's management team to discuss the Company's operations and the CCAA Proceedings;
- (k) Corresponding and communicating extensively with the Company and its legal counsel;
- (l) Corresponding and communicating with the Lenders and their legal counsel;
- (m) Responding to calls and enquiries from creditors and other stakeholders regarding the CCAA Proceedings; and
- (n) Preparing this Report.

Cash Flow for the Period from May 10, 2014 to June 13, 2014

13. The Company's cash flow projection for the period May 10, 2014 to September 19, 2014 (the "Cash Flow Forecast") was filed with the Court as part of the Company's CCAA application materials.

14. A comparison of the Company's budget to actual results for the week ending June 13, 2014 is summarized below:

KK Precision Inc.			
Cash Flow Variance Analysis			
5 Weeks Ended June 13th	Forecast	Actual	Variance
(\$000's)	13-Jun	13-Jun	\$
<u>Cash Receipts</u>			
Operating Cash Receipts	\$ 2,476	\$ 1,826	\$ (650)
Other	23	-	(23)
Total Cash Receipts	\$ 2,499	\$ 1,826	\$ (673)
<u>Cash Disbursements</u>			
Operating Expenses	(195)	(100)	95
Payroll & Benefits	(420)	(402)	18
Retention Payments	(23)	(46)	(23)
Rent & Property Taxes	(223)	(223)	-
Utilities & Insurance	(39)	(6)	33
Sales Tax Remittances	-	-	-
Professional Fees	(150)	(55)	95
Other	(123)	-	123
Total Disbursements	\$ (1,173)	\$ (832)	\$ 341
Net Cash Flow	\$ 1,326	\$ 994	\$ (332)
Cash - Opening Balance	\$ 432	\$ 510	\$ 78
Cash - Closing Balance	\$ 1,758	\$ 1,504	\$ (254)

15. As reflected in the above summary table, the Company generated net cash flow of approximately \$994,000 and had approximately \$1.5 million on hand, net of outstanding cheques, as at June 13, 2014.
16. The principal reasons for the unfavourable net cash flow variance are:
- (a) The negative variance of approximately \$673,000 in receipts is due primarily to timing differences related to the delivery of manufactured component parts for Rolls Royce and delays in finalizing the Accommodation Agreements. The Company expects that these negative variance will reverse in the coming months; and
 - (b) The positive variance of approximately \$341,000 in disbursements is due primarily to lower than projected operating expenses and timing differences related to the payment of certain other expenses, including professional fees.

17. The Monitor is of the view that the Company is acting in a manner consistent with its Cash Flow Forecast and there have been no material adverse changes to the Company's operations since the commencement of the CCAA Proceedings.

The Solicitation Process

18. As noted in the affidavit of George Koulakian sworn May 28, 2014 in support of the Company's CCAA application (the "May 28 Koulakian Affidavit"), as a result of the Company's deteriorating financial position, on December 30, 2013, the Company retained Richter to develop strategic alternatives, which included seeking potential financing, an equity investment and/or going concern sale opportunities.
19. As also noted in the May 28 Koulakian Affidavit, a sales process was launched in February 2014 with a view to identifying an investor and/or buyer for the Company's business (the "Initial Sales Process"). As part of the Initial Sales Process, 57 potential interested parties, including strategic purchasers (competitors, suppliers, companies operating in complementary businesses, etc.) and financial buyers (equity investors with an interest in businesses of a similar profile to the Company) were contacted.
20. Although the Initial Sales Process generated interest from several interested parties, the Initial Sales Process did not result in any firm deal for the Company's business and/or assets.
21. Given the recent completion of the Initial Sales Process and the Company's limited liquidity, the Company, with the assistance of the Monitor, commenced the Solicitation Process as a means of quickly determining whether a transaction that would result in greater than forced liquidation value was available.
22. The purpose of the Solicitation Process is to identify one or more purchasers for the Company's business and/or assets. The objective is to complete a transaction by the end of July 2014, or as soon as possible thereafter. The Solicitation Process is summarized as follows:
 - (a) The Company, in consultation with the Monitor, assembled a list of potential interested parties, including many of the strategic/financial parties that participated in the Initial Sales Process and parties that regularly liquidate assets in insolvency proceedings (collectively, the "Prospective Purchasers");

- (b) On June 16, 2014, the Company distributed an offer solicitation letter to the Prospective Purchasers detailing the opportunity to purchase the Company's business and/or assets (the "Offer Solicitation Letter"). In addition to the Offer Solicitation Letter, Prospective Purchasers were also provided with a detailed listing of the Company's machinery/equipment, including specifications for same (the "Asset List"). A copy of the Offer Solicitation Letter, including the Asset List, is attached as Exhibit "A" to the June 24 Wheldon Affidavit;
 - (c) Prospective Purchasers interested in obtaining additional information regarding the Company's business will be required to execute a confidentiality agreement;
 - (d) The Company, with the assistance of the Monitor, will facilitate due diligence efforts by, among other things, coordinating meetings between Prospective Purchasers and the Company and/or scheduling site visits to view and inspect the Company's machinery/equipment;
 - (e) Prospective Purchasers are required to submit offers for the Company's assets, en bloc, on or before 5:00 p.m. (Eastern Standard Time) on July 7, 2014;
 - (f) The Company, in consultation with the Monitor, will evaluate all offers and may seek clarifications and/or re-bidding of certain offers;
 - (g) The successful offeror will be required to remove all purchased assets from the Premises by no later than September 30, 2014; and
 - (h) Any sale of the Company and/or its assets will be subject to the approval of this Honourable Court, which will be sought by the Company prior to the end of July 2014 or as soon as practical thereafter, following completion of a definitive agreement.
23. The Monitor notes that the proposed time-frame is condensed but, as noted above, the Company's assets have already been extensively marketed in the Initial Sales Process. In addition, the proposed time frame is necessary to provide the successful bidder with time to coordinate the removal of all purchased assets from the Premises by no later than September 30, 2014, as the Company's lease for the Premises expires on September 30, 2014.
24. As noted in the May 28 Koulakian Affidavit, the lease for the Premises expired on April 30, 2014 and the Company negotiated a lease extension which runs until September 30, 2014. Subsequent to entering into the lease extension, the Premises were sold to 2215225.

25. In consideration of the timeframe to vacate the Premises following the completion of its production activities, which are expected to run until August 31, 2014 at the latest, the Company and the Monitor approached the Landlord regarding a possible one-month lease extension for the Premises. On June 16, 2014, the Landlord informed the Company of the terms upon which it would agree to a one-month lease extension to October 31, 2014, which terms were unacceptable to the Company. On June 19, 2014, the Company was informed by the Landlord that it was not prepared to consider a further lease extension beyond September 30, 2014, as the Landlord had other uses for the Premises that are expected to commence October 1, 2014.
26. As a result, the Monitor believes that the deadlines proposed in the Solicitation Process are reasonable in the circumstances. The Monitor will report back to this Honourable Court if facts or circumstances require the Company or the Monitor to re-evaluate the time periods or the Solicitation Process.

The Company's Request for an Extension of the Stay of Proceedings to September 19, 2014

27. The current Stay Period expires on June 29, 2014. The Company is seeking an extension of the Stay Period to September 19, 2014. The Monitor is of the view that the extension to the Stay Period is appropriate in the circumstances and supports the Company's request for an extension of the Stay Period for the following reasons:
 - (a) The Company has acted and is acting in good faith and with due diligence;
 - (b) The granting of the extension should not prejudice any employee or creditor, as the Company is projected to have sufficient funds to pay post-filing services and supplies, as contemplated by the Cash Flow Forecast, which extends to September 19, 2014. The Company is of the view that the Cash Flow Forecast remains appropriate and reflects management's expectation of the Company's receipts and disbursements for the period of the forecast. As a result, a revised cash flow forecast has not been prepared;
 - (c) The Rolls Royce Accommodation Agreement as well as the Siemens Accommodation Agreement and the Pratt Accommodation Agreement contemplate the continued production of component parts by the Company until August 30, 2014;
 - (d) It will allow for the Solicitation Process to be substantially advanced;

(e) The extension would be contemporaneous with the Company's proposed wind-down period;
and

(f) The Lenders support the extension.

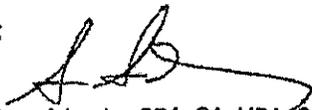
Monitor's Conclusions and Recommendations

28. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make the Order(s) granting the relief detailed in paragraph 3(h) of this Report.

All of which is respectfully submitted this 24th day of June, 2014.

Richter Advisory Group Inc.
in its capacity as Monitor of
KK Precision Inc.

Per:



Andrew Adessky, CPA, CA, MBA, CIRP

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF KK PRECISION INC.**

Court File No. CV-14-10573-00CL

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

Proceedings commenced at TORONTO

**FIRST REPORT OF
RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS
MONITOR OF
KK PRECISION INC.**

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario
M2N 7E9

Sam Rappos
LSUC #51399S
Tel: (416) 218-1137
Fax: (416) 218-1837
E-mail: samr@chaitons.com

Lawyers for Richter Advisory Group Inc.

TAB D

Exhibit "D" to the Affidavit of Garth Wheldon,
sworn before me this 25th day of July, 2014.



Commissioner for Taking Affidavits, etc.

**Aoife Catherine Quinn,
a Commissioner, etc., Province of
Ontario, while a Student-at-Law.
Expires May 1, 2017.**

LEASE

THIS LEASE is made as of the 1st day of September, 2011.

BETWEEN:

104 OAKDALE ACQUISITION CORP.
(the "Landlord")

OF THE FIRST PART

– and –

KK PRECISION INC.
(the "Tenant")

OF THE SECOND PART

This Lease is made between the Landlord and the Tenant and constitutes a lease between the parties of the leased premises hereinafter described on the terms and with and subject to the covenants and agreements of the parties hereinafter set out:

ARTICLE 1 – DEFINITIONS

In this Lease the following defined terms have the meanings indicated:

- 1.1 "Environment" shall mean any of the following media:
- (a) land, including surface land, sub-surface strata and any natural or man-made structures;
 - (b) water, including coastal and inland waters, surface waters, ground waters, drinking water supplies and waters in drains and sewers, surface and sub-surface strata;
 - (c) air, including indoor and outdoor air; and
 - (d) plant life, animal life and ecological systems.
- 1.2 "Environmental Laws" means all Laws relating to protection of the Environment, worker or occupational health and safety, product safety, product Liability, public health or safety and Releases of or exposure to Hazardous Substances.
- 1.3 "Environmental Liabilities" means the presence of any Hazardous Substance on the Leased Premises regardless of whether such Hazardous Substances are discovered following the date of this Lease.

- 1.4 **"Environmental Permit"** shall mean any permit issued, granted or required under or in connection with any Environmental Laws.
- 1.5 **"Hazardous Substance"** shall mean, collectively, any (a) petroleum or petroleum products, or derivative or fraction thereof, radioactive materials (including radon gas), asbestos in any form that is friable, urea-formaldehyde foam insulation, and polychlorinated biphenyls, and/or (b) any chemical, material, substance or waste that may impair the quality of the environment is defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "toxic substances," "deleterious," "caustic," "a source of contamination," "restricted hazardous wastes," "contaminants," or "pollutants", in each case as regulated under Environmental Laws, including materials that are deemed hazardous pursuant to any Environmental Laws due to their ignitability, corrosivity or reactivity characteristics.
- 1.6 **"Improvements"** means buildings, structures and other fixed improvements, including Leasehold Improvements;
- 1.7 **"Landlord"** means 104 Oakdale Acquisition Corp. and its successors and assigns;
- 1.8 **"Lands"** means the lands known municipally as 104 Oakdale Road, Toronto, Ontario, which consist of approximately 1.8 acres being Plan M770, Lot 125 Lot 126, North York, Ontario;
- 1.9 **"Lease"** means this lease, including any schedules attached hereto, and any amendments to such lease from time to time;
- 1.10 **"Leased Premises"** means the Lands together with all Improvements now or hereafter erected on the Lands;
- 1.11 **"Leasehold Improvements"** means all fixtures, improvements, installations and additions from time to time made, erected or installed in the Leased Premises with the exception of trade fixtures, and furniture and equipment not of the nature of fixtures, but includes all partitions however affixed, including moveable partitions, all systems for the supply and operation of utilities, all carpeting, drapes and decorations of any kind, lighting fixtures and built-in furniture and furnishings;
- 1.12 **"Release"** shall mean any release, spill, emission, leaking, pumping, pouring, injection, deposit, disposal, discharge, dispersal, dumping, migration, spraying, incineration, abandoning, seeping, escaping or leaching of any Hazardous Substances into or through the Environment, and "Released" shall be construed accordingly.
- 1.13 **"Rent"** means the rent payable pursuant to Section 3.1(a);

- 1.14 **"Real Property Taxes"** means all taxes (including local improvement rates), rates, duties and assessments that may be levied, rated, charged or assessed against the Leased Premises or any part thereof, save and except for corporate income tax of the Landlord;
- 1.15 **"Sales Taxes"** means all harmonized, goods and services, business transfer, multi-stage sales, sales, use, consumption, value added or other similar taxes imposed by the Government of Canada or any province or local government upon the Landlord or the Tenant in respect of this Lease or the payments made by the Tenant hereunder or the goods and services provided by the Landlord hereunder, including, without limitation, the rental of the Leased Premises by the Tenant;
- 1.16 **"Tenant"** means KK Precision Inc. and its successors and permitted assigns; and
- 1.17 **"Term"** means the term of this Lease as specified in Section 2.1.

ARTICLE 2 – DEMISE AND TERM

2.1 Demise of Leased Premises and Term

In consideration of the rents, taxes and other payments, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be respectively paid, observed and performed, the Landlord does demise and lease the Leased Premises, for the sole use as a manufacturing facility and offices in accordance with all applicable laws, by-laws and regulations, unto the Tenant, to have and to hold for the Term of one (1) year commencing on September 1, 2011 and ending on August 31, 2012.

2.2 Extension

This Lease may be extended for a further one (1) year term ("Renewal Term") on the same terms and conditions as contained herein at the Tenant's option on ninety (90) days written notice prior to the expiry of the Term. The Tenant shall have the right to terminate the Lease during the Renewal Term upon ninety (90) days written notice to the Landlord.

2.3 Surrender of Leased Premises

Upon the expiration or sooner termination of this Lease (including, but not limited to, at the expiry of the Term or if extended at the expiry or termination of the Renewal Term), the Tenant shall vacate and surrender to the Landlord the Leased Premises in the same state of repair and cleanliness as they were in at the commencement of the Term, reasonable wear and tear excepted, and the Tenant will restore the Premises accordingly. The Tenant will remove any and all such fixtures and other items that Landlord may identify from the Leased Premises and restore the

Leased Premises accordingly. Notwithstanding the foregoing, Tenant's obligation to remove fixtures and other items will not apply to any fixtures or items that were so placed or installed in or on the Leased Premises prior to the commencement of the Lease. For clarity, (i) the Tenant may, at its option, but shall not be required to remove the cranes, compressors or outside storage fence, (ii) Tenant shall be required to fill in the machine foundations and power wash the floors and walls; provided, however, the Tenant shall only be responsible for any costs of filling in the machine foundations and power washing up to a maximum of \$50,000 (the "Foundation and Floor Costs"). The Tenant shall use commercially reasonable efforts to minimize the Foundation and Floor Costs. Any damage due to the Tenant's (or its subsidiaries, subcontractors, employees, officers, directors, consultants, shareholders, associates or affiliates) operations or actions, removal of machinery or other fixtures prior to or at the end of the Term or the Renewal Term (as same may be extended) shall be repaired by and at the cost of the Tenant.

ARTICLE 3 – RENT

3.1 Rent

- (a) Commencing on the commencement of the Term and thereafter during the Term and the Renewal Term, the Tenant shall pay, without any set-off, abatement or deduction, to the Landlord an annual "**Base Rent**" equal to one hundred twenty six thousand Canadian dollars (C\$126,000) plus all costs relating to the Leased Premises, including without limitation, utility, operating, maintenance, repair and replacement and insurance expenses and property taxes (the aforementioned non Base Rent amount constituting "**Additional Rent**", with Additional Rent and Base Rent constituting "**Rent**").
- (b) Rent shall be payable by equal monthly instalments in advance on the first day of each calendar month, except, that to the extent applicable, the first payment shall be due upon the commencement of the Term and shall include payment for the first partial calendar month (pro rated) and the first full calendar month. Additionally, a deposit for the final month of the Lease shall be due upon the commencement of the Term.
- (c) The Tenant shall pay to the Landlord all Sales Taxes.

3.2 Interest

In every case where the Tenant shall fail to pay the Landlord Rent or any other payment in accordance with the terms of this Lease when due or shall pay an amount which is thereafter determined, estimated or found to be less than the amount properly due, the Tenant shall pay the Landlord interest at a per annum rate of twelve percent (12%).

3.3 Net Lease

It is the intent of the parties hereto that the Rent payable under this Lease is absolutely net to the Landlord. Any amount and any obligation which is not expressly declared herein to be that of the Landlord pertaining to the Leased Premises shall be deemed to be the obligation of the Tenant to be performed by and/or at the expense of the Tenant. If any payment or expense due by the Tenant in accordance with the terms of this Lease or any obligation of the Tenant required to be performed in accordance with the terms of this Lease is not paid or performed, respectively, by the Tenant when required to do so, then upon reasonable prior notice to the Tenant, the Landlord may pay the same or perform the obligations, respectively, and such amounts paid or the cost of performing such obligations, respectively, together with, in any case, all costs and expenses incurred by the Landlord in connection therewith, shall be payable by the Tenant to the Landlord upon demand.

ARTICLE 4 – REAL PROPERTY TAXES

4.1 Payment of Real Property Taxes by the Tenant

Without limiting the generality of Section 3.3, the Tenant shall promptly pay when due and payable to the municipality or taxing authority having jurisdiction all Real Property Taxes on or in respect of the Leased Premises failing which, upon reasonable prior notice to the Tenant, the Landlord may pay the same to such authority and such amount paid, together with all costs and expenses incurred by the Landlord in connection therewith, shall be payable by the Tenant to the Landlord upon demand. The Tenant shall also promptly pay when due and payable, to the taxing authority having jurisdiction, all business taxes, rates and levies imposed on the Tenant in respect of any business carried on in, or the use and occupancy of, the Leased Premises.

ARTICLE 5 – UTILITIES

5.1 Utilities

Without limiting the generality of Section 3.3, the Tenant shall pay or cause to be paid to the utility supplier as and when invoiced all charges incurred in respect of the Leased Premises for water, sewer, gas, electricity, light, heat and power and for telephone, protective and other communication services and for all other public or private utility services, which shall be used, rendered or supplied upon, to or in connection with the Leased Premises or any part thereof at any time during the Term or the Renewal Term.

**ARTICLE 6 – REPAIRS,
MAINTENANCE AND ALTERATIONS**

6.1 Repairs and Maintenance Obligations

Without limiting the generality of Section 3.3, the Tenant, at its sole cost and expense, shall maintain and keep the Leased Premises and every part thereof in good order and condition and promptly make or perform all needed maintenance, repairs and replacements thereto (including, without limitation, repairs and replacements to structures, improvements or betterments).

With regards to structural issues of the Leased Premises, notwithstanding the above, the parties agree to the following:

- (i) The Tenant shall pay for regular maintenance of the Leased Premises, including maintenance on the structure.
- (ii) The Tenant shall be responsible for any structural issues, repairs or restoration caused by Tenant's failure to comply with (i) above or by any actions of the Tenant.
- (iii) The Landlord shall be responsible for direct costs of any structural maintenance, repairs or replacements where the conditions resulting in such structural maintenance, repairs or replacements exist as of the date of this Lease or where such conditions arise after the date of this Lease other than as a result of Tenant's failure to comply with (i) above or by any actions of the Tenant.
- (iv) Pursuant to Section 7.1 of this Lease, the Tenant is required to maintain insurance for the entire Leased Premises (including the structure), and in the event of any damage to the structure of the Leased Premises, the insurance proceeds shall be looked to first for the costs of repair.

6.2 Tenant's Alterations

If at any time and from time to time the Tenant shall at its own expense desire to make changes, including, without limitation, alterations or improvements in or to the Leasehold Improvements or other portions of the Leased Premises, it shall perform such work in accordance with good engineering practice and in a workmanlike manner using high quality materials and with Landlord's prior written approval, which may be withheld by Landlord in its sole discretion. The Tenant shall in every case secure any and all necessary approvals of and permits for the related work from the authorities having jurisdiction and shall maintain adequate insurance for such work.

ARTICLE 7 – INSURANCE, RELEASE AND INDEMNITY

7.1 Tenant's Insurance, Release and Indemnity

The Tenant shall throughout the Term, and if applicable, the Renewal Term (as same may be extended), provide and keep in force comprehensive general public liability insurance (in an amount of not less than C\$5,000,000 for any one occurrence), fire insurance (on an "all risks" coverage basis and on the entirety of the Leased Premises (including, without limitation, on all structures and improvements located thereon or therein) in an amount not less than the full replacement cost thereof), broad form boiler and pressure vessel insurance (on a blanket repair and replacement basis), and business interruption insurance. Without limiting anything else contained herein, all insurance coverage shall be in amounts which are at least in line with industry standards for prudently operated businesses comparable to the Tenant's business and in accordance with the past practice of KK Precision Inc. and its affiliates. The Landlord shall be named first loss payee on the "all risks" and boiler and pressure vessel insurance and additional insured on the general public liability insurance. Except with respect to Environmental Liabilities which are addressed below, the Tenant hereby releases the Landlord and those for whom the Landlord is responsible from any and all liability related in any manner to matters for which the Tenant did or could have procured insurance, including, without limitation insurance not specified in this Lease but publicly available. Except with respect to Environmental Liabilities which are addressed below, the Tenant hereby agrees to indemnify and save Landlord harmless for and from all costs, including, without limitation, legal costs on a substantial indemnity basis, related in any manner to (i) any default by Tenant under this Lease, (ii) the negligent acts or omissions of the Tenant and its agents, employees, officers, directors, shareholders, advisors, invitees, contractors and all those for whom the Tenant is responsible, and (iii) the occupancy of the Leased Premises by Tenant. . Except with respect to Environmental Liabilities which are addressed below, the Tenant hereby agrees to indemnify and save the Landlord harmless for and from any actual, in-kind, special and other damages (including, but not limited to, loss of business) to the Tenant due to any and all factors not reasonably in the control of the Landlord and not caused by the gross negligence of Landlord, or its agents, employees, officers, directors, shareholders, advisors, invitees, contractors and all those for whom the Landlord is responsible, including, but not limited to, loss of power, water damage, damage to the Tenant's property howsoever caused and similar matters.

Landlord agrees that it will not assert that Tenant is liable for any Environmental Liabilities as a result of the occupancy by Tenant of the Leased Premises or the operations of the Tenant's business on the Leased Premises after the date of this Lease unless the Tenant does not comply with the following paragraph and such non-compliance is the cause of the applicable Environmental Liabilities.

Tenant shall:

(a) comply with all Environmental Laws governing a Release of Hazardous Substances if any such Release occurs on the Leased Premises as a result of the Tenant's occupancy of the Leased Premises;

(b) promptly notify Landlord of any Release of Hazardous Substances if any such Release occurs on the Leased Premises as a result of the Tenant's operation of its Business on the Leased Premises;; and

(c) maintain, comply with, and renew any Environmental Permits currently maintained by Tenant as required by Environmental Laws.

In the event of any substantial damage to the Leased Premises (such damage being ten percent (10%) or more of any tenanted building on the Leased Premises or twenty percent (20%) or more of the Leased Premises), then the Tenant shall have the right to terminate this Lease on thirty (30) days written notice to the Landlord or request that the Landlord restore the Leased Premises, but only to the extent that the costs of repair or restoration are fully covered by the insurance proceeds received on the Tenant's policies, and the Tenant shall have the right to abate its Rent during the time of repair. In the event of any serious damage to the Leased Premises (such damage being fifty percent (50%) or more of the Leased Premises), then the Landlord or the Tenant may terminate this Lease upon thirty (30) days written notice to the other party (but in any case the Landlord shall be entitled to the full amount of the insurance proceeds from the Tenant's policies in order to repair or restore the Leased Premises).

ARTICLE 8 – RIGHTS ON DEFAULT

8.1 Rights on Default

If and whenever the Tenant shall have breached or failed to comply with any of its covenants and agreements contained in this Lease, and shall have failed to remedy such breach or non-compliance within sixty (60) days after written notice thereof given by the Landlord to the Tenant (provided however that no time for the remedying of such breach or non-compliance shall or need be given or allowed where the breach or non-compliance is one not reasonably capable of being remedied within this sixty (60) day period), then and in every case it shall be lawful for the Landlord at any time thereafter, at its option and upon notice to the Tenant, to enter into and upon the Leased Premises or any part thereof in the name of the whole and to terminate this Lease or to exercise any of Landlord's other rights in law and in equity or (to the extent permitted by law) both, including but not limited to the right of the Landlord to evict the Tenant and/or its affiliates.

ARTICLE 9 – ASSIGNMENT AND TRANSFER

9.1 Transfer by the Landlord

To the extent that any purchaser or transferee from or of the Landlord has become by written agreement bound and covenanted to perform the covenants of the Landlord under this Lease, the Landlord shall without further agreement be freed and relieved of liability upon such covenants and obligations.

9.2 Subordination and Attornment by the Tenant

This Lease is subject and subordinate to (but at the option of the Landlord or any mortgagee or encumbrancer of the Leased Premises shall be attorned and the Tenant bound to) any mortgage or other encumbrance which may now or at any time hereafter affect the Leased Premises. The foregoing provisions are declared to be self-operative and no further instruments shall be required to effect such subordination and/or attornment; provided, however, that subordination of this Lease to any present or future mortgage or other encumbrance shall be conditioned upon the mortgagee, beneficiary, encumbrancer or purchaser at foreclosure, as the case may be, agreeing in writing that Tenant's occupancy of the Leased Premises and other rights under this Lease shall not be disturbed by reason of the foreclosure of such mortgage or other encumbrance, as the case may be, so long as Tenant is not in default under this Lease. On request at any time and from time to time of the Landlord or of any such mortgagee or encumbrancer of the Leased Premises the Tenant covenants and agrees to either (i) attorn to such mortgagee or encumbrancer and become bound to it as its tenant of the Leased Premises for the then unexpired residue of the Term and, if applicable, the Renewal Term (as same may be extended) upon the terms herein contained (subject always to the respective priorities as between themselves of mortgagees or encumbrancers who from time to time request such attornment), or (ii) postpone and subordinate this Lease to such mortgage or other encumbrance with the intent to give effect to the foregoing. Whenever requested from time to time by the Landlord or any mortgagee or from any encumbrancer of the Leased Premises, the Tenant shall promptly execute and deliver to the party requesting the same a certificate or acknowledgment as to the status and validity of this Lease and the state of the rental account hereunder and such other information as may reasonably be required.

9.3 Assignment or Subletting by the Tenant

The Tenant shall not, without the prior written consent of the Landlord, which consent may be arbitrarily withheld, assign, encumber or mortgage this Lease or any part thereof or sublet all or any part of the Leased Premises and any such consent given in any one instance shall not relieve the Tenant of its obligation to obtain the prior written consent of the Landlord to any further assignment, encumbrance, mortgage or sublease. Notwithstanding the prior sentence, the Tenant shall be permitted to collaterally assign the Lease to one or more lenders of Tenant. Any Landlord consent to any transfer of Tenant rights shall not release Tenant from the performance of all its obligations hereunder.

9.4 Successors and Assigns

All the obligations imposed upon either party hereto shall extend to and be binding upon, as applicable, all successors, assigns, subtenants and encumbrancers of such party.

ARTICLE 10 – MISCELLANEOUS

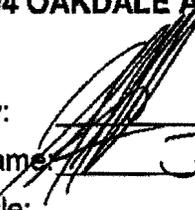
10.1 Governing Law

This Lease shall be construed and governed by the laws of the Province of Ontario.

IN WITNESS WHEREOF the parties hereto have executed this Lease.

Landlord:

104 OAKDALE ACQUISITION CORP.

By: 

Name: _____

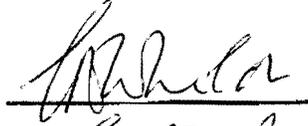
Title: _____

Jesse Gill

VP

Tenant:

KK PRECISION INC.

By: 

Name: _____

Title: _____

GARTH A. WHITFORD

PRESIDENT

AMENDMENT TO LEASE

THIS AMENDMENT TO THE LEASE (the "Amendment") is entered into as of the 14 day of February, 2013, by and between 104 Oakdale Acquisition Corp., an Ontario corporation, (the "Landlord"), and KK Precision Inc., an Ontario corporation (the "Tenant").

WHEREAS, the Landlord and the Tenant entered into that certain Lease dated as of September 1, 2011 (the "Lease") (capitalized terms which are not defined herein shall have the meaning ascribed to them in the Lease); and

WHEREAS, certain parties which are related to the parties hereto desire to amend other agreements which were entered into on or about the date of the Lease; and

WHEREAS, the parties hereto desire to effectuate such amendments to the Lease as are detailed herein;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration received:

1) Amendments. The Landlord and the Tenant hereby agree to amend the Lease as follows:

a) The following language in Section 2.1 of the Lease is deleted in its entirety:

"...to have and to hold for the Term of one (1) year commencing on September 1, 2011 and ending on August 31, 2012."

and is replaced by the following language:

"...to have and to hold for the Term commencing on September 1, 2011 and ending on April 30, 2014."

b) The language in Section 2.2 of the Lease is deleted in its entirety.

c) A new Section 3.1(d) shall be added with the following language:

(d) Notwithstanding the foregoing, the Base Rent for the last two month of the Term shall be increased to \$16,000 per month, and the Tenant shall pay the aggregate Base Rent for the period from September 1, 2013 to the end of the Term in advance (\$95,000 being payable on or before September 1, 2013).

d) A new Section 6.3 shall be added to the Lease, with the following language:

"6.3 Agreed Upon Alterations.

Notwithstanding anything else contained herein, the Tenant and the Landlord hereby agree to the following:

(i) Three (3) air conditioning units have been replaced.

(ii) The roof of the Leased Premises may be repaired or replaced at the option of the Landlord.

- (iii) The full costs and expenses (including all taxes, parts and installation) of (i) above and up to seventy thousand Canadian dollars (C\$70,000) of the full costs and expenses (including all taxes, parts and installation) of (ii) above shall be evenly split (50% each) between the Tenant and the Landlord (with any amounts over the C\$70,000 limit for (ii) above being borne by the Landlord). Each party agrees to pay to the other party or the applicable vendor, as the case may be, its portion of the costs and expenses relating to (i) and (ii) above promptly when due; provided, however, that the Tenant, at its option, may choose to amortize one half (½) of its obligations over the remaining Term of the Lease beginning when such costs and expenses are incurred (with the upfront cash portion being borne by the Landlord); provided, however, that all unpaid amounts (amortized or otherwise) will be payable in cash by the Tenant to the Landlord immediately upon expiration or termination of this Lease or upon any default by the Tenant under this Lease or under any other agreement to which the Tenant is a party where there is a lien against any asset of the Tenant.
- (iv) Both the air conditioning units (and related components) and the repaired or replaced roof (and related components), shall be deemed to be part of the Leased Premises delivered at the commencement of the Term and as such the Tenant shall maintain them as contemplated herein and they shall be delivered to the Landlord as part of the Leased Premises at the expiration or sooner termination of the Lease in the same state of repair and cleanliness as at the time they were installed, repaired or completed, as the case may be, normal wear and tear excepted.
- (v) The Landlord will arrange for the work referenced in (ii) above to be completed. The parties agree that the work may be done while the Tenant is occupying the Leased Premises. The Tenant agrees to provide access to the Leased Premises for, and to fully cooperate with, any actual or potential vendors and the Landlord and with the work when and as it needs to be done. The Tenant will ensure that the insurance policies it is required to maintain hereunder are sufficient in scope and amount to cover any losses that may be incurred by the Tenant, the Landlord or the Leased Premises in connection with the work contemplated by this section, without limiting or reducing any other insurance requirement contemplated herein.”

e) A new Section 10.2 shall be added to the Lease, with the following language:

“10.2 Access.

Upon reasonable notice by the Landlord, the Tenant agrees to provide access to the Leased Premises for the Landlord and any potential purchasers of the Leased Premises (including their advisors and agents) and to permit and fully cooperate with any testing or remediation work (including, without limitation, with respect to any structural issues and potential Environmental Liabilities or Environmental

Laws) required or requested by the Landlord or any potential purchaser of the Leased Premises.”

2) Miscellaneous.

- a) Expenses. Each party hereto shall bear its own expenses with respect to this Amendment.
- b) Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- c) Applicable Law; Venue. This Amendment shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereto hereby irrevocably attorn to the non-exclusive jurisdiction of the courts of Ontario with respect to any matter arising under or related to this Amendment.

3) Original Lease. The Lease remains in full force and effect as amended hereby.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Amendment as of the date first written above.

LANDLORD:

104 OAKDALE ACQUISITION CORP.

By: 

Name:

Title:

Kathleen Josely
Secretary / Treasurer

TENANT:

KK PRECISION INC.

By: _____

Name:

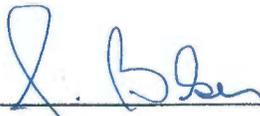
Title:

IN WITNESS WHEREOF, the undersigned has executed and delivered this Amendment as of the date first written above.

LANDLORD: 104 OAKDALE ACQUISITION CORP.

By: _____
Name:
Title:

TENANT: KK PRECISION INC.

By:  _____
Name: James B. Baker
Title: Chairman

Jesse Gill, Vice President
104 Oakdale Acquisition Corp.
2 Bloor Street West, Suite 3400
Toronto, ON M4W 3E2

George Koulakian, President
KK Precision Inc.
104 Oakdale Road
Toronto, ON M3N 1V9

cc: Stuart English, McMillan LLP

May 1, 2014

Dear George,

As you are aware, KK Precision Inc. (the "Tenant," "you" or "your") has been in default on its obligations as are contained the lease between the Tenant and 104 Oakdale Acquisition Corp. (the "Landlord," "us," "we" or "our") dated September 1, 2011 and amended on February 1, 2013 (together, the "Lease"; capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Lease), including, but not limited to, missed and late payments to the Landlord. We confirm that we provided notice of default numerous times verbally as well as in writing on November 1, 2013, and that all cure periods provided for in the Lease have now expired. Further, the Lease expired as of April 30, 2014, after which date the Tenant was to have vacated the property and all outstanding payments due under the Lease were to have been made.

On January 21, 2014 we confirmed in writing, and we reiterate now, that although we have refrained from exercising certain right and remedies available to us under the Lease in respect of your default, we reserve all such rights and remedies thereunder, except to the extent expressly amended by your agreement to the terms set out below (and subject to due performance of such agreement, your tenancy shall be in good standing and, provided the Leased Premises have been vacated and surrendered in the Return State (as defined below) by the Termination Date, no other amounts will be owed by either the Tenant to the Landlord or the Landlord to the Tenant (other than the Landlord's return of any unused portion of the Security Deposit (as defined below))).

Notwithstanding the foregoing, and without prejudice to any rights available to the Landlord in the event you do not comply with all of the terms set out in the Lease Agreements (as defined below), the Landlord agrees to extend the term of the Lease on the same terms and with the same obligations on the Tenant and Landlord as in the Lease, including (without limitation) the same Rent (and for clarity, the Base Rent will be \$16,000 per month plus HST) until September 30, 2014, or such date as otherwise agreed to by the parties in writing (the "Termination Date"), provided:

- (a) the Landlord is immediately paid the sum of \$122,974.10 (the "Advance Rent"), being the sum of the Rent owing under the Lease (five (5) months of Base Rent and HST, and including five (5) months of estimated of property tax (\$5,514.82 per month) and utility payments (\$1,000 per month), but excluding interest on missed payments) through the Termination Date;
- (b) the Tenant hereby agrees to completely vacate and surrender the Leased Premises in accordance with the Lease and this letter agreement (together the "Lease Agreements") no later than the Termination Date, except that (x) the Tenant shall leave in place as part of the

Leased Premises owned by the Landlord those items as outlined in subclause (i) of Section 2.3 of the Lease (which for clarity shall remain the property of the Landlord) and (y) there shall not be a maximum on the Foundation and Floor Costs in subclause (ii) of Section 2.3 of the Lease;

- (c) the Tenant will advance to us a \$100,000 security deposit (the "Security Deposit"), which will be dealt with as follows:
- i. the Security Deposit will be used by the Landlord to return the Leased Premises to the same state of repair and cleanliness as they were in at the commencement of the Term, reasonable wear and tear excepted, (the "Return State"), consistent with the Tenant's obligations under the Lease Agreements, in the event the Tenant does not restore the Leased Premises to the Return State by the Termination Date.
 - ii. any application of the Security Deposit shall be in accordance with the terms of the Lease Agreements and will be against actual repair, restoration, cleaning or other similar invoices from third-party suppliers, and the Landlord will promptly provide copies to the Tenant and the court-appointed monitor (if any) of such invoices;
 - iii. the Landlord will promptly return any unused portion of the Security Deposit to the Tenant following the Tenant's vacation and surrender of the Leased Premises and satisfaction of the Tenant's obligations under the Lease Agreements and the successful completion of any required repair, restoration or cleaning work;
 - iv. the Tenant's advancement of the Security Deposit does not in any way limit any of the Tenant's obligations under the Lease Agreements; the Tenant hereby agrees that if the Security Deposit not sufficient to satisfy such obligations, then the Tenant will pay for any other costs required to return the Leased Premises to the Return State consistent with the Tenant's obligations under the Lease Agreements and for any other costs in accordance with the Lease Agreements;
 - v. in addition to anything else contained herein or in the Lease Agreements and without limiting any other rights of the Landlord under the Lease Agreements, should the Leased Premises not be vacated and surrendered by the Termination Date in the Return State, the Security Deposit may be retained by the Landlord to satisfy its lost rental income during the period required to restore the Leased Premises to the Return State and vacant (due to the property not being saleable or rentable in the desired state), assuming the same Rent per this letter agreement (a full month's Rent being payable in respect of any part of a month during such period)
 - vi. for clarity, the Tenant shall remain responsible for all of its obligations contained in the Lease Agreements and the Security Deposit is not a substitute or an exclusive remedy for such obligations; and
 - vii. notwithstanding anything else contained herein or in the Lease Agreements, and without limiting any rights of the Landlord under the Lease Agreements, if the Leased Premises are not vacated and surrendered by the Tenant by the Termination Date, then unless otherwise agreed to in writing (signed) by both the Landlord and the Tenant, the Tenant hereby agrees and gives its irrevocable consent to the Landlord that the Landlord may evict the Tenant without notice at any time after the Termination Date;
- (d) without limiting any obligations of the Tenant in the Lease Agreements, the Tenant hereby agrees to use due care and commercially reasonable efforts to minimize any damage to the Leased Premises and to minimize the amount of repair work required to return the Leased Premises to the Return State in both its ongoing operations and the removal of any of the Tenant's property from the Leased Premises;

- (e) the Tenant will prepay all required insurance it is required to maintain in accordance with the Lease (including, without limitation, as outlined in Article 7 of the Lease) through the Termination Date and will deliver evidence to our satisfaction of such prepayment (the "Insurance Prepayment Evidence") to us, within 7 days of execution of this letter agreement (failing which, the Tenant will be in default and the Landlord may, in addition to other remedies available to us and without limiting your obligations under the Lease Agreements, at our option, terminate the Lease or make such insurance prepayments on the Tenant's behalf and apply the Security Deposit to such prepayments);
- (f) notwithstanding the foregoing or anything else in the Lease Agreements, the Landlord may, at its sole option and with no notice required, terminate the Lease at any time on or after the signing, by or on behalf of the Tenant or its creditors, of a binding agreement to sell the shares of the Tenant or other ownership interest in the Tenant or all or substantially all of the Tenant's assets for the purpose of continuing the business as a going concern; provided that the Landlord's other rights under the Lease Agreements will not be diminished by such termination;
- (g) for clarity, notwithstanding anything else contained in the Lease Agreements, the Landlord may sell the Leased Premises at any time prior to or following the termination of the Lease, but if prior to the Termination Date (or if the Lease is terminated earlier, such date of termination), any purchaser or transferee from or of the Landlord shall have become by written agreement bound to perform the covenants of the Landlord under the Lease Agreements (in which case, the Landlord shall without further agreement be freed and relieved of any liability upon the covenants and obligations under the Lease Agreements); and
- (h) you have executed and delivered the Mutual Termination & Release attached hereto.

Please respond promptly confirming your acceptance of this letter agreement and agreement to the terms contained herein by signing and returning a copy of this letter. Additionally, please send the Advance Rent, the Security Deposit and the executed Mutual Termination & Release to me promptly. This letter agreement will be effective immediately upon, but only upon, receipt of by us of your signature to this letter agreement, the Advance Rent, the Security Deposit and the executed Mutual Termination & Release. I can be reached any time at 917.969.3553 or jg@terranovapartners.com.

Sincerely,



Jesse Gill
Vice President, 104 Oakdale Acquisition Corp.

Agreed to effective this 1st day of May, 2014.

KK PRECISION INC.

Per: _____

Name: George Koulikian

Title: President

I have authority to bind the Corporation.

TAB E

Exhibit "E" to the Affidavit of Garth Wheldon,
sworn before me this 25th day of July, 2014.



Commissioner for Taking Affidavits, etc.

**Aoife Catherine Quinn,
a Commissioner, etc., Province of
Ontario, while a Student-at-Law.
Expires May 1, 2017.**

Moran, Blake

Subject: RE: Site Visit re KKP

From: David Ullmann [<mailto:DUllmann@mindengross.com>]

Sent: Friday, July 18, 2014 4:17 PM

To: Sherman, Adam; John J. Salmas (john.salmas@dentons.com); Sam Rappos (samr@chaitons.com)

Subject: RE: Site Visit re KKP

Mr. Sherman,

Further to our meeting on Wednesday and our telephone call today, it is the position of my clients, having now conducted a preliminary review of the Premises, that the following items need to be corrected, repaired or restored in order for the Company's vacation of the Premises to be in accordance with the terms of the lease which governs the Premises.

1. Pits under Machines: As you are aware, almost every machine which is subject to the proposed sale process is currently located above or in a pit recessed into the floor. Each such pit must be restored to grade in a safe and workmanlike manner.
2. Environmental issues re Pits: Prior to any restoration work being conducted, however, the machines in question will have to be removed to allow an environmental review and inspection of the pits. The machines in question have been resident for 20 plus years and it is very likely there are solvents or other chemicals under the machines which will have to be dealt with prior to the pits being filled. It is not acceptable that the pits be covered prior to such a review being conducted and such cleaning completed.
3. Environmental Issues re External Solvent Storage and Leaks: An inspection of the perimeter of the building demonstrates apparent leaks of potentially hazardous material and oil into the asphalt and possibly the building foundation at several places. These leaks must be investigated and cleaned. In particular:
 - a. At the rear of building, which shows leaching of chemicals into the pavement and sidewalk area
 - b. On the wall adjacent to compressor area, which shows oils or other fluids which have leaked outside of the building
 - c. In an around the storage area for solvents in plastic drums near Oakdale Rd
 - d. There is a possible external leak at front of building, which had previously been observed oozing through a small 2 inch diameter access hole in the wall
4. Internal Environmental Review: The interior of the building should also be inspected for environmental issues and safely cleaned where necessary.
5. Roof Restoration: It is apparent that there are numerous holes in the roof where machinery and HVAC have been removed. Other holes may be made by machinery yet be removed. These holes must be fixed.

6. Restoration of Loading Bay: The South side main door has been removed and blocked in. The door must be returned to being a usable access point. In addition, the south side dock has been sealed and obstructed. This must be returned to original state.
7. HVAC: All HVAC must be inspected and tested
8. Asphalt: Apparently due to outside storage of raw materials and storage containers, plus harsh weather conditions this year, it is apparent that all of the asphalt in the main loading area must be repaired and re-graded. This may be even more apparent when temporary storage is removed from the drive way.
9. Interior Temporary Structures: There are a variety of temporary structures or rooms which have been added to the interior of the premises. All additions of temporary rooms, such as in the compressor area or the inspection area, must be removed.
10. Flooring: The epoxy must be removed from the floor throughout the main building so that the floor throughout the building is returned to its original state.
11. Landscaping: The landscaping is in complete disarray. Grass must be mowed and damaged railing must be repaired.
12. Stairs: The front stairs to the building are broken and constitute a hazard. They must be replaced.
13. Holding Pen: The temporary fencing which creates the holding area in the rear yard must be removed and the asphalt repaired
14. Windows: It appears that 50-60% of all the windows have been damaged and must be replaced
15. Electrical: All electrical wiring must be safely capped upon the removal of equipment. Additional or surplus wiring installed by the tenant must be removed and the remaining connections made safe. Additional electrical issues may become apparent upon the removal of the assets.

The foregoing is not necessarily an exhaustive list. I am advised by my clients that they expect that further issues may become apparent from a more professional review.

In addition to the foregoing, and without limiting the need for a further environmental review to be done, we understand that you have a recent environmental survey of part of the property. Please provide a copy of same for our review as soon as possible.

As you are aware, and as we said at the meeting, at this time, our clients estimate the costs for the above repairs to have an aggregate cost of at least \$500,000. It is suggested that an expert be retained to validate these costs. We confirm that any environmental survey or expert's report with respect to these issues will be at the cost of the company and not my clients.

Please provide us with a timeline which the company intends to follow with respect to performing the auction and attending to the repairs listed above. We would like to ensure that there can be certain milestones at which the landlord, or its representative, can attend in order to assess progress. The Landlord remains concerned that the timing proposed by the company is very aggressive. In particular, the issue with the pits, which will take time to properly clean and fill, cannot be assessed until the machines are removed, which will presumably not be until mid-September at the earliest.

We confirm that the above costs do not include such additional costs as may be required to repair any additional damage as may be done as a result of the removal from the premises of the machinery, equipment and materials (including any and all hazardous materials), which the tenant must remove upon the completion of the lease. This would presumably include any assets or machinery which are not sold at auction, but which we presume the auctioneer is undertaking to remove itself after the sale.

Regards,

David Ullmann

David Ullmann | T: 416.369.4148 | F: 416.864.9223 | www.mindengross.com



MERITAS LAW FIRMS WORLDWIDE

From: David Ullmann

Sent: Tuesday, July 15, 2014 1:29 PM

To: 'Sherman, Adam'; 'John J. Salmas (john.salmas@dentons.com)'; 'Sam Rappos (samr@chaitons.com)'

Subject: RE: Site Visit re KKP

Gentlemen,

Following up. Please let me know so that I can organize my day for tomorrow.

Regards,

David

David Ullmann | T: 416.369.4148 | F: 416.864.9223 | www.mindengross.com



MERITAS LAW FIRMS WORLDWIDE

From: David Ullmann
Sent: Monday, July 14, 2014 3:17 PM
To: 'Sherman, Adam'; 'John J. Salmas (john.salmas@dentons.com)'; 'Sam Rappos (samr@chaitons.com)'
Subject: RE: Site Visit re KKP

Gentlemen,

My clients are available to meet at 10 AM Wednesday morning at the Premises. Presumably we will do a walk through and then meet to discuss the issues. Does that time work for you? Please advise.

Regards,

David

David Ullmann | T: 416.369.4148 | F: 416.864.9223 | www.mindengross.com



MERITAS LAW FIRMS WORLDWIDE

From: David Ullmann
Sent: Monday, July 14, 2014 9:09 AM
To: 'Sherman, Adam'; John J. Salmas (john.salmas@dentons.com); Sam Rappos (samr@chaitons.com)
Cc: Barbieri, Eric; 'Ian Aversa'
Subject: RE: Site Visit re KKP

Good Morning Gentlemen,

As you are aware, my client submitted a bid to acquire the assets on the premises and, as of this morning, I believe that my client is not the successful bidder. As such their focus, and mine, now returns to dealing with the premises and the removal of assets. As you are also aware, my client believes the costs associated with the proper removal and restoration of the premises will be approximately \$500,000. My client also remains concerned about the successful bidders meeting the timing requirements for the removal of assets. I understand the company and the monitor may not agree with either concern. With this in mind, I would like to set up a schedule this morning to allow for the inspection of the premises by my client (to which there was some limited resistance previously) and for the preparation of a report, by an entity selected by my client but satisfactory to the Company and the Monitor, to give an impartial estimate of the restoration costs. My client is prepared to abide by the findings of such a report and we would expect the company would have no issue doing the same.

I look forward to discussing such a schedule at court this morning.

Regards,

David

David Ullmann | T: 416.369.4148 | F: 416.864.9223 | www.mindengross.com



MERITAS LAW FIRMS WORLDWIDE

From: Sherman, Adam [<mailto:ASherman@Richter.ca>]

Sent: Tuesday, June 24, 2014 11:50 AM

To: David Ullmann

Cc: Barbieri, Eric; Garth Wheldon (GWheldon@kkprecision.com); Garth Wheldon (MVM.gw@outlook.com); John J.

Salmas (john.salmas@dentons.com); Sam Rappos (samr@chaitons.com)

Subject: RE: Site Visit re KKP

David, I'm not on site at the Company so I don't know when a good time would be attend. Interested parties are scheduling site visits at the Company through Garth Wheldon (he is cc'd on this email) who has been retained by the Company to assist with the CCAA Proceedings and the wind-down of operations (he is the former President of KKP). Should you wish to attend at the Company, you should contact Garth directly to set up a time that works for you both.

Regards,

Adam

RICHTER

Adam Sherman, MBA, CIRP
Vice-President
D.416.642.4836
M.416.488.2345 - 2318
ASherman@Richter.ca

Richter Advisory Group Inc.
181 Bay Street, Suite 3320
Bay Wellington Tower
Toronto, ON M5J 2T3

From: David Ullmann [<mailto:DUllmann@mindengross.com>]

Sent: Tuesday, June 24, 2014 11:27 AM

To: Sherman, Adam

Subject: Site Visit re KKP

Adam,

I am toying with the idea of a site visit today to get a look at the machines, holes in the ground, walls, etc. Is this possible (I assume auctioneers are conducting regular tours) and if so, what is the latest I can go? Ideally I would be thinking of trying to be there around 4:30, sort of on my way home. If I could go later, that would be even better.

Let me know

Thanks.

David



DAVID ULLMANN

T: [416.369.4148](tel:416.369.4148) F: [416.864.9223](tel:416.864.9223) www.mindengross.com

145 King St. West, Suite 2200, Toronto, ON M5H 4G2

Save contact details: [David Ullmann](#)

MERITAS LAW FIRMS WORLDWIDE

This communication is for the use of the individual or entity named herein and contains information that may be privileged and confidential. If you are not the intended recipient, any dissemination, distribution or copying of this message or its contents is strictly prohibited. If you have received this message in error, please advise the sender immediately.



**Do you really need to print this email?
Think green!**

This email and any attachments are for the sole use of the intended recipients and may be private or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this e-mail and attachments.



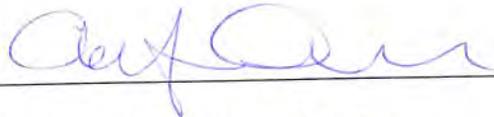
**Devez-vous vraiment imprimer ce courriel? Pensez vert!
Do you really need to print this email? Think green!**

Le présent message électronique et les fichiers qui y sont joints sont réservés uniquement à l'usage des destinataires visés et peuvent être de nature privée ou confidentielle. Toute distribution, impression ou autre utilisation de la présente communication, et de tout fichier qui y est joint, par un tiers est interdite. Si vous n'êtes pas le destinataire visé, veuillez informer immédiatement l'expéditeur et détruire de façon permanente le présent message électronique et les fichiers qui y sont joints.

This email and any attachments are for the sole use of the intended recipients and may be private or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this e-mail and attachments.

TAB F

Exhibit "F" to the Affidavit of Garth Wheldon,
sworn before me this 25th day of July, 2014.



Commissioner for Taking Affidavits, etc.

**Aoife Catherine Quinn,
a Commissioner, etc., Province of
Ontario, while a Student-at-Law.
Expires May 1, 2017.**

July 24, 2014

File No.: 557860-1

SENT VIA E-MAIL (dullmann@mindengross.com)

David T. Ullmann
Minden Gross LLP
145 King Street West
Suite 2200
Toronto, Ontario
M5H 4G2

Dear David:

RE: KK Precision Inc. return of the 104 Oakdale road premises

As you are aware we are counsel to KK Precision Inc. (the "**Company**"). We have been provided with a copy of your July 18th email (the "**July 18th Email**") and have been instructed to provide this response.

The Company has been operating out of the premises located at municipal address 104 Oakdale road, North York (the "**Premises**") for upwards of 20 years. The Company's rights in the Premises have been defined by various agreements over that time period, many of which are no longer applicable. On September 1, 2011, the Company entered into a lease agreement (the "**Lease**") with 104 Oakdale Acquisition Corp. (the "**Prior Landlord**"). The Lease was amended by an amendment to lease, entered into as of February 1, 2013 (the "**First Lease Amendment**") and amended further by a letter agreement effective as of May 1, 2014 (the "**Letter Agreement**", together with the First Lease Amendment and the Lease, the "**Lease Documents**"). The Lease Documents do not refer to, or rely upon, any pre-existing agreement, lease or grant of rights in the Premises by the Landlord to the Company that predates the Lease. In other words, the Lease Documents represent an accurate representation of the complete agreement between the parties with respect to the Company's lease of the Premises.

On May 30, 2014 (the "**Filing Date**"), the Honourable Justice Wilton-Siegel of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted an order pursuant to the provisions of the *Companies' Creditors Arrangement Act* R.S.C. 1985 c. C-36, as amended, which among other things provides that no party shall discontinue any contract with the Company without the written consent of the Monitor or leave of the Court. It is our understanding that any assumption of the lease by your client, 2215225 Ontario Inc. (the "**Landlord**") happened after the Filing Date and that a valid and binding assumption agreement was executed. We would request that you please provide us with a copy of that agreement as soon as possible. It would be our expectation that through its due diligence in connection with its purchase of the Premises, the Landlord would have understood the rights of the Prior Landlord pursuant to the Lease Documents in executing the assumption agreement.

We understand from the July 18th Email that your client's position is that the Company is obligated to ensure that all of the items identified therein are "corrected, repaired or restored in order for the Company's vacation of the Premises to be in accordance with the terms" of the Lease Documents. We

respectfully disagree that all of these items need to be addressed in order for the Company to be compliant with the terms of the Lease Documents.

It is the Company's position that the condition of the Premises at the expiry of the Term¹ (the "Return State") and the Company's obligations to deliver the Premises to the Landlord in the Return State are expressly defined by the Lease Documents. The Company takes this position is based on the following sections of the Lease Documents:

- *S. 1.17 of the Original Lease*
"TERM" means the term of this Lease as specified in Section 2.1
- *S. 2.1 of the Original Lease*
In consideration of the rents, taxes and other payments, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be respectively paid, observed and performed, the Landlord does demise and lease the Leased Premises, for the sole use as a manufacturing facility and offices in accordance with all applicable laws, by-laws and regulations, unto the Tenant, to have and to hold for the **Term of one (1) year commencing on September 1, 2011** and ending on August 31, 2012. [emphasis added]²
- *S. 2.3 of the Original Lease*
Upon the expiration or sooner termination of this Lease (including, but not limited to, at the expiry of the Term or if extended at the expiry or termination of the Renewal Term), **the Tenant shall vacate and surrender to the Landlord the Leased Premises in the same state of repair and cleanliness as they were in at the commencement of the Term, reasonable wear and tear excepted, and the Tenant will restore the Premises accordingly.** The Tenant will remove any and all such fixtures and other items that Landlord may identify from the Leased Premises and restore the Leased Premises accordingly. Notwithstanding the foregoing, **Tenant's obligation to remove fixtures and other items will not apply to any fixtures or items that were so placed or installed in or on the leased Premises prior to the commencement of the Lease.** For clarity, (i) the Tenant may, at its option, but shall not be required to remove the cranes, compressors or outside storage fence, (ii) Tenant shall be required to fill in the machine foundations and power wash the floors and walls; provided, however, the Tenant shall only be responsible for any costs of filling in the machine foundations and power washing up to a maximum of \$50,000 (the "Foundation and Floor Costs"). The Tenant shall use commercially reasonable efforts to minimize the Foundation and Floor Costs. Any damage due to the Tenant's (or its subsidiaries, subcontractors, employees, officers, directors, consultants, shareholders, associates or affiliates) operations or actions, removal of machinery or other fixtures prior to or at the end of the Term or the Renewal

¹ as defined in the Lease Documents

² Such Term was subsequently extended by paragraph 1 of the First Lease Amendment until April 30, 2014 and the third paragraph of the Letter Agreement until September 30, 2014.

Term (as same may be extended) shall be repaired by and at the cost of the Tenant. [emphasis added]

- *Para 3(c)(i) of the Letter Agreement*
the Security Deposit will be used by the Landlord to return the Leased Premises to the same state of repair and cleanliness as they were in at the commencement of the Term, reasonable wear and tear excepted, (the "Return State"), consistent with the Tenant's obligations under the Lease Agreements, in the event the Tenant does not restore the Leased Premises to the Return State by the Termination Date.[emphasis added]

As such, it is the Company's position that the Return State is the state of the Premises at September 1, 2011 – being the "commencement of the Term" under the Lease Documents.

Pursuant to the Letter Agreement, the Landlord is currently holding \$100,000 as a Security Deposit (the "**Security Deposit**") that is to be used in accordance with paragraph 3(c) of the Letter Agreement. The Company and the Monitor have reviewed the current state of the Premises and the Company believes that the \$100,000 Security Deposit is sufficient to conduct all of the necessary repairs to the Premises in order to effectuate the Return State.

Notwithstanding, the above Company, in consultation with the Monitor, has reviewed the list you have provided and, in an effort to deal with all alleged Premises rectification issues, the Company is agreeable to make certain of your clients requested repairs to the Premises. The Company agrees to deal with the requested repairs as follows:

1. **Pits under Machines:** We acknowledge that it is the responsibility of the Company to fill the pits under the machines in accordance with the Lease Documents. The Company has consulted with NRF Contracting Ltd. ("**NRF**") in order to have that process completed prior to vacating the Premises. NRF was the company responsible for the original construction of the pits and has knowledge regarding how to properly fill the pits and account for any potential environmental hazards, which we are not aware of any.
2. **Environmental issues:** As a proxy for the condition of the Premises at September 1, 2011, a Phase I Environmental Site Assessment (the "**Phase I Report**") was prepared by Conestoga-Rovers & Associates ("**CRA**") for River Associates Investments, LLC in August 2011. The Phase I Report was based on a visual inspection / historical review of the Premises and noted the potential sources for environmental contamination.

A subsequent Phase II assessment (the "**Phase II Report**" and together with the Phase I Report, the "**Reports**") was prepared by CRA for the Prior Landlord and Precinda Corp. (the predecessor-in-interest to the Company) and completed in July 2013. Physical testing of the Premises was done to complete the Phase II Report, which indicated that there was no evidence of groundwater impacts or soil impacts and that there was no need for a further site assessment or remediation work to be done on the Premises. As the new Landlord of the Premises, we assume that your client received these Reports as a part of a due diligence process undertaken in purchasing the Premises, but for ease of reference I have enclosed the Reports (without appendices) with this letter.

The process to complete the Phase II Report took six weeks to complete and was disruptive to the operations of the business. Given that the last environmental assessment was completed a

year ago and, with no major changes to the operations or the Premises since such date, a further assessment would be superfluous. The Company is not aware of any environmental issues but will pressure wash the walls and floors as required to clean any of the current visible markings.

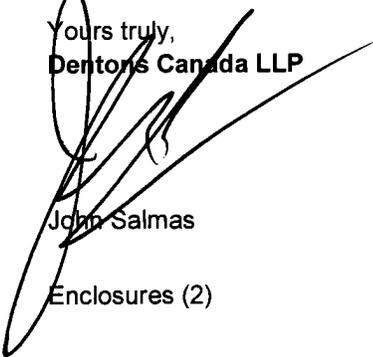
3. **Roof Repairs and HVAC:** The Company will attend to any HVAC issues and to the extent that the roof repairs are related to the HVAC system and/or the removal of equipment the Company will repair the roof. Any other rectification issues in respect of the roof which are the result of normal wear and tear will not be attended to by the Company.
4. **Restoration of south side door, loading bay and removal of internal structures:** The south side door was blocked and the internal structures were erected prior to the commencement of the Lease on September 1, 2011. Therefore it is the Company's position that the Premises will be delivered in the Return State which includes leaving the south side door, the loading bay door and the internal structures in the current condition.
5. **Asphalt:** As you note the condition of the asphalt may have been affected by the harsh weather this past winter. The Company would characterize any change in the condition of the asphalt as a result of harsh weather and storage of containers to be 'normal wear and tear'.
6. **Landscaping, railing, stairs, windows and electrical:** The company will ensure that these items are in the same state of repair and cleanliness as they were in at the commencement of the Term, reasonable wear and tear excepted. Any broken windows will be replaced and the electrical will be safely capped upon the removal of the equipment.
7. **Holding Pen:** Section 2.3 of the Lease expressly states that: "For clarity, (i) the Tenant may, at its option, but shall not be required to remove the cranes, compressors or outside storage fence". At this point in time the Company will not be exercising such option but reserves the right to remove the fence prior to vacating the Premises if it subsequently deems it appropriate to do so.

The Company's estimated cost to bring the Premises to the same state of repair and cleanliness as it was at September 1, 2011, reasonable wear and tear excepted, is approximately equal to the amount of the Security Deposit. To the extent that the costs of the action plan provided herein are greater than the estimate, the Company agrees to pay for and undertake those repairs. This offer to deal with the Premises is provided on the pre-condition that the Security Deposit will be released by the Landlord to the Monitor to be held in trust for the benefit of the Company and the Landlord. The Security Deposit will be released by the Monitor to the Company on the delivery of (i) proof of expenses and (ii) a commitment by the Company to pay any overage cost to effectuate the required repairs as detailed herein. In the event that the full amount of the Security Deposit is not required to be utilized to effectuate the repairs, any unused portion will be returned to the Company.

The auction for the Company's assets will take place on September 10, 2014 with the removal of the assets to commence on that date and culminate on or before September 30, 2014. The Company will be bringing a motion to approve the auction transaction on August 1, 2014.

In the event that your clients wish to engage an expert to assess the Premises, the Company is not adverse to such a process. Provided however, any such expert is able to ascertain the condition of the Premises as of September 1, 2011 and will base any findings and recommendations or list of "required repairs" are based on returning the Premises to the same state of repair and cleanliness as it was at September 1, 2011, reasonable wear and tear excepted.

Yours truly,
Dentons Canada LLP



John Salmas

Enclosures (2)



PHASE I ENVIRONMENTAL SITE ASSESSMENT

**LIGHT INDUSTRIAL FACILITY
104 OAKDALE ROAD
TORONTO, ONTARIO**

**Prepared For:
River Associates Investments, LLC**

**AUGUST 2011
REF. NO. 076209 (1)**
This report is printed on recycled paper.

**Prepared by:
Conestoga-Rovers
& Associates**

111 Brunel Road, Suite 200
Mississauga, Ontario
Canada L4Z 1X3

Office: 905•712•0510
Fax: 905•712•0515

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
1.0 INTRODUCTION.....	1
2.0 ENVIRONMENTAL DATABASES SEARCH AND HISTORICAL RECORDS REVIEW	3
2.1 ENVIRONMENTAL DATABASES SEARCH	3
2.2 HISTORICAL RECORDS REVIEW	7
2.2.1 PROPERTY TITLE RECORDS	7
2.2.2 HISTORICAL CITY DIRECTORIES.....	8
2.2.3 FIRE INSURANCE PLANS	10
2.2.4 AERIAL PHOTOGRAPHS.....	11
2.2.5 PREVIOUS ENVIRONMENTAL REPORTS.....	12
2.3 GEOLOGICAL AND HYDROGEOLOGICAL SETTING	14
3.0 SITE INSPECTION.....	15
3.1 SITE OVERVIEW	15
3.1.1 BUILDING AND PROPERTY.....	15
3.1.2 CURRENT SITE OPERATIONS	16
3.1.3 HISTORICAL SITE OPERATIONS	16
3.1.4 UTILITY SERVICES.....	17
3.2 ENVIRONMENTAL SETTING.....	17
3.3 UNDERGROUND STORAGE TANKS (USTs).....	18
3.4 ABOVEGROUND STORAGE TANKS (ASTs)	18
3.5 CHEMICAL AND RAW MATERIAL USE AND STORAGE.....	19
3.6 FLOOR DRAINS, PITS, AND SUMPS.....	19
3.7 WASTEWATER/SEWERS	20
3.8 STORMWATER/SURFACE WATER.....	20
3.9 SOLID WASTE/RECYCLABLE MATERIALS.....	20
3.10 SUBJECT WASTE/HAZARDOUS WASTE.....	21
3.11 CHEMICAL SPILLS/RELEASES	21
3.12 ASBESTOS-CONTAINING MATERIALS (ACM)	22
3.13 POLYCHLORINATED BIPHENYLS (PCBs)	22
3.14 AIR EMISSIONS	22
3.15 LEAD-BASED PAINT	23
3.16 IONIZING RADIATION	23
3.17 REGULATORY AGENCY RECORDS	23
4.0 CONCLUSIONS	24

LIST OF FIGURES
(Following Text)

- FIGURE 1 SITE LOCATION MAP
- FIGURE 2 SITE PLAN

LIST OF APPENDICES

- APPENDIX A PROJECT PERSONNEL CURRICULUM VITAE
- APPENDIX B ENVIRONMENTAL DATABASE SEARCH REPORT
- APPENDIX C PROPERTY TITLE SEARCH DOCUMENTS
- APPENDIX D RISK MANAGEMENT SERVICES DOCUMENTATION
- APPENDIX E AERIAL PHOTOGRAPHS
- APPENDIX F PHOTOGRAPHS OF THE BUILDING AND PROPERTY
- APPENDIX G AGENCY RECORDS

EXECUTIVE SUMMARY

Conestoga-Rovers & Associates (CRA) was retained by River Associates Investments, (RAI) to complete a Phase I Environmental Site Assessment (ESA) of the industrial property and building located at 104 Oakdale Road in Toronto, Ontario (Property or Site).

The purpose of the Phase I ESA was to identify, through a non-intrusive investigation, the existence of any significant actual or potential areas of environmental impairment associated with the facility and related Property. It is CRA's understanding that the Phase I ESA is being completed for due diligence purposes to allow RAI to assess any potential liabilities (environmental risk and impacts) relating to the Property preparatory to a potential real estate transaction. The Property is currently owned by Precinda Inc. who acquired the Property in 1998.

The Property is approximately 0.73 hectares (1.8 acres) in size and irregular in shape. The Site contains one building that is approximately 2,600 square metres (28,000 square feet) in size. The Site is located in an area of Toronto that has been developed for industrial land use since the 1960s.

The Phase I ESA was conducted in general accordance with the document entitled, "CSA Standard Z768-01, Phase I Environmental Site Assessment" for conducting environmental assessments.

Based on the results of the Phase I ESA, including information provided by facility representatives and regulatory agencies, and historical documents reviewed, the following potential areas of environmental concerns were identified to be associated with the Site.

- i) **Current Site Operations:** Based on the findings of the Site inspection, two shallow concrete pits, which extend from the north end to the south end of the manufacturing plant, were present below the base of the metal working machines. These concrete pits are used for collecting leaked coolant and hydraulic oil from the machines. Localized stains were observed throughout the facility, especially on the concrete floor slab in the northeast section of the plant and the exterior northeast section of the Site where drums and plastic totes containing hydraulic oil, coolant, and mineral spirits, or liquid wastes from the non-destructive testing area were stored. The potential for chemicals to seep into the surrounding soil through cracks in the walls or bases of the concrete pits, and

from spills or leaks associated with the chemical storage areas were identified as potential sources of environmental impairment to the Site.

- ii) **Historical Site Operations:** Based on a review of historical information, former occupants of the Site included heavy-duty lift truck repair and machine shop operations. Very limited information was available concerning the types and quantities of chemicals used and stored at the Site in the past, or the nature of wastes generated at the Site in the past. In the absence of this information, these historical operations were identified as potential sources of environmental impairment to the Site.

- iii) **Historic Adjacent Land Use:** Based on a review of historical information, the properties adjacent to the north and east of the Site were occupied by industrial operations including metal working, stamping, and automotive repair operations. Fill and vent pipes associated with a possible underground storage tank had also been observed on a property located approximately 30 metres northeast of the Site. The historical industrial operations on properties located adjacent to the Site were identified as potential sources of environmental impairment to the Site, if chemical releases have occurred on these properties and migrated onto the Site.

1.0 INTRODUCTION

Conestoga-Rovers & Associates (CRA) was retained by River Associates Investments, LLC (RAI) to complete a Phase I Environmental Site Assessment (ESA) of the industrial property located at 104 Oakdale Road, Toronto, Ontario (Property or Site). A Site location map is provided on Figure 1 and a Site plan is provided on Figure 2.

The purpose of the Phase I ESA was to identify, through a non-intrusive investigation, the existence of any significant actual or potential areas of environmental impairment associated with the facility and related Property. It is CRA's understanding that the Phase I ESA is being completed for due diligence purposes to allow RAI to assess any potential liabilities (environmental risk and impacts) relating to the Property preparatory to a potential real estate transaction. The Property is currently owned by Precinda Inc. who acquired the Property in 1998.

The Property is approximately 0.73 hectares (1.8 acres) in size and irregular in shape. The Site contains one building that is approximately 2,600 square metres (28,000 square feet) in size. The Site is located in an area of Toronto that has been developed for industrial land use since the 1960s.

The Phase I ESA was conducted in general accordance with the document entitled, "CSA Standard Z768-01, Phase I Environmental Site Assessment" for conducting environmental assessments. The Phase I ESA was conducted by Mr. Cory Ostrowka and Ms. Pearl Lai and was reviewed by Mr. Greg Brooks, all of CRA. The qualifications of Mr. Ostrowka, Ms. Lai and Mr. Brooks are presented in Appendix A. The following tasks were conducted as part of the Phase I ESA:

- Review of an electronic environmental database search of federal, provincial, and private source databases
- Review of Property title records
- Review of available historical records including historical city directories, fire insurance plans, aerial photographs of the Site and surrounding area, and previous environmental reports
- Review of past and current Property usage and adjacent property occupancy
- Inspection of the facilities, equipment, utility services, operations, and associated records for the Site
- Observations of any conditions that represented potential environmental concerns
- Review of chemical use and storage and spill/release incidents

- Review of aboveground and underground storage tank records
- Review of waste handling, accumulation, storage, and disposal practices
- Review of air emissions and wastewater discharges
- Review of equipment that potentially contains chlorofluorocarbons
- Review of equipment that potentially contains polychlorinated biphenyls
- Observations of potential lead-based paint
- Observations of potential asbestos-containing materials
- Inquiries with regulatory agencies and discussions with persons knowledgeable of the Site and Site operations

CRA relied on information received from all parties as being accurate unless contradicted by written documentation or field observations.

The following report summarizes the information gathered by CRA during the Phase I ESA and identifies any significant actual or potential areas of environmental impairment associated with the facility and related Property.

This Phase I ESA report has been prepared for the use of River Associates Investments, LLC and may not be relied upon by others without the written consent of CRA.

2.0 **ENVIRONMENTAL DATABASES SEARCH
AND HISTORICAL RECORDS REVIEW**

2.1 **ENVIRONMENTAL DATABASES SEARCH**

CRA contracted EcoLog Environmental Risk Information Services Ltd. (ERIS) to conduct a search of available federal, provincial, and private environmental databases. Based on the address of the Site, the database searches were completed to assist in the identification of environmental conditions at the Site and on adjacent properties. A summary of the pertinent findings from the database search is provided below. The number of records identified for the Site and for properties within a 0.25 kilometre radius, and a 0.25 to 2 kilometre radius of the Site are identified in the following table. The complete database search report, which also identifies limitations associated with this information, is included in Appendix B.

Database	Number of Records		
	Site	Distance from the Site	
		0-0.25 km	0.25-2 km
FEDERAL DATABASES			
Environmental Effects Monitoring (EEM)	None	0	0
Environmental Issues Inventory System (EIIS)	None	0	0
Federal Convictions (FCON)	None	0	0
Federal Contaminated Sites (FCS)	None	0	0
Fisheries & Oceans Fuel Tanks (FOFT)	None	0	0
Indian & Northern Affairs Fuel Tanks (IAFT)	None	0	0
National Analysis of Trends in Emergencies System (NATE)	None	0	0
National Defence & Canadian Forces Fuel Tanks (NDFT)	None	0	0
National Defence & Canadian Forces Spills (NDSP)	None	0	0
National Defence & Canadian Forces Waste Disposal Sites (NDWD)	None	0	0
National Environmental Emergencies System (NEES)	None	0	0
National PCB Inventory (NPCB)	None	0	27
National Pollutant Release Inventory (NPRI)	None	0	148
Parks Canada Fuel Storage Tanks (PCFT)	None	0	0
Transport Canada Fuel Storage Tanks (TCFT)	None	0	0
PROVINCIAL DATABASES			
Abandoned Aggregate Inventory (AAGR)	None	0	0
Aggregate Inventory (AGR)	None	0	0
Abandoned Mines Information System (AMIS)	None	0	0
Borehole (BORE)	None	17	408
<p>There were no records identified in the BORE database to be associated with the Site. Seventeen records were identified in the BORE database to be associated with properties located within 250 metres of the Site. All records were associated with geotechnical/geological</p>			

Database	Number of Records		
	Site	Distance from the Site	
		0-0.25 km	0.25-2 km
investigations.			
Certificates of Approval (CA)	None	5	137
<p>There were no records identified in the CA database to be associated with the Site. Five records were identified in the CA database to be associated with properties located within 250 metres of the Site. The records were associated with Certificates of Approval for Industrial Air, Air, and Waste Management Systems between the years 1994 and 2011. The approval for Waste Management Systems was for Quartz Disposal Inc. at 123B Oakdale Road, located approximately 100 metres northeast of the Site.</p>			
Coal Gasification Plants (COAL)	None	0	0
Compliance and Convictions (CONV)	None	0	0
Drill Holes (DRL)	None	0	0
Environmental Registry (EBR)	None	2	56
<p>There were no records identified in the EBR database to be associated with the Site. Two records were identified in the EBR database to be associated with properties located within 250 metres of the Site. Both records were associated with Certificates of Approval (Air).</p>			
Ontario Regulation 347 Waste Generators Summary (GEN)	3	36	643
<p>Three records were identified in the GEN database to be associated with the Site. KK Precision Parts Ltd. was identified as a generator of waste oils/sludges (petroleum based) and emulsified oils for various years between 1997 and 2010. Precinda Ltd. was identified as a generator of emulsified oils in 2005.</p> <p>A total of thirty-six records for eleven addresses were identified in the GEN database to be associated with properties located within 250 metres of the Site.</p> <ul style="list-style-type: none"> • Hopkins Street Properties Ltd., located at 101 Oakdale Road (approximately 30 metres east of the Site), was identified as a generator of oil skimming and sludges, and organic laboratory chemicals in 2007 and 2008. • Apollo Circuits Ltd., located at 109 Oakdale Road (approximately 30 metres east of the Site), was identified as a generator of acid, alkaline, and neutralized wastes containing heavy metals, inorganic laboratory chemicals, halogenated solvents, and organic laboratory chemicals for various years between 1997 and 2010. • Oakdale Kitchens Ltd., located at 92 Oakdale Road on the adjacent property to the south of the Site, was identified as a generator of aromatic solvents, and paint/pigment/coating residues for various years between 1993 and 2004. • Superior Wire Works Inc., located at 112 Oakdale Road on the adjacent property to the north of the Site, was identified as a generator of waste oils/sludge (petroleum based), other inorganic acid wastes, alkaline wastes containing heavy metals, alkaline wastes containing other metals, neutralized wastes containing heavy metals, reactive anion wastes, inorganic laboratory chemicals, petroleum distillates, polymeric resins, halogenated solvents, oil skimmings and sludges, waste oils and lubricants, and organic laboratory chemicals for various years between 1986 and 2010. • Bevel Stamping Co. Ltd., located at 111 Oakdale Road (approximately 30 metres northeast of the Site), was identified as a generator of petroleum distillates, aliphatic solvents, and halogenated solvents for various years between 1992 and 2010. • Tarpan Sections Ltd., located at 117 Oakdale Road (approximately 70 metres northeast of the Site), was identified as a generator of aromatic solvents and halogenated solvents for various years between 1986 and 2004. 			

Database	Number of Records		
	Site	Distance from the Site	
		0-0.25 km	0.25-2 km
<ul style="list-style-type: none"> • Kobi's Cabinets Ltd., I Kobiarka, and Rexdale Alternator & Starter, all located at 120 Oakdale Road (approximately 70 metres north of the Site), were identified as generators of aromatic solvents, emulsified oils, petroleum distillates, and waste oils and lubricants for various years between 1992 and 2006. • KK Precision Parts Ltd., located at 119 Oakdale Road (approximately 80 metres northeast of the Site), was identified as a generator of emulsified oils for various years between 1986 and 1998. • Ajax Screw Machined Products Inc., located at 123 Oakdale Road (approximately 110 metres northeast of the Site), was identified as a generator of petroleum distillates, halogenated solvents, and emulsified oils for various years between 1986 and 1998. • Angelo's Electric Limited, located at 125 Oakdale Road (approximately 110 metres northeast of the Site), was identified as a generator of petroleum distillates, waste oils and lubricants, and emulsified oils for various years between 1992 and 2010. • Eriez of Canada Ltd., located at 133 Oakdale Road (approximately 200 metres north of the Site), was identified as a generator of other inorganic acid wastes, paint/pigment/coating residues, aromatic solvents, aliphatic solvents, petroleum distillates, polymeric resins, oil skimmings and sludges, waste oils and lubricants, emulsified oils, and amines for various years between 1986 and 1998. 			
Mineral Occurrences (MNR)	None	0	0
Non-Compliance Reports (NCPL)	None	0	5
Ontario Inventory of PCB Storage Sites (OPCB)	None	0	10
Ontario Oil and Gas Wells (OOGW)	None	0	0
Pesticide Register (PES)	None	0	39
Private and Retail Fuel Storage Tanks (PRT)	None	1	53
No records were identified in the PRT database to be associated with the Site. One record was identified in the PRT database to be associated with a property located within 250 metres of the Site. The record was associated with a 2,000 litre tank at 84 Oakdale Road (approximately 90 metres south of the Site). This property was occupied by Capri Bakery. No further information about this tank was provided in the PRT database.			
Ontario Regulation 347 Waste Receivers Summary (REC)	None	0	8
Record of Site Condition (RSC)	None	0	21
Ontario Spills (SPL)	None	0	192
Wastewater Discharger Registration Database (SRDS)	None	0	0
Waste Disposal Sites – MOE CA Inventory (WDS)	None	0	1
Waste Disposal Sites – MOE 1991 Historical Approval Inventory (WDSH)	None	0	0
Water Well Information System (WWIS)	None	0	79
PRIVATE DATABASES			
Anderson's Waste Disposal Inventory (ANDR)	None	0	1
Automobile Wrecking & Supplies (AUWR)	None	1	11
No records were identified in the AUWR database to be associated with the Site. One record was identified in the AUWR database to be associated with a property located within 250 metres of the Site. The record was associated with an automobile wrecking and recycling facility located at 128 Oakdale Road (approximately 130 metres north of the Site).			
Chemical Register (CHEM)	None	0	4

Database	Number of Records		
	Site	Distance from the Site	
		0-0.25 km	0.25-2 km
ERIS Historical Searches (EHS)	None	6	108
Fuel Storage Tank (FST)	None	0	122
Canadian Mine Locations (MINE)	None	0	0
Oil and Gas Wells (OGW)	None	0	0
Canadian Pulp and Paper (PAP)	None	0	0
Retail Fuel Storage Tanks (RST)	None	0	14
Scott's Manufacturing Directory (SCT)	2	25	429
<p>Two records were identified in the SCT database to be associated with the Site. The records were associated with machine shop, coating, engraving, and allied services, industrial and commercial machinery and equipment, guided missile and space vehicle parts, and auxiliary equipment operations that were carried out by K.K. Precision Industries Inc.</p> <p>Twenty-five records were identified in the SCT database to be associated with properties within 250 metres of the Site. The records were generally associated with coating, engraving, heating treating and allied activities, metal working, and the manufacturing of carpet, clothing, furniture, semiconductor and other electronic component, cabinet and counter top, metal and wire fixtures, cutlery and hand tools, windows and doors, medical equipment and supplies, food, and plastic products.</p>			
Anderson's Storage Tanks (TANK)	None	0	0
Commercial Fuel Oil Tanks (CFOT)	None	0	7

Based on the results of the ERIS database search, the Site was historically used as a machine shop, and for operations associated with coating, engraving, and allied services, and industrial and commercial machinery and equipment manufacturing. K.K. Precision Industries Inc. and Precinda Ltd., which carried out these operations, were identified as generators of waste oils/sludges (petroleum based) and emulsified oils for various years between 1997 and 2010. These historical operations were identified as a potential environmental concern at the Site.

Based on the results of the ERIS database search, the properties adjacent to the north, east, and south of the Site were historically used for industrial operations associated with metal working, stamping, automotive repair operations, and manufacturing of cabinets and countertops. Superior Wire Works Inc., located at 112 Oakdale Road on the north adjacent property, was identified as a generator of waste oils/sludge (petroleum based), other inorganic acid wastes, alkaline wastes containing heavy metals, alkaline wastes containing other metals, neutralized wastes containing heavy metals, reactive anion wastes, inorganic laboratory chemicals, petroleum distillates, polymeric resins, halogenated solvents, oil skimmings and sludges, waste oils and lubricants, and organic laboratory chemicals for various years between 1986 and 2010. Apollo Circuits Ltd., located at 109 Oakdale Road (approximately 30 metres east of the Site), was identified as a generator of acid, alkaline, and neutralized wastes containing heavy metals, inorganic

laboratory chemicals, halogenated solvents, and organic laboratory chemicals for various years between 1997 and 2010. Bevel Stamping Co. Ltd., located at 111 Oakdale Road (approximately 30 metres northeast of the Site), was identified as a generator of petroleum distillates, aliphatic solvents, and halogenated solvents for various years between 1992 and 2010. Oakdale Kitchens Ltd., located at 92 Oakdale Road on the south adjacent property, was identified as a generator of aromatic solvents, and paint/pigment/coating residues for various years between 1993 and 2004.

No specific information was provided regarding the storage and handling of liquid and hazardous wastes on the surrounding properties. Specifically, no information concerning the quantities of chemicals historically used, or the ultimate disposition location for waste generated, was identified. On this basis, operations conducted on adjacent properties were identified as a potential source of environmental impairment to the Site.

2.2 HISTORICAL RECORDS REVIEW

Historical land use of the Site was investigated by CRA through a review of Property title records, historical city directories, available fire insurance plans, aerial photographs of the Site and surrounding area, and previous environmental reports.

2.2.1 PROPERTY TITLE RECORDS

CRA contracted Meridian Land and Title Searching Services to conduct a search of Property title records and other documents (lease agreements, easements, environmental liens, etc.) associated with the ownership or occupation of the Site. Based on records provided to CRA, the Site is legally described as: *Lots 125 and 126 on Plan M-770, City of Toronto.*

The chain-of-title for the Property, as identified from the Property title search, is as follows:

<i>Registered Owner</i>	<i>Ownership Period</i>
George Jackson	Prior to 1891
Eliza Duncan (50%) and James Duncan (50%) (estate of George Jackson)	1891 – January 1910
Harriet A. Peters	January 1910 – September 1925
James R. Lancaster	September 1925 – 1928
Anna Maria MacLeod Whelan	1928 – May 1945

Samuel L. Stanley	May 1945 – August 1948
Alice N. and Neil C. Graves	August 1948 – unknown date
Charles M. DeGroot	unknown date - May 1951
James Elliott	May 1951 – September 1952
James W. Rowland (estate of James Elliott)	September 1952 – October 1952
Matthew A. Leitch	October 1952 – March 1956
Murray Cohl	March 1956 – September 1963
Harry Frimerman	September 1963
Ofelea Realty Ltd. and Paula Realty Ltd. (Lot 125)	September 1963 – November 1964
Bruce William Johnston (Lot 126)	September 1963 – November 1964
Maple Machine & Tool Co. Limited	November 1964 – July 1998
Precisiontek Industries Limited (name change to Precinda Inc. in 2004)	July 1998 - Present

The following leases were registered on title at the Property:

<i>Registered Lease(s)</i>	<i>Date of Lease</i>
Coolbreeze Air Conditioning & Heating Limited	December 1985
K.K. Precision Industries Inc.	September 1996

A copy of the Property title search documents that were obtained as part of the Phase I ESA is provided in Appendix C.

2.2.2 HISTORICAL CITY DIRECTORIES

Historical city directories generally document the occupants of municipal addresses on a yearly basis. CRA reviewed historical city directories at the Toronto Reference Library for the years 1961, 1971, 1981/1982, 1985/1986, 1991, and 2001. The Site was first listed in the 1966 city directory.

<i>Year</i>	<i>Listed Site Occupant (s)</i>
1966 – 1975	Maple Machine Tool Co. Ltd.
1976 – 1981	Eaton Yale Ltd.
1983	Yale Industrial Trucks (Ontario) Ltd.
1985/1986 – 1989	Cool-Breeze Air Conditioning & Heating Ltd.
1991 – 1995	Air Heat Supplies
1998 – 2001	K.K. Precision Industries Inc.

CRA also reviewed historical city directories for the properties in the area of the Site. A summary of surrounding occupants is summarized below.

<i>Address</i>	<i>Listed Occupant (s)</i>
112 Oakdale Road (north of the Site)	-AD Art Design Depot, AK Towing Car Sales, Homa Technical Services Inc., Sat-tronix Satellite Repair Centre, and Superior Wire Works were listed in 2001 -Superior Wire Works was listed in 1981/1982 and 1991
120 Oakdale Road (north of the Site)	-Kobi's Cabinets Ltd. and Rexdale Alternator & Starter Rebuilders were listed in 2001 -Promotional Designs Ltd. and Kobi's Cabinets Ltd. were listed in 1991 -Canadian Indexable Cutting Tools Ltd., Kobi's Cabinets Ltd., and Yugodex Tool Co. were listed in 1981/1982 -Kobi's Cabinets Ltd. and Rivalda Machine Products Ltd. were listed in 1971
101 Oakdale Road (east of the Site)	-A multi-tenant industrial/commercial building including A&A Custom Cabinet, ALM Carpet Machinery, Best West Car Audio, D&D Towtruck Builder, Expert Metal & Brass Polishing, Manierka Peter & Co. Ltd., Super Deal Body Shop Painting Sales & Service, and Union Pro Sportswear, was listed in 2001 -A multi-tenant industrial/commercial building including Metro Community Social Services, Monique Lighting Co., Northwest Manufacturing, and Post Trite Systems Ltd., was listed in 1991 -A multi-tenant industrial/commercial building including Instech Corp. Northwest Manufacturing Co., Bloomingdale Apparel Co. Ltd., Cansotech International Inc., Postrite Systems Ltd., and The Funny Bone, was listed in 1981/1982 -A multi-tenant industrial/commercial building including One-O-One Restr Ltd., Oakdale Restr, Bach-Simpson Ltd., Qualified Sheet Metal, Raber Imports, Neusser E. K. Machine Co. Ltd., and Power Regulators Co. of Canada, was listed in 1971

<i>Address</i>	<i>Listed Occupant (s)</i>
109 Oakdale Road (east of the Site)	-Apollo Circuits Ltd. was listed in 2001 -Asco Manufacturing Ltd. was listed in 1991 -Asco Manufacturing Ltd. and Blue Wing Industries were listed in 1981/1982 -Asco Manufacturing Co. Ltd. and Orli Metal Products Ltd. were listed in 1971
111 Oakdale Road (northeast of the Site)	-Bevel Stamping Co. Ltd. was listed in 1971, 1981/1982, 1991, and 2001
115 Oakdale Road (northeast of the Site)	-Bevel Stamping Co. Ltd. was listed 2001 -Residential Siding & Soffit Inc. was listed in 1981/1982 and 1991 -Elm Woodwork Ltd. was listed in 1971
119-121 Oakdale Road (northeast of the Site)	-J Senior's was listed in 2001 -K.K. Precision Parts Ltd. was listed in 1991 -Keele Electric Ltd. and D'Amato Rentals Ltd. were listed in 1981/1982 -Trailwind Products (trailer aluminum windows) was listed in 1971
90 Oakdale Road (south of the Site)	-Not listed in 2001 -V&D Window International Co. was listed in 1991 -Multitone Electronics Ltd. was listed in 1981/1982 -Hercules Food Equipment Ltd. and Canadian Indexable Cutting Tools Ltd. were listed in 1971
92 Oakdale Road (south of the Site)	-Oakdale Kitchens Ltd. was listed in 1991 and 2001 -Berloni Kitchens International Inc. and Spectrum Auto Repair Services were listed in 1981/1982 -Gold Star Sales Ltd. (trading stamps) was listed in 1971

There were no listings for the surrounding properties prior to the early 1960s.

2.2.3 FIRE INSURANCE PLANS

Fire insurance plans assist in the identification of historic land use and commonly indicate the existence and location of aboveground and underground storage tanks, structures, improvements, and facility operations. CRA contacted Risk Management Services (RMS) to search for available historic fire insurance plans for the Site and

adjacent lands. RMS did not identify any fire insurance plans for the Site. An Inspection Report from 1983 and an Inspection Plan from 1982 were identified for the Site.

1982 Inspection Plan: The 1982 Inspection Plan shows the layout of the building at the Site that consisted of a repair shop in the east portion of the building, a parts storage area at the southwest portion of the building, offices in the west central portion of the building, and storage in the northwest portion of the building. The Site was owned by Maple Machine & Tool at that time.

1983 Inspection Report: The 1983 Inspection Report indicated that the Site was occupied at the time by Yale Industrial Trucks Ontario Limited, which utilized the Site for the service and repair of heavy duty industrial lift trucks. The Inspection Report notes that routine maintenance involving oxy-acetylene welding, and spray painting were done at the facility. Small quantities of paints and solvents were kept in a standard flammables liquids metal cabinet. The Site building was noted as being constructed in the 1950s and was heated with natural gas fired suspended radiant unit heaters. The Inspection Report also notes that the transformers at the Site were not PCB-filled.

A copy of the documentation received from RMS is included in Appendix D.

2.2.4 AERIAL PHOTOGRAPHS

Aerial photographs were reviewed to generally document the development of the Site and properties in the vicinity of the Site and to identify the existence of any significant actual or potential areas of environmental impairment at the Site. Aerial photographs or satellite images of the Site and surrounding area were obtained by CRA for the years 1939, 1949, 1960, 1970, 1980, 1988, and 1999.

1939 Aerial Photograph (Scale 1:20,000): Review of the 1939 aerial photograph indicates that the Site and surrounding lands consisted primarily of agricultural land.

1949 Aerial Photograph (Scale 1:20,000): Review of the 1949 aerial photograph indicates that the Site remained as agricultural land. Highway 400, located adjacent to the west side of the Site appeared to have been under construction during that time. There had been no other significant changes in land use on the surrounding properties since 1939.

1960 Aerial Photograph (Scale 1:25,000): Review of the 1960 aerial photograph indicates that the Site remained undeveloped. Oakdale Road was present adjacent to the east side of the Site. Properties to the northeast of the Site, on the opposite side of Oakdale Road appear to have been developed for industrial use since 1949. Properties further east of the Site had been developed for residential purposes. There had been no other significant changes in land use on the surrounding properties since 1949.

1970 Aerial Photograph (Scale 1:25,000): Review of the 1970 aerial photograph indicates that the Site had been developed for industrial use since 1960. The properties to the north, east, and south of the Site had also been developed for industrial use since 1960. The properties further west of the site, on the opposite side of Highway 400, appear to have been developed for industrial purposes. There had been no other significant changes in land use of the surrounding properties since 1960.

1980 Aerial Photograph (Scale 1:25,000): Review of the 1980 aerial photograph indicates that a large addition had been constructed on the east side of the building adjacent to the north of the Site. The land use of the Site and the other surrounding properties remain unchanged since 1970.

1988 Aerial Photograph (Scale 1:25,000): Review of the 1988 aerial photograph indicates that the land use of the Site and the surrounding properties remain unchanged since 1980.

1999 Aerial Photograph (Scale 1:6,000): Review of the 1999 aerial photograph indicates that the land use of the Site and the surrounding properties remain unchanged since 1988.

Copies of the aerial photographs are included in Appendix E.

2.2.5 PREVIOUS ENVIRONMENTAL REPORTS

CRA reviewed the following environmental report prepared for the Site:

- Phase I Environmental Site Assessment, 104 Oakdale Road, Toronto, Ontario, prepared for Precinda Inc., prepared by AiMS Environmental, dated August 9, 2007

Phase I Environmental Site Assessment – 2007

In 2007, AiMS Environmental (AiMS) was retained by Precinda Inc. to conduct a Phase I ESA of the property located at 104 Oakdale Road in Toronto, Ontario. AiMS made the following conclusions in the Phase I ESA:

- The Site was occupied by K.K. Precision as a manufacturing facility of gas turbine components.
- Historical information reviewed by AiMS in the city directories indicated that the Site was formerly occupied as a machine shop and a manufacturing facility for air conditioning and heating equipment.
- Large amounts of pooled waste oil, coolants, and lubricants were observed in below grade, concrete collection trenches associated with metal fabricating machines.
- Pooled waste solution was observed in the central portion of the prototype testing area (known as the Non-Destructive Test area). This area was equipped with a drying oven, a fume hood, and a parts washer containing a large quantity of water-based florescent solution that was reportedly used in testing operations.
- The northeastern portion of the manufacturing plant, which was used for the storage of parts and supplies, housed a portable silo AST containing hydraulic oil, a 1000-L storage tote containing lubricating oil, and a number of 205-L drums of new oils, lubricants, and greases used for servicing on-Site equipment.
- Localized staining was observed throughout the facility, particularly in the vicinity of the metal fabricating machinery and AST, as well as in the vicinity of totes and drums stored both outdoors and within the manufacturing facility.
- A groundwater monitoring well was observed on the asphalt pavement of the adjacent property to the north of the Site, approximately 1 metre from the north property boundary of the Site.
- Fill and vent pipes, typically indicating the presence of an underground storage tank, were observed on a property located approximately 30 metres northeast of the Site.

2.3 GEOLOGICAL AND HYDROGEOLOGICAL SETTING

The Site is located in the broad physiographic region known as the Peel Plain. This region extends across the central portions of the Regional Municipalities of York, Peel, and Halton and consists of a level-to-undulating tract of clay soils¹.

The Site is relatively flat with a gentle slope to the south. Regional topography slopes steadily downward to the southwest. The Site is situated approximately 1.4 kilometres northeast of the Humber River. The elevation of the Site is approximately 150 metres above mean sea level (amsl)².

A review of quaternary geology for the Site indicates that the overburden in the vicinity of the Site consists of deeper-water Peel ponds deposits that are comprised of silt and clay³.

Based on the topography of the area, the regional groundwater flow direction is suspected to be predominantly southwest towards the Humber River. Shallow groundwater flow direction, can be influenced by the presence of underground utility lines or other underground structures. Potable water for the City of Toronto is obtained from Lake Ontario.

¹ Chapman, L.J., and D.F., Putnam (1984), *"The Physiography of Southern Ontario"*, Ontario Geological Survey.

² National Topographic Database (2010), www.atlas.nrcan.gc.ca.

³ Ontario Geological Survey (1980), Map P. 2204, Quaternary Geology, Toronto and Surrounding Area, Scale 1:100,000.

3.0 SITE INSPECTION

On August 2, 2011, Mr. Cory Ostrowka and Ms. Pearl Lai of CRA completed a Site inspection of the industrial building and Property located at 104 Oakdale Road in Toronto, Ontario. As part of the Phase I ESA, CRA interviewed the following personnel:

<i>Facility Contact</i>	<i>Position</i>	<i>Years Familiar With The Facility</i>
Mr. Andrew Lee	Chief Financial Officer	2006 - Present

Mr. Lee provided information concerning the past and current use of the Site. Mr. Lee accompanied Mr. Ostrowka and Ms. Lai of CRA during the Site inspection. CRA did not have access to the roof of the building during the Site inspection. Photographs of the building and Property are included in Appendix F.

3.1 SITE OVERVIEW

3.1.1 BUILDING AND PROPERTY

The Site is located at 104 Oakdale Road in an industrial area of Toronto, Ontario. The Site is approximately 0.73 hectares (1.8 acres) in size, irregular in shape, and located in the northwest portion of Toronto on the east side of Highway 400.

The Site contains one building occupied by K.K. Precision Inc. The building is irregular in shape and has a total area of approximately 2,600 square metres (28,000 square feet) that includes a manufacturing plant area in the majority of the building and an office section at the southwest portion of the building. Based on available information, the building was constructed in the 1960s. The building is constructed with structural steel and exterior concrete block, brick-faced walls, a concrete slab-on-grade floor, and a flat steel roof. The northeast and southeast sections of the plant area include one floor level overhead door and one dock level overhead door. The office area includes ceramic and vinyl tiled areas with drywall formed and removable plastic paneled walls, and ceiling tiles.

The exterior surfaces surrounding the building are primarily asphalt covered. The Site can be accessed from the east via asphalt driveways that extend from the northeastern and southeastern corners of the Site to Oakdale Road. The Property is relatively flat with the ground surface sloped gently towards the south Property boundary.

3.1.2 CURRENT SITE OPERATIONS

The Site has been occupied by K.K. Precision Inc. since 1996 for the manufacturing of gas turbine components. Unfinished components are shipped to the facility and are processed with a series of lathes and milling machines located in the plant. The components are transferred between the machines by several ¼-ton overhead cranes. Two battery powered forklifts are used to transfer parts and other materials such as waste metal grindings, and drums of oils, solvent, and cutting fluids throughout the building.

A non-destructive testing (NDT) area is located in the northwest portion of the building. In the NDT area, a water-based fluorescent chemical (Ardrox 970P25E) is applied onto the surface of the turbine components and examined under ultraviolet light to inspect for deficiencies.

An assembly area is located to the south of the NDT area and a quality inspection and engineering area is located in the southwest section of the building.

3.1.3 HISTORICAL SITE OPERATIONS

The Site was first developed for industrial use in the 1960s. Based on available information, the Site was occupied by Maple Machine Tool Co. Ltd. as a machine shop from the time the building was constructed until 1975. From 1976 to at least 1983, Eaton Yale Ltd. (named changed later to Yale Industrial Trucks (Ontario) Ltd.) occupied the Site as a repair shop for heavy duty industrial lift trucks. Routine maintenance operations by Eaton Yale Ltd. included spray painting which was done in a sprinklered spray booth. Small quantities of paints and solvents (approximately 45.5 litres or 10 gallons) were kept in a standard flammable liquids metal cabinet. The Site was later occupied by Cool Breeze Air Conditioning & Heating Ltd. from 1985 to at least 1989 and Air Heat Supplies from 1991 to at least 1995 as a distribution warehouse for air conditioning and heating equipment. No specific information concerning the operations conducted at the Site by Maple Machine Tool Co. Ltd., Eaton Yale Ltd., Yale Industrial Trucks (Ontario) Ltd., Cool Breeze Air Conditioning & Heating Ltd., or Air Heat Supplies (such as how wastes were disposed of) was obtained during the Phase I ESA.

3.1.4 UTILITY SERVICES

Electricity is supplied overhead to the Site by Toronto Hydro. The Site is serviced with natural gas by Enbridge Gas Distribution Inc. The manufacturing plant is heated by natural gas-fired ceiling mounted unit heaters. The office area is heated and cooled by roof mounted HVAC units.

The Site is serviced with municipal potable water services supplied by the City of Toronto. Mr. Lee was not aware of any potable water wells at the Site. At the time of the Site inspection, there was no visual evidence suggesting that a water well was located at the Site. A groundwater monitoring well was observed on the north adjacent property, approximately 1 metre from the northern Property boundary.

Mr. Lee stated that domestic wastewater from the washrooms and lunchroom areas in the office portion of the building discharge to the municipal sanitary sewer system operated by the City of Toronto. Mr. Lee was not aware of a septic system at the Site. At the time of the Site inspection, there was no visual evidence suggesting that a septic system was located at the Site.

Stormwater generated on the Site either infiltrates the ground surface, or flows overland to the south towards storm sewers located in the asphalt covered areas in the southern portion of the Site or onto Oakdale Road. The stormsewers are connected to the municipal stormwater system operated by the City of Toronto.

3.2 ENVIRONMENTAL SETTING

The Site is located in an area of Toronto that has been developed for industrial land use since the 1960s. There are no surface water bodies or watercourses located on the Property. The Site is situated approximately 1.4 kilometres northeast of the Humber River.

The properties adjacent to the Site were visually inspected, without accessing the properties, for evidence of existing or potential environmental concerns related to the Phase I ESA. CRA also visually inspected other properties in the vicinity of the Site that were visible from the Site or surrounding streets. The following buildings or features were located on the properties surrounding the Site:

North: The Site is bounded to the north by industrial operations located on Oakdale Road that include Superior Wire Works and Selyan's Flooring.

Additional commercial and industrial properties are located further to the north.

West: The Site is bounded to the west by Highway 400. Additional industrial properties are located further to the west.

South: The Site is bounded to the south by an industrial operation located on Oakdale Road named Oakdale Kitchens. Additional industrial properties are located further to the south.

East: The Site is bounded to the east by Oakdale Road, an industrial operation named Bevel Stamping Co. Ltd, and a multi-tenant industrial building including Union Pro Sportswear, ALM Carpet Machinery, R&T Custom Cabinets, ACE Woodcraft, Ricky D Auto Electronics, and D&D Tow Truck Equipment. Single family dwellings are present further to the east.

Facility personnel were not aware of any environmental impacts to the Site attributable to operations conducted on adjacent lands. No visual evidence of any adverse environmental impact to the Site attributable to operations conducted on adjacent properties was observed by CRA during the Site inspection.

3.3 UNDERGROUND STORAGE TANKS (USTs)

Mr. Lee stated that there have never been any USTs located at the Site to the best of his knowledge. At the time of the Site inspection, no physical evidence (e.g., vent pipes, fill pipes, etc.) suggesting the presence of USTs at the Site was observed by CRA.

3.4 ABOVEGROUND STORAGE TANKS (ASTs)

A vertical steel AST with an approximate volume of 1,000 litres of new hydraulic oil was observed near the overhead door at the northeast portion of the manufacturing plant. At the time of the Site inspection, no visible or olfactory evidence of leakage from the tank was observed. The concrete floor slab in the vicinity of the AST appeared to be intact (i.e. free of cracks).

3.5 CHEMICAL AND RAW MATERIAL USE AND STORAGE

Four metal drums containing coolant (Cimstar 60C), rust inhibitor (Rust Veto 4214-HF, mineral spirits, and lubricant were stored on a dispensing rack near the overhead door at the northeast portion of the manufacturing plant. Small pools of chemicals were observed in the vicinity of the spill containment tray that was set up at the base of the dispensing taps. A large plastic storage tote containing new lubricant (Waylube 68) was stored on a metal rack above the chemical dispensing area. The concrete floor slab in the area where the chemicals were stored appeared to be intact (i.e. free of significant cracks).

Two small metal drums of water-based fluorescent penetrant (Ardrox 970P25E) and a small plastic pail of acetone were stored underneath a workbench located in the NDT area. No visible or olfactory evidence of spillage was observed in this area.

Four plastic totes containing fluorescent liquid waste from the NDT area and metals bins containing waste metal grindings were observed in an outdoor storage area located at the northeast portion of the Site. When full, the plastic totes are removed off-Site by Green For Life Environmental Corp., a private liquid waste services contractor. Evidence of some localized stains was observed in this area.

Mr. Lee was not aware of any significant spills or releases of chemicals used and stored on Site. No other evidence of significant spills/releases was observed by CRA at the time of the Site inspection.

3.6 FLOOR DRAINS, PITS, AND SUMPS

Two shallow concrete pits, which extended from the north end to the south end of the manufacturing plant, were observed below the base of the metal working machines. Coolant and hydraulic oil that leak from the machine are drained into the pits. According to Mr. Lee and other plant staff, the liquids accumulated in the pits are pumped out approximately once a month by Green For Life Environmental Corp, a private liquid waste services contractor.

Floor drains were observed in the north section of the plant and in a file storage room located in a partial basement below the office section of the building. No operations that may result in the spillage of chemicals were conducted in the vicinity of the floor drains.

A sump was observed in the NDT area that was used to collect the fluorescent water-based solution used for testing the integrity of the turbine components. The liquid wastes drains into the sump, which is connected downstream to a waste splitter that separates the fluorescent material from the water through a filtration system. The fluorescent liquid waste is collected in a large plastic drum and the water is released into the sanitary system.

3.7 WASTEWATER/SEWERS

Mr. Lee stated that domestic wastewater from the washrooms and lunchroom areas in the office portion of the building discharge to the municipal sanitary sewer system operated by the City of Toronto.

No specific information concerning wastewater discharge during the historical operations conducted at the Site by the former air conditioning and heating equipment distribution, truck repair, and machine shop operations was obtained during the Phase I ESA.

3.8 STORMWATER/SURFACE WATER

Stormwater generated on the Site either infiltrates the ground surface, or flows overland to the south towards storm sewers located in the asphalt covered areas in the southern portion of the Site or onto to Oakdale Road. The stormsewers are connected to the municipal stormwater system operated by the City of Toronto.

No sources of adverse impact to stormwater generated at the Site were observed by CRA during the Site inspection. At the time of the Site inspection, no visual evidence of impact from surface water run-on from the adjacent properties was observed by CRA.

3.9 SOLID WASTE/RECYCLABLE MATERIALS

Based on information provided by Mr. Lee and observations made by CRA, solid waste and recyclable materials historically generated at the Site included the following:

- Scrap metal grindings
- Waste paper/cardboard
- General office waste

Wastes generated at the Site include primarily paper, cardboard and scrap metal grindings from the machining of gas turbine components. The remainder of the waste consists of general office waste that is placed in a dumpster located at the southeast corner of the building. The office waste and cardboard-containing dumpsters are emptied twice a week by BFI, a private solid waste services contractor. The waste metal grindings are placed in metal bins of various sizes located east of the building and collected as needed by Attar, a private recycling contractor.

Mr. Lee stated that, to his knowledge, no solid wastes have been accumulated or disposed of on Site. At the time of the Site inspection, no visual evidence of on-Site solid waste disposal was observed by CRA.

3.10 SUBJECT WASTE/HAZARDOUS WASTE

The Site is currently registered with the MOE as a Subject/Hazardous Waste generator. Based on a review of the ERIS database report, KK Precision Parts Ltd. was identified as a generator of waste oils/sludges (petroleum based) and emulsified oils for various years between 1997 and 2010. Precinda Ltd. was identified as a generator of emulsified oils in 2005.

These wastes accumulate in the concrete pits located beneath the machinery in the manufacturing area. According to Mr. Lee and other plant staff, the liquids accumulated in the pits are pumped out approximately once a month by Green For Life Environmental Corp, a private liquid waste services contractor.

Mr. Lee was not aware of any on-Site disposal of Subject Hazardous Waste. No evidence of on-Site Subject or Hazardous Waste disposal was observed by CRA at the time of the Site inspection.

3.11 CHEMICAL SPILLS/RELEASES

According to Mr. Lee, no reportable spill/releases incidents have occurred at the Site. No visual evidence of significant chemical spills or releases was observed by CRA during the Site inspection.

3.12 ASBESTOS-CONTAINING MATERIALS (ACM)

The presence of asbestos-containing materials (ACM) was investigated through visual observations made by CRA. No intrusive investigations were conducted to examine the areas of concealed space for the presence of ACM. Mr. Lee was not aware of any ACM being present in the on-Site building or of an ACM Survey ever being conducted for the Site. Based on observations made by CRA, potential ACM at the Site includes the following:

- Drywall in the office areas of the building
- Ceiling tiles in the office area of the building
- General building materials (i.e., roof materials, window caulking, etc.)

At the time of the Site inspection, all potential ACM identified above appeared to be in good condition.

3.13 POLYCHLORINATED BIPHENYLS (PCBs)

According to Mr. Lee, no PCB-containing equipment has been used, stored, or handled at the Site. At the time of the Site inspection, potential PCB-containing equipment observed by CRA included a pad-mounted electrical transformer operated by Toronto Hydro that is present on the eastern portion of the Site, on the grassed-area.

Additional potential PCB-containing equipment observed by CRA was limited to the ballasts in the fluorescent light fixtures and high density discharge lighting located in the building. At the time of the Site inspection, the light fixtures were observed to be in good working order. Based on the age of the building, it is possible that some of the older ballasts may contain PCBs.

Mr. Lee reported that, to his knowledge, no PCB-containing wastes are presently stored on Site. No evidence of on-Site PCB waste storage was observed by CRA during the Site inspection.

3.14 AIR EMISSIONS

Air emissions at the Site are limited to the exhausts from the natural gas-fired building heating equipment.

3.15 LEAD-BASED PAINT

The amount of lead in interior paint has been regulated since 1976 through Health Canada's Hazardous Products Act. Based on the age of the building (1960s), it is possible that lead-based paint is present. In general, all painted surfaces were found to be in good condition.

3.16 IONIZING RADIATION

Mr. Lee reported that he is not aware of any use or storage of commercial sources of ionizing radiation at the Site. At the time of the Site inspection, no evidence of ionizing radiation sources was observed at the Site by CRA. Mr. Lee also reported that to his knowledge, a radon gas survey has not been conducted at the Site.

3.17 REGULATORY AGENCY RECORDS

Mr. Lee reported that no concerns, complaints, notices of violation, or directives of an environmental nature have been issued against the Site by federal, provincial, or municipal environmental regulatory agencies.

The MOE was contacted by CRA to provide information as to any past complaints, violations, and/or MOE directives concerning the Site. To date, no information has been received from the MOE. Typically, the MOE takes approximately 8 to 12 weeks to process a file search. CRA will forward a copy of the file search under separate cover to ITW, if the file search identifies any environmental concerns.

The Technical Standards and Safety Authority (TSSA) was contacted by CRA and asked to provide information concerning licensed (retail fuel outlets) or registered (private fuel outlets) underground storage tanks located at the Site. TSSA personnel reported to CRA that their records do not identify the presence of any licensed or registered underground storage tanks at the Site. A copy of the TSSA correspondence is included in Appendix G.

CRA reviewed the Ontario Ministry of Natural Resources' - "Natural Heritage Information Centre" database to identify areas registered as Areas of Natural or Scientific Interest (ANSI) within a one kilometre radius of the Site. No records were identified in the ANSI database for properties within a two kilometre radius of the Site.

4.0 CONCLUSIONS

Based on the results of the Phase I ESA, including information provided by facility representatives and regulatory agencies, and historical documents reviewed, the following potential areas of environmental concerns were identified to be associated with the Site.

- i) **Current Site Operations:** Based on the findings of the Site inspection, two shallow concrete pits, which extend from the north end to the south end of the manufacturing plant, were present below the base of the metal working machines. These concrete pits are used for collecting leaked coolant and hydraulic oil from the machines. Localized stains were observed throughout the facility, especially on the concrete floor slab in the northeast section of the plant and the exterior northeast section of the Site where drums and plastic totes containing hydraulic oil, coolant, and mineral spirits, or liquid wastes from the non-destructive testing area were stored. The potential for chemicals to seep into the surrounding soil through cracks in the walls or bases of the concrete pits, and from spills or leaks associated with the chemical storage areas were identified as potential sources of environmental impairment to the Site.
- ii) **Historical Site Operations:** Based on a review of historical information, former occupants of the Site included heavy-duty lift truck repair and machine shop operations. Very limited information was available concerning the types and quantities of chemicals used and stored at the Site in the past, or the nature of wastes generated at the Site in the past. In the absence of this information, these historical operations were identified as potential sources of environmental impairment to the Site.
- iii) **Historic Adjacent Land Use:** Based on a review of historical information, the properties adjacent to the north and east of the Site were occupied by industrial operations including metal working, stamping, and automotive repair operations. Fill and vent pipes associated with a possible underground storage tank had also been observed on a property located approximately 30 metres northeast of the Site. The historical industrial operations on properties located adjacent to the Site were identified as potential sources of environmental impairment to the Site, if chemical releases have occurred on these properties and migrated onto the Site.

All of Which is Respectfully Submitted,
CONESTOGA-ROVERS & ASSOCIATES



Pearl Lai, B. Sc.

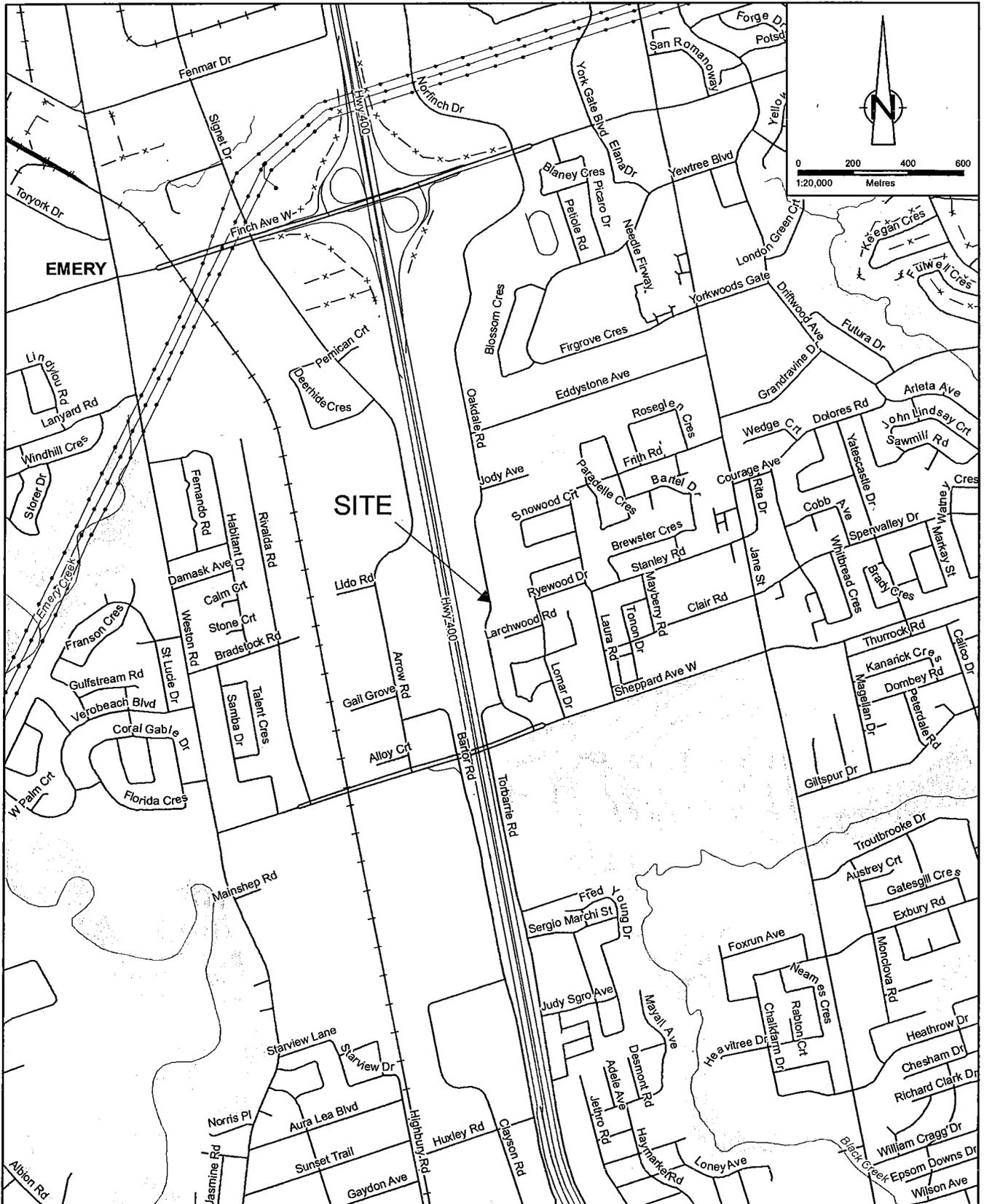


Cory Ostrowka, P. Eng.



Greg Brooks, P. Eng.

FIGURES



Source: MNR NRVIS, 2011. Produced by CRA under licence from Ontario Ministry of Natural Resources, © Queen's Printer 2011;
 Coordinate System: NAD 1983 UTM Zone 17N

figure 1

SITE LOCATION MAP
PHASE I ENVIRONMENTAL SITE ASSESSMENT
104 OAKDALE ROAD, TORONTO, ONTARIO
River Associates Investments, LLC



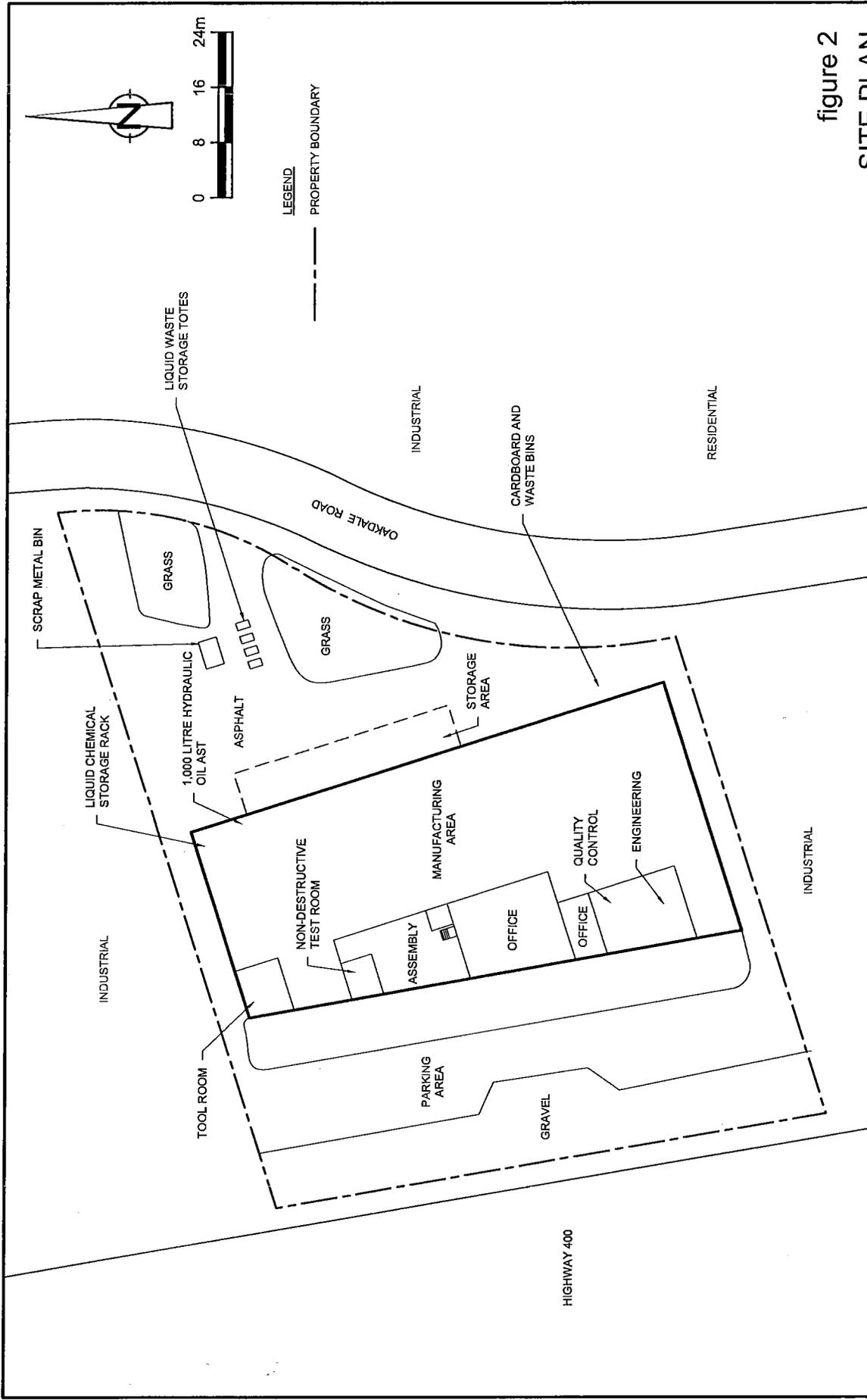
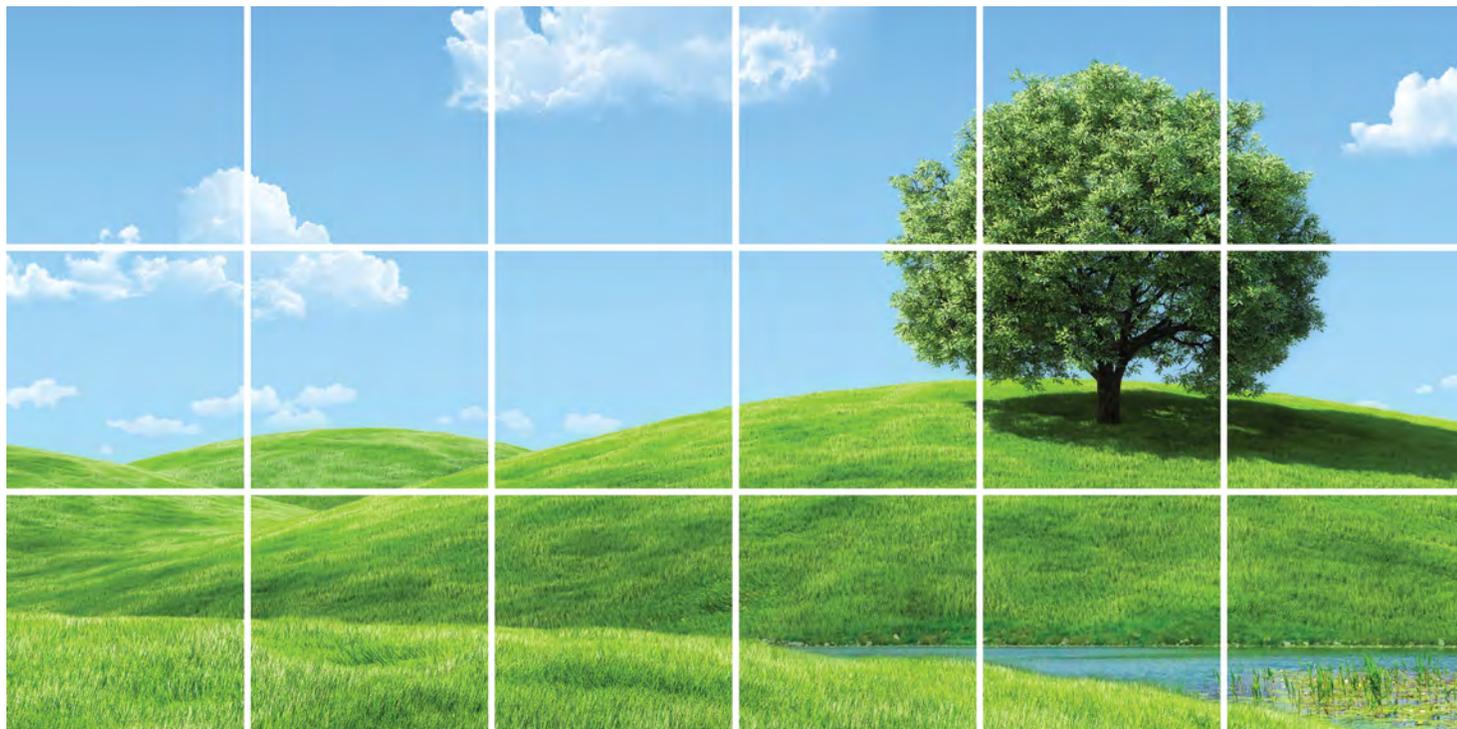


figure 2
 SITE PLAN
 PHASE I ENVIRONMENTAL SITE ASSESSMENT
 104 OAKDALE ROAD, TORONTO, ONTARIO
River Associates Investments, LLC





www.CRAworld.com



FINAL REPORT

PHASE II ENVIRONMENTAL SITE ASSESSMENT

104 OAKDALE ROAD
TORONTO, ONTARIO

Prepared for: 104 Oakdale Acquisition Corp. and
Precinda Corp.

Conestoga-Rovers & Associates

111 Brunel Road, Suite 200
Mississauga, Ontario L4Z 1X3

July 2013 • #081278
Report Number: 2

EXECUTIVE SUMMARY

Conestoga-Rovers & Associates (CRA) was retained by 104 Oakdale Acquisition Corp. and Precinda Corp. to conduct a Phase II Environmental Site Assessment (ESA) at the property located at 104 Oakdale Road in Toronto, Ontario (Site or Property). The purpose of the Phase II ESA was to address the areas of potential environmental impairment (APEIs) identified in the Phase I ESA and assess the general environmental conditions at the Site. The APEIs identified in the Phase I ESA were related to the current use of the Site by K.K. Precision Inc. as a machine shop for the manufacturing of gas turbine components, the historical use of the Site for heavy-duty lift truck repair and machine shop operations, and the use of properties adjacent to the north and east of the Site for industrial operations including metal working, stamping, and automotive repair operations. No new APEIs were identified during the Phase II ESA.

Six (6) boreholes were advanced on Site and instrumented as monitoring wells. Soil and groundwater samples were submitted to a certified laboratory for analysis of one or more of grain size, petroleum hydrocarbon fractions F₁ to F₄ (PHC F₁-F₄), volatile organic compounds (VOCs), and metals.

The soil and groundwater analytical data were assessed to the 2011 Ministry of the Environment (MOE) full depth generic site condition standards in a non-potable groundwater condition (Table 3) for industrial/commercial/community property use as referenced in Ontario Regulation 153/04, as amended.

Based on the results of this investigation, the following conclusions are provided:

- The geologic deposits underlying fill materials at the Site consist of native silty sand underlain by native clayey silt till.
- The shallow groundwater flow in the overburden at the Site is generally in a westerly direction.
- All soil samples submitted for laboratory analysis had concentrations below the 2011 MOE Table 3 standards. Based on these results, there is no evidence of soil impacts.
- All groundwater samples had concentrations below the 2011 MOE Table 3 standards. Based on these results, there is no evidence of groundwater impacts.
- Based on the results of the Phase II ESA, there is no further site assessment or remediation work recommended for the Site at this time.

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
1.0 INTRODUCTION	1
1.1 SITE DESCRIPTION	1
1.2 BACKGROUND	2
2.0 SCOPE OF WORK	3
3.0 METHODOLOGY	4
3.1 PLANNING	4
3.2 FIELD ACTIVITIES	4
3.2.1 BOREHOLE ADVANCEMENT	4
3.2.2 MONITORING WELL INSTALLATION	5
3.2.3 GROUNDWATER SAMPLE COLLECTION	6
3.2.4 QUALITY ASSURANCE AND QUALITY CONTROL	7
4.0 FINDINGS	8
4.1 PHYSICAL CONDITIONS	8
4.1.1 STRATIGRAPHY	8
4.1.2 GROUNDWATER	9
4.1.3 FIELD EVIDENCE OF IMPACT	9
4.2 SELECTION OF REGULATORY CRITERIA	9
4.3 ANALYTICAL RESULTS	11
4.3.1 SOIL	11
4.3.2 GROUNDWATER ANALYTICAL RESULTS	11
5.0 CONCLUSIONS	12

LIST OF FIGURES
(Following Text)

FIGURE 1	SITE LOCATION MAP
FIGURE 2	SITE PLAN AND INVESTIGATIVE LOCATIONS
FIGURE 3	GROUNDWATER ELEVATION CONTOURS (JUNE 26, 2013)

LIST OF TABLES
(Following Text)

TABLE 1	SAMPLE IDENTIFICATION KEY AND ANALYTICAL PARAMETERS
TABLE 2	MONITORING WELL COMPLETION DETAILS
TABLE 3	GROUNDWATER ELEVATIONS
TABLE 4a	SUMMARY OF MONITORING WELL PURGING ACTIVITIES (WATERRA)
TABLE 4b	SUMMARY OF MONITORING WELL PURGING ACTIVITIES (LOW-FLOW)
TABLE 5	SUMMARY OF SOIL ANALYTICAL RESULTS
TABLE 6	SUMMARY OF GROUNDWATER ANALYTICAL RESULTS

LIST OF APPENDICES

APPENDIX A	STRATIGRAPHIC AND INSTRUMENTATION LOGS
APPENDIX B	GRAIN SIZE ANALYSIS
APPENDIX C	LABORATORY CERTIFICATES OF ANALYSIS

1.0 INTRODUCTION

Conestoga-Rovers & Associates (CRA) was retained by 104 Oakdale Acquisition Corp. and Precinda Corp. to conduct a Phase II Environmental Site Assessment (ESA) of the industrial property and building located at 104 Oakdale Road in Toronto, Ontario (Site or Property). The objective of the Phase II ESA was to determine the soil and groundwater quality in the areas of potential environmental impairment identified in the Phase I ESA and assess the general environmental conditions at the Site. The Phase II ESA was completed to document the environmental conditions at the Site in support of financing, a sale of the Property, and in connection with a prior sale of K.K. Precision Inc. It is CRA's understanding that the land use will remain industrial in the foreseeable future and a Record of Site Condition (RSC) is not intended to be filed for the Property.

1.1 SITE DESCRIPTION

The Site is located at 104 Oakdale Road in Toronto, Ontario (Figure 1). The Property is approximately 0.73 hectares (1.8 acres) in size and irregular in shape. The Site contains one single-storey building that is approximately 2,600 square metres (28,000 square feet) in size. The Site is located in an area of Toronto that has been developed for industrial land use since the 1960s. The Site plan is shown on Figure 2.

The exterior surfaces surrounding the building consist of asphalt-paved driveways and areas for parking, loading, and storage. The Site can be accessed from the east side of the Property via two asphalt-paved driveways on Oakdale Road. The Property is relatively flat with the ground surface sloped gently towards the south Property boundary.

The Site is relatively flat with a gentle slope to the south. Regional topography slopes steadily downward to the southwest. The Site is situated approximately 1.4 kilometres northeast of the Humber River. Based on the topography of the area, the regional groundwater flow direction is suspected to be predominantly southwest towards the Humber River. Shallow groundwater flow direction, can be influenced by the presence of underground utility lines or other underground structures. Underground utilities in the area of the Site where the work was performed include telephone, natural gas, water, sanitary sewer, and electrical services.

1.2 BACKGROUND

CRA completed the report entitled "Phase I Environmental Site Assessment, Light Industrial Facility, 104 Oakdale Road, Toronto, Ontario" dated August 2011. Based on the results of the Phase I ESA, the following areas of potential environmental impairment (APEIs) were identified to be associated with the Site.

- i) **Current Site Operations:** The Site is currently occupied by K.K. Precision Inc. as a machine shop for the manufacturing of gas turbine components. Based on the findings of the Phase I ESA Site inspection, two shallow concrete pits, which extend from the north end to the south end of the manufacturing plant, were present below the base of the metal working machines. These concrete pits are used for collecting leaked coolant and hydraulic oil from the machines. Localized stains were observed throughout the facility, especially on the concrete floor slab in the northeast section of the plant and the exterior northeast section of the Site where drums and plastic totes containing hydraulic oil, coolant, and mineral spirits, or liquid wastes from the "non-destructive testing" area were stored. The potential for chemicals to seep into the surrounding soil through cracks in the walls or bases of the concrete pits, and from spills or leaks associated with the chemical storage areas were identified as potential sources of environmental impairment to the Site.
- ii) **Historical Site Operations:** Former occupants of the Site included heavy-duty lift truck repair and machine shop operations. Very limited information was available concerning the types and quantities of chemicals used and stored at the Site in the past, or the nature of wastes generated at the Site in the past. In the absence of this information, these historical operations were identified as potential sources of environmental impairment to the Site.
- iii) **Historic Adjacent Land Use:** The properties adjacent to the north and east of the Site were occupied by industrial operations including metal working, stamping, and automotive repair operations. Fill and vent pipes associated with a possible underground storage tank had also been observed on a property located approximately 30 metres northeast of the Site. The historical industrial operations on properties located adjacent to the Site were identified as potential sources of environmental impairment to the Site, if chemical releases have occurred on these properties and migrated onto the Site.

2.0 SCOPE OF WORK

The Phase II ESA was conducted in general accordance with the document entitled "CSA Z769-00, Phase II Environmental Site Assessment" for conducting environmental site assessments. The work undertaken generally followed the protocols presented in Ontario Regulation 153/04. The Phase II ESA was completed in June and July 2013 and included the following activities:

- Obtaining utility clearances for the Site
- Preparation of a Site-specific health and safety plan (HASP)
- Advancement of six (6) overburden boreholes instrumented as monitoring wells
- Collection and analysis of soil samples for one or more of grain size, petroleum hydrocarbon fractions F₁ to F₄ (PHC F₁-F₄), volatile organic compounds (VOCs), and metals
- Collection of groundwater levels and groundwater samples from the six (6) new monitoring wells for analysis of one or more of PHC F₁-F₄, VOCs, and metals
- Preparation of a report documenting the field activities and laboratory analytical results

The rationale for the selection of the investigative locations is summarized in the table below and the investigative locations are presented on Figure 2.

Investigative Locations, Activity and Rationale:

<i>Location</i>	<i>Activity</i>	<i>Rationale</i>	<i>Analysis</i>	
			<i>Soil</i>	<i>Groundwater</i>
MW1	Monitoring Well Installation	To investigate general soil and groundwater quality in the southeastern portion of the Site.	PHC F ₁ -F ₄ , VOCs, metals	PHC F ₁ -F ₄ , VOCs, metals
MW2	Monitoring Well Installation	To investigate soil and groundwater quality in vicinity of liquid waste storage area.	PHC F ₁ -F ₄ , VOCs, metals	PHC F ₁ -F ₄ , VOCs, metals
MW3	Monitoring Well Installation	To investigate general soil and groundwater quality downgradient of manufacturing area.	PHC F ₁ -F ₄ , VOCs, metals	PHC F ₁ -F ₄ , VOCs, metals
MW4 and MW6	Monitoring Well Installation	To investigate soil and groundwater quality within the manufacturing area.	PHC F ₁ -F ₄ , VOCs, metals	PHC F ₁ -F ₄ , VOCs, metals
MW5	Monitoring Well Installation	To investigate soil and groundwater quality in vicinity of bulk chemical storage area and hydraulic oil AST.	PHC F ₁ -F ₄ , VOCs, metals	PHC F ₁ -F ₄ , VOCs, metals

3.0 METHODOLOGY

3.1 PLANNING

Prior to initiating subsurface activities all applicable utility companies (natural gas, cable, telephone, hydroelectricity, water, and sewers) were contacted to demarcate the location of their respective underground utilities. CRA also retained a private utility locating contractor (OnSite Locates) to demarcate any additional on-Site utilities on May 30, 2013.

A Site-specific HASP was prepared, reviewed, and implemented by CRA. A copy of the HASP was maintained on-site for the duration of the field activities.

3.2 FIELD ACTIVITIES

3.2.1 BOREHOLE ADVANCEMENT

On June 5 and 6, 2013, six (6) boreholes (MW1 to MW6) were advanced by Strata Soil Sampling Inc. (Strata), a Ministry of Environment (MOE)-licensed drilling contractor. A Geoprobe 7822DT track-mounted direct push drill rig equipped with 150 millimetre (6-inch) diameter solid-stem augers was utilized for borehole and monitoring well installation at MW1 to MW5. A Geoprobe 54LT track-mounted direct push drill rig was used for MW6. During the advancement of the boreholes, soil samples were collected continuously using plastic tube samplers over 1.5 metre (5 foot) intervals at MW1 to MW5, and over 1.2 metres (4 foot) intervals at MW6. A new plastic tube was used for each sampling interval. Boreholes were advanced to a maximum depth of 7.6 metres below ground surface (mBGS).

The samples collected from the boreholes were logged, detailing geologic conditions encountered, soil classification, stratigraphy, relative moisture content, field evidence of impact (i.e., odour, staining), and organic vapour headspace readings. The organic vapour headspace readings were completed using a MiniRae 2000 photoionization detector (PID) equipped with a 10.6 electron volt (eV) lamp calibrated according to the manufacturer's recommendations. The stratigraphic and instrumentation logs are provided in Appendix A.

Soil samples collected from each borehole were screened in the field for evidence of impact based on visual and olfactory observations and undifferentiated VOC vapour readings, as measured by the PID. Soil samples that exhibited the strongest field evidence of impact and/or the highest PID reading were submitted to the laboratory for

analysis. Soil samples were collected in laboratory supplied sample containers specific to the analytical parameters. Select soil samples were submitted to Maxxam Laboratories (Maxxam), a Canadian Association for Laboratory Accreditation (CALA) certified laboratory, for chemical analysis of one or more of PHC fractions F₁-F₄, VOCs, and metals. A summary of soil samples submitted for laboratory analysis is presented in Table 1.

Prior to collection of samples and between each sampling event, all sampling tools were decontaminated with a phosphate-free detergent (i.e., Alconox®) and de-ionized water.

Surplus soils and purge water generated during the field activities were temporarily containerized on Site in 205 litre drums and stored outside on the east side of the Property. The drums (four soil cutting drums and one purge water drum) were removed from the Site on June 28, 2013 for off-Site disposal at a Da-Lee Environmental Services facility in Stoney Creek, Ontario by Assured Industrial Services.

3.2.2 MONITORING WELL INSTALLATION

Monitoring wells were installed in each of the boreholes (MW1 to MW6) using the track-mounted direct push drill rig to a depth of up to 7.6 mBGS. Monitoring wells MW1 to MW5 installed by the Geoprobe 7822DT were completed with 51 mm (2-inch) diameter riser pipe and a No. 10 slot, Schedule 40 PVC screen, 3.05 metres (10 feet) in length. Monitoring well MW6 installed by the Geoprobe 54LT was completed with 32 mm (1.25-inch) diameter riser pipe and a No. 10 slot, Schedule 40 PVC screen, 1.52 metres (5 feet) in length. A No. 1 silica sand pack was placed around the well screen interval to 0.3 metres above the top of the screen. A granular bentonite well seal was placed above the sand pack to 0.3 metres below ground surface (mBGS). A protective flushmount casing with a 0.3-metre thick concrete collar was placed around each well upon completion. Monitoring wells were screened across the groundwater table within a clayey silt till deposit based on field observations. Well completion details are presented on the stratigraphic and instrumentation logs and are provided in Appendix A and Table 2.

Each monitoring well was surveyed for horizontal and vertical control with respect to a local benchmark (top of the concrete floor slab on the north side of the southeast bay door) with an assumed elevation of 100.00 metres above site datum (mASD). The ground surface and top of riser pipe elevation of each monitoring well were surveyed with respect to the benchmark.

3.2.3 GROUNDWATER SAMPLE COLLECTION

Prior to groundwater sample collection, each monitoring well was developed to achieve chemical equilibrium. In order to ensure that samples representative of on-Site groundwater quality were obtained, the following protocol was followed:

- Groundwater level measurements were collected on June 13, 2013 and June 26, 2013 at each of the monitoring well locations. A summary of groundwater level measurements is presented in Table 3.
- The groundwater monitoring wells were equipped with a dedicated Waterra™ foot valve and polyethylene tubing for well development and sampling activities.
- The groundwater monitoring wells were purged a minimum of three to five well volumes. In the event that slow groundwater recharge conditions were encountered, the well was purged until dry and then allowed to recover prior to sample collection.
- Field measurements of temperature, pH, and electrical conductivity were taken at after each well volume was removed. Well volumes were removed until three consistent consecutive readings were obtained to demonstrate that chemical equilibrium had been reached.

Groundwater samples were collected on June 14, 2013 at all well locations using the Waterra tubing. The samples were placed directly into laboratory-supplied sample containers specific to the analytical parameters. Samples collected for metals analysis were field-filtered. It was noted that the sample collected from MW3 contained a significant amount of sediment, and it was realized that this had the potential to produce lab results not representative of actual groundwater chemistry in the vicinity of the well. Groundwater samples were submitted to Maxxam for chemical analysis of one or more of PHC F₁-fractions F₄, VOCs, and metals. A summary of groundwater samples submitted for laboratory analysis is presented in Table 1. On June 26, 2013, MW3 was resampled using low-flow purging techniques to collect a sample with less entrained sediment than the previous sample collected on June 14, 2013. During low-flow sampling activities, field measurements of pH, electrical conductivity, temperature, oxidation/reduction potential, dissolved oxygen, and turbidity were taken at five-minute intervals until three consistent consecutive readings of each parameter were obtained. A summary of well sampling field parameter data is presented in Tables 4a (Waterra) and 4b (low-flow).

3.2.4 QUALITY ASSURANCE AND QUALITY CONTROL

A Quality Assurance/Quality Control (QA/QC) program was implemented to ensure quality data were generated. The QA/QC program included the collection of a groundwater field duplicate at MW3 to validate the field and laboratory procedures. These samples were analyzed in addition to the analysis of QC samples completed by the laboratory as required by their analytical methods.

All samples were submitted to the analytical laboratory following chain of custody procedures. The chain of custody forms document the condition and handling of the samples throughout the collection, transportation, and final analyses of the samples.

Following receipt of the analytical data from the laboratory, a CRA chemist performed data quality assessments and validations. The evaluation of the analytical data is based on the QA/QC information provided by laboratory including laboratory blank data, laboratory duplicate data, and laboratory surrogate spike and check recovery data, as well as sample holding times, and field duplicate analysis.

4.0 FINDINGS

4.1 PHYSICAL CONDITIONS

4.1.1 STRATIGRAPHY

During the field activities undertaken at the Site, the following surficial materials and stratigraphy was encountered at the Site (from ground surface):

- *Asphalt*– A surficial layer of asphalt ranging between 0.03 metres to 0.18 metres thick was present at surface at MW1, MW2, and MW3.
- *Concrete* – A concrete ranging between 0.15 metres to 0.25 metres thick was present at surface at MW4, MW5, and MW6.
- *Sand and Gravel Fill and Sand Fill* – Sand and gravel fill were encountered beneath the asphalt at borehole locations MW1 through MW3 to depths ranging from 0.2 to 0.3 mBGS. Sand fill was observed beneath the concrete floor slab at borehole locations MW4 through MW6 to depths ranging from 1.2 to 2.4 mBGS.
- *Silty Sand* – Native silty sand was encountered underlying the sand and gravel fill and sand fill at all borehole locations except MW6 to depths ranging from 0.5 to 4.1 mBGS.
- *Clayey Silt Till* – Native clayey silt till was encountered underlying the silty sand at all boreholes locations to the full depths of the investigation (7.6 mBGS). It was noted that the clayey silt till became wet at depths ranging from 3.3 and 5.5 mBGS.

Detailed descriptions of the geologic deposits encountered at each borehole location are presented on the stratigraphic logs provided in Appendix A.

A representative soil sample from the zone of saturation was submitted for laboratory analyses of grain size from the clayey silt till (MW6 3.1 to 3.7 mBGS). Under Section 42 of Ontario Regulation 153/04 – Records of Site Condition, as amended, coarse soils are defined as soils that contain more than 50% by mass of particles that are 75-micrometres or larger in mean diameter. Based on the results of the grain size analyses, the percent of particles by mass larger than 75-micrometres in mean diameter was reported to be 34% at MW6. Therefore, the native clayey silt till is considered to be medium to fine-textured. Copies of the grain size results are provided in Appendix B.

4.1.2 GROUNDWATER

Groundwater level measurements are presented in Table 3. On June 26, 2013, groundwater was measured within the overburden at elevations ranging from 97.17 mASD (2.64 mBGS) at MW3 to 98.52 mASD (1.36 mBGS) at MW2.

Groundwater elevation contours for June 26, 2013 are presented on Figure 3. Based on the groundwater level measurements collected from the monitoring wells, groundwater flow at the Site is generally to the west at a horizontal gradient of approximately 0.03 m/m.

4.1.3 FIELD EVIDENCE OF IMPACT

During drilling activities, soil samples collected from each borehole were screened in the field for evidence of impact based on visual and olfactory observations and on undifferentiated VOC vapour readings, as measured by a PID. There was no visual or olfactory evidence of impact during the investigation. The PID headspace readings for the soil samples collected are presented on the stratigraphic and instrumentation logs provided in Appendix A. The PID readings recorded were all less than 10 parts per million (ppm).

4.2 SELECTION OF REGULATORY CRITERIA

The soil and groundwater analytical results were assessed to the generic standards provided in the MOE document entitled, "*Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act*," dated April 15, 2011. The 2011 MOE Standards are referenced in Ontario Regulation 153/04 - Records of Site Condition, as amended (hereafter referred to as the 2011 MOE standards).

The 2011 MOE standards provide generic soil and groundwater quality standards for certain chemicals, based on combinations of different site-specific conditions:

- *Property use type* - agricultural, residential/parkland/institutional, or industrial/commercial/community. The current property use at the Site is industrial.
- *Restoration of groundwater quality* - potable/non-potable. The Site and surrounding lands are serviced with potable water from City of Toronto's municipal water distribution system which obtains water from Lake Ontario. As such, a non-potable groundwater condition was applied to the Site.

- *Restoration depth* - full depth and stratified depth. For comparative purposes, results were compared to full depth standards.
- *Soil texture* - coarse and medium-fine. Soil and groundwater results were assessed to the medium to fine-textured standards, as a review of the borehole logs and grain size analysis completed for the Site indicates that less than 2/3 of the soil at the Site by volume contains greater than 50% by mass of particles that are greater than 75 micrometres in diameter.
- *Shallow soil property* - A shallow soil property means a property of which a third or more of the area consists of soil equal to or less than 2 metres in depth beneath the soil surface, excluding any non-soil surface treatment. The Site or surrounding adjacent properties are not considered to be a shallow soil property as two thirds or more of the area consists of soil greater than 2 metres in depth.
- *Within 30 metres of a water body* - The Site does not include or is not adjacent to a water body, nor is it located within 30 metres of a water body.

The generic 2011 MOE Standards are not applicable if the Site is considered to be an environmentally sensitive area. The conditions for the above are presented in Section 41 of Ontario Regulation 153/04, as amended. Based on a review of these conditions, the generic 2011 MOE Standards are considered applicable as:

- The Site is not within an area of natural significance; includes or adjacent to an area of natural significance or part of such an area, or includes land that is within 30 metres of an area of natural significance or part of such an area¹.
- Subsurface soil with pH less than 5 or greater than 11 are considered environmentally sensitive in accordance with Ontario Regulation 153/04. The pH for the Site was measured to range from 7.64 at MW3 to 7.99 at MW6, therefore the Site is not considered to be sensitive.

Based on the above, the soil and groundwater analytical results were assessed to the generic full depth site condition standards for *medium to fine-textured* soils in a non-potable groundwater condition (Table 3) for industrial/commercial/community property use.

¹ Ministry of Natural Resources (MNR), Natural Heritage Information Centre (NHIC) Database (2012). www.biodiversityexplorer.mnr.gov.on.ca/nhicWEB/mainSubmit.do.

4.3 ANALYTICAL RESULTS

4.3.1 SOIL

Soil analytical results are presented in Table 5 and copies of the laboratory Certificates of Analysis are provided in Appendix C. All samples submitted for laboratory analysis had concentrations below the MOE Table 3 standards. Based on these results, there is no evidence of soil impacts.

4.3.2 GROUNDWATER ANALYTICAL RESULTS

Groundwater analytical results are presented in Table 6 and copies of the laboratory Certificates of Analysis are provided in Appendix C. All groundwater samples had concentrations of PHC fractions F₁ to F₄, VOCs, and metals below the 2011 MOE Table 3 standards, with one exception. The duplicate groundwater sample collected from MW3 on June 14, 2013 contained PHC fraction F₄ concentrations of 8,800/4,800 µg/L, which is above the 2011 MOE Table 3 standard of 500 µg/L. It was noted that during sampling activities on June 14, 2013, the groundwater at MW3 was very silty during the well development activities. These results did not fit within the expected outcome based on the soil results, the other groundwater results, and the location of MW3. Therefore, given these expectations and the sediment contained in the initial samples, to ensure accurate results another groundwater sample was collected from MW3 on June 26, 2013. The well was developed again to ensure that all sediments entrained within the riser during monitoring well installation activities were removed. Low-flow sampling techniques were then used to resample MW3. The results of the June 26, 2013 PHC analyses at MW3 report that the concentrations of PHC fraction F₄ in both the sample and the field duplicate were below the laboratory reportable detection limit (less than 200 µg/L). This result is considered to be more reliable since the sample with less sediment is more representative of actual groundwater quality in the vicinity of the well. Therefore, the elevated PHC fraction F₄ concentrations in the samples collected at MW3 on June 14, 2013 are likely residual effects from the monitoring well installation activities. Based on these results, there is no evidence of groundwater impacts.

5.0 CONCLUSIONS

Based on the results from this investigation, the following conclusions are provided:

1. The geologic deposits underlying fill materials at the Site consist of native silty sand underlain by clayey silt till.
2. The shallow groundwater flow in the overburden at the Site is generally in a westerly direction.
3. All soil samples submitted for laboratory analysis had concentrations below the 2011 MOE Table 3 standards. Based on these results, there is no evidence of soil impacts.
4. All groundwater samples had concentrations below the 2011 MOE Table 3 standards. Based on these results, there is no evidence of groundwater impacts.
5. Based on the results of the Phase II ESA, there is no further site assessment or remediation work recommended for the Site at this time.

All of Which is Respectfully Submitted,
CONESTOGA ROVERS & ASSOCIATES



Pearl Lai, M. Env. Sc.

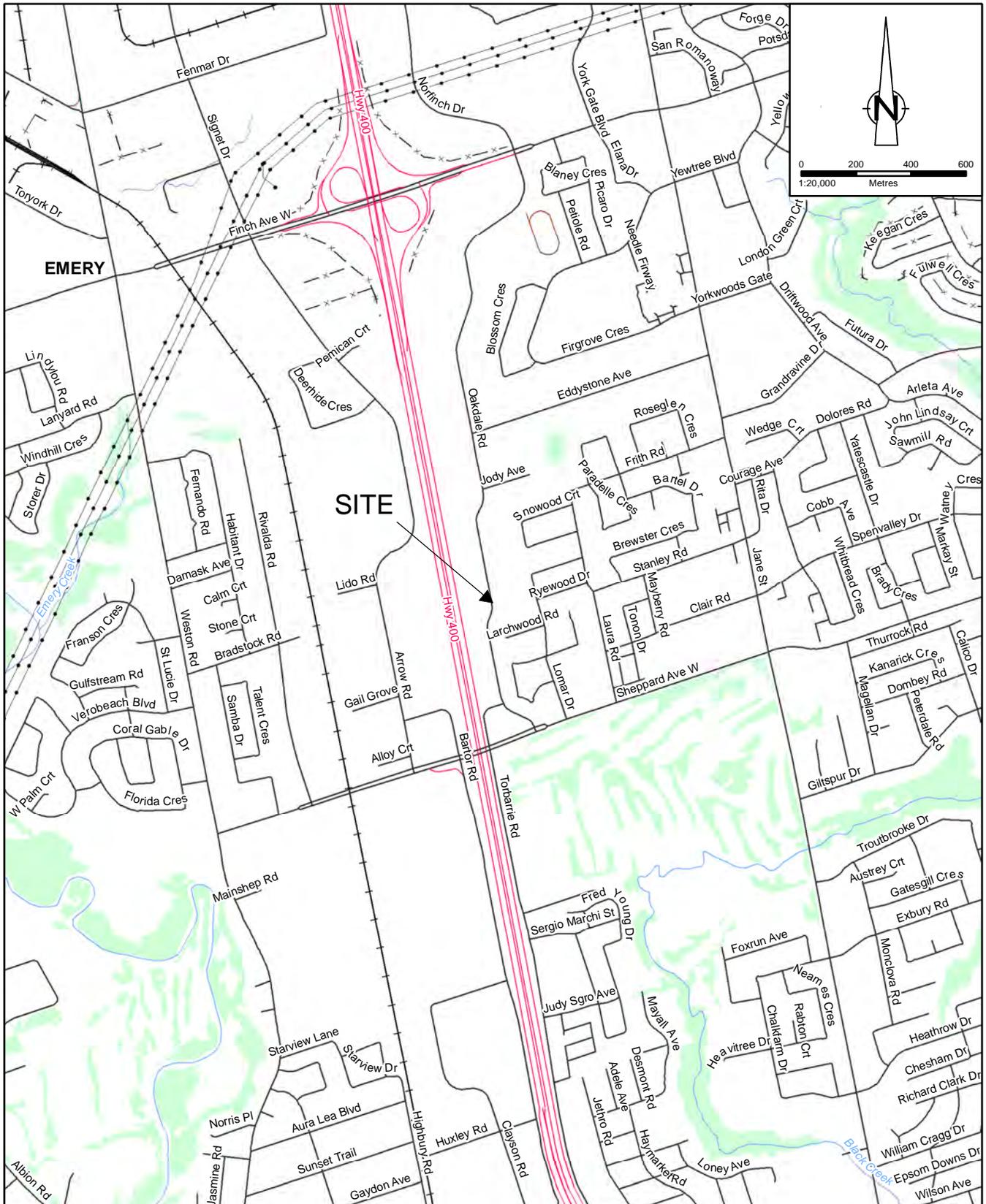


Cory Ostrowka, P. Eng.



Thomas Guoth, P. Eng.

FIGURES



Source: MNR NRVIS, 2011. Produced by CRA under licence from Ontario Ministry of Natural Resources, © Queen's Printer 2011;
 Coordinate System: NAD 1983 UTM Zone 17N

figure 1

SITE LOCATION MAP
PHASE II ENVIRONMENTAL SITE ASSESSMENT
104 OAKDALE ROAD, TORONTO, ONTARIO
TerraNova Partners L.P.



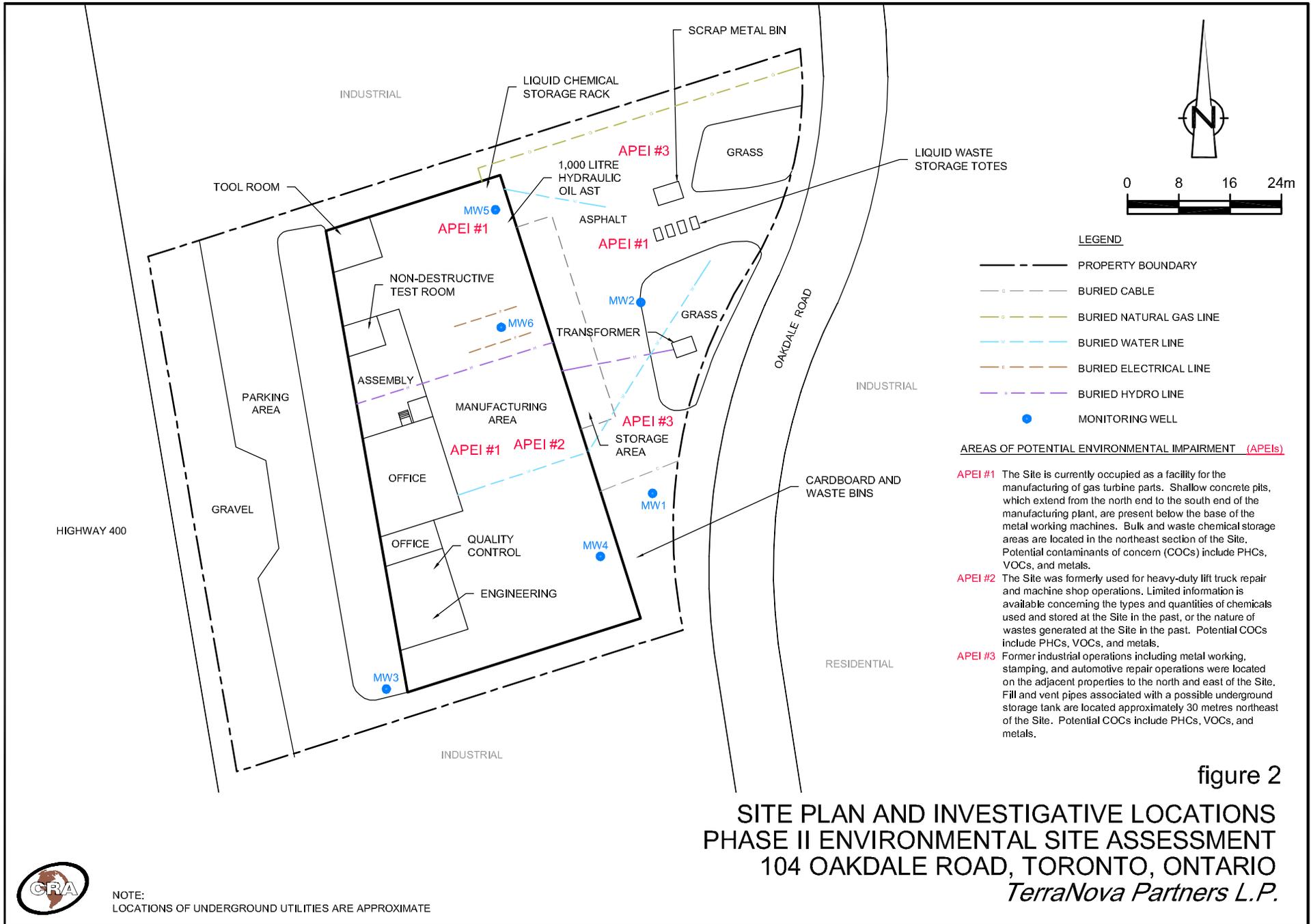
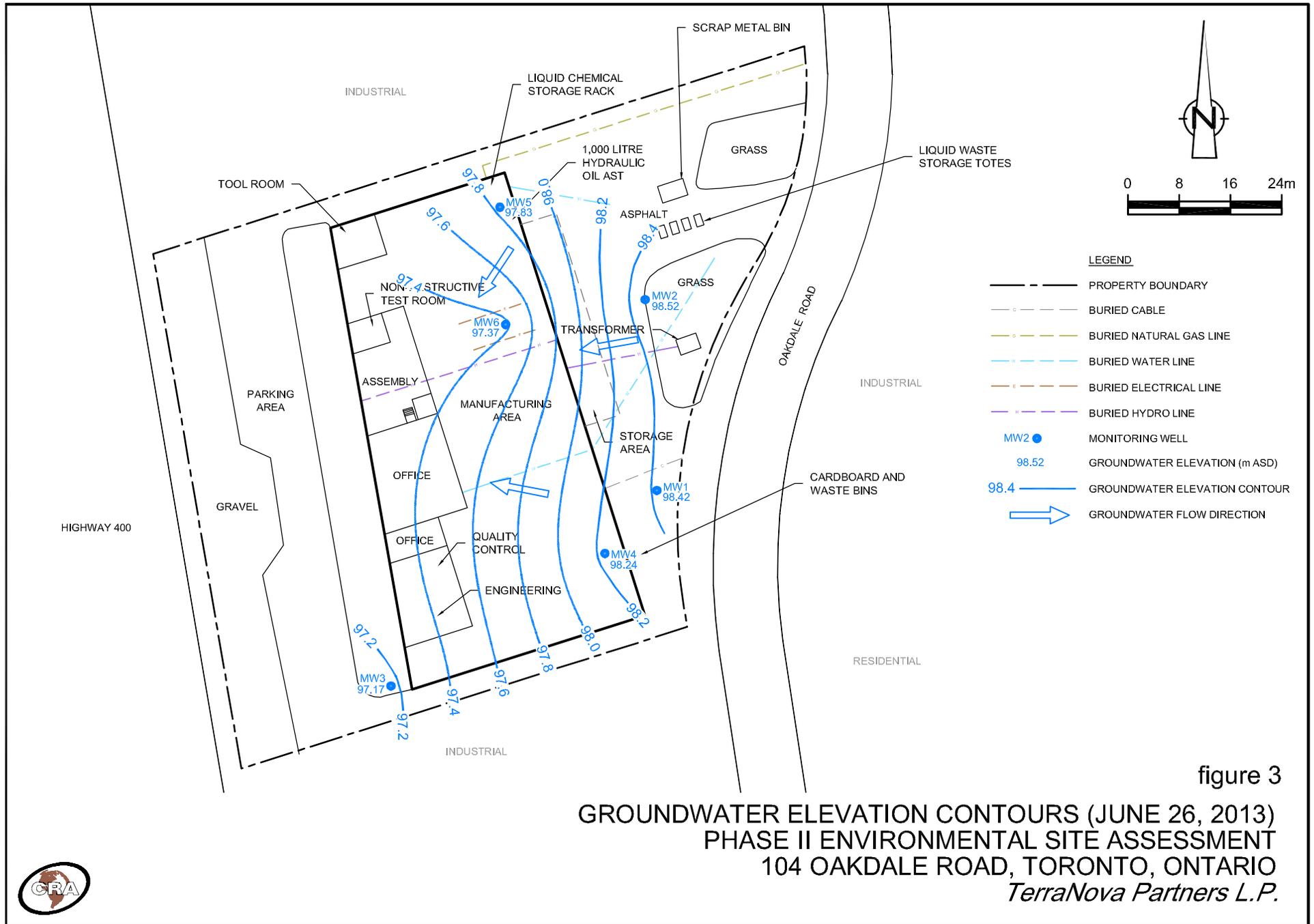


figure 2
SITE PLAN AND INVESTIGATIVE LOCATIONS
PHASE II ENVIRONMENTAL SITE ASSESSMENT
104 OAKDALE ROAD, TORONTO, ONTARIO
TerraNova Partners L.P.



NOTE:
 LOCATIONS OF UNDERGROUND UTILITIES ARE APPROXIMATE



TABLES

TABLE 1
SAMPLE IDENTIFICATION KEY AND ANALYTICAL PARAMETERS
PHASE II ENVIRONMENTAL SITE ASSESSMENT
104 OAKDALE ROAD, TORONTO, ONTARIO
TerraNova Partners L.P.

Sample Location	Sample Date	Sample Identification ⁽¹⁾	Sample Interval (mBGS)	Sample Analysis				
				VOCs	Metals and Inorganics	PHCs (F ₁ -F ₄)	TCLP VOCs	TCLP Metals and Inorganics
Soil Samples								
MW1	5-Jun-13		0.3-0.8	√	√	√		
MW2	5-Jun-13		1.5-2.3	√	√	√		
MW3	5-Jun-13	S-81278-060513-PL-MW3-5'-6.5'	1.5-2.0	√	√	√		
MW4	5-Jun-13	S-81278-060513-PL-MW4-4'-6'	1.2-1.8	√	√	√		
MW5	5-Jun-13	S-81278-060513-PL-MW5-2.5'-5'	0.8-1.5	√	√	√		
MW5 (Field Duplicate)	5-Jun-13	S-81278-060513-PL-DUP	0.8-1.5	√	√	√		
MW5	5-Jun-13	S-81278-060513-PL-MW5-8'-9.5'	2.4-2.9	√	√	√		
MW6	6-Jun-13	S-81278-060613-PL-MW6-0.5'-2'	0.2-0.6	√	√	√		
Soil Drum	6-Jun-13	S-81278-060613-PL-TCLP	-				√	√
Groundwater Samples								
MW1	14-Jun-13	GW-81278-061413-NB-MW1	-	√	√	√		
MW2	14-Jun-13	GW-81278-061413-NB-MW2	-	√	√	√		
MW3	14-Jun-13	GW-81278-061413-NB-MW3	-	√	√	√		
MW3 (Field Duplicate)	14-Jun-13	GW-81278-061413-NB-MW99	-	√	√	√		
MW3	26-Jun-13	GW-81278-062613-NB-MW3	-			√		
MW3 (Field Duplicate)	26-Jun-13	GW-81278-062613-NB-DUP1	-			√		
MW4	14-Jun-13	GW-81278-061413-NB-MW4	-	√	√	√		
MW5	14-Jun-13	GW-81278-061413-NB-MW5	-	√	√	√		
MW6	14-Jun-13	GW-81278-061413-NB-MW6	-	√		√		

Notes:

⁽¹⁾ Complete Sample Identification for S-81278-060513-PL-MW2-5'-7.5': S stand for soil (W stands for groundwater); next 5 digits (81278) is the CRA project number; next 6 digits represent the date (mm/dd/yy); next characters are the initials of the field technician; next digits signify the sample location; next digits are the sample

VOCs Volatile Organic Compounds

PHCs Petroleum Hydrocarbons

TCLP Toxicity Leachate Characterization Procedure

TABLE 2

MONITORING WELL COMPLETION DETAILS
PHASE II ENVIRONMENTAL SITE ASSESSMENT
104 OAKDALE ROAD, TORONTO, ONTARIO
TerraNova Partners L.P.

Well No.	Completion Date	Ground Elevation (mASD)	Top of Riser Elevation (mASD)	Total Depth Drilled (mBGS)	Screened Interval				Sand Pack Interval				Screened Geologic Material	MOE Well Tag No.
					(mBGS)		(mASD)		(mBGS)		(mASD)			
					Top	Bottom	Top	Bottom	Top	Bottom	Top	Bottom		
MW1	05-Jun-13	99.91	99.78	6.10	2.44	5.49	97.47	94.42	2.13	5.49	97.78	94.42	Clayey silt till	A148728
MW2	05-Jun-13	99.88	99.77	6.10	3.05	6.10	96.83	93.78	2.74	6.10	97.14	93.78	Clayey silt till	A148800
MW3	05-Jun-13	99.81	99.70	6.10	3.05	6.10	96.76	93.71	2.74	6.10	97.07	93.71	Silty sand/clayey silt till	A148691
MW4	05-Jun-13	100.00	99.90	7.62	4.57	7.62	95.43	92.38	4.27	7.62	95.73	92.38	Clayey silt till	A148727
MW5	05-Jun-13	99.99	99.91	6.10	3.05	6.10	96.94	93.89	2.74	6.10	97.25	93.89	Clayey silt till	A148726
MW6	06-Jun-13	99.99	99.91	4.88	3.35	4.88	96.64	95.11	3.05	4.88	96.94	95.11	Clayey silt till	A148716

Notes:

mASD metres Above Site Datum. Reference point taken to be the top of the concrete floor slab on the north side of the southeast bay door.

mBGS metres Below Ground Surface

TABLE 3
GROUNDWATER ELEVATIONS
PHASE II ENVIRONMENTAL SITE ASSESSMENT
104 OAKDALE ROAD, TORONTO, ONTARIO
TerraNova Partners LP

Well No.	Ground Elevation (mASD)	Reference Elevation ⁽¹⁾ (mASD)	Groundwater Elevation		
			June 26, 2013		
			(mBTOR)	(mASD)	(mBGS)
MW1	99.91	99.78	1.36	98.42	1.49
MW2	99.88	99.77	1.25	98.52	1.36
MW3	99.81	99.70	2.53	97.17	2.64
MW4	100.00	99.90	1.66	98.24	1.76
MW5	99.99	99.91	2.08	97.83	2.17
MW6	99.99	99.91	2.54	97.37	2.62

Notes:

- ⁽¹⁾ Reference elevation taken from top of riser pipe
- mASD metres Above Site Datum. Reference point taken to be the top of the concrete floor slab on the north side of the southeast bay door.
- mBTOR metres Below Top of Riser
- mBGS metres Below Ground Surface

TABLE 4a

**SUMMARY OF MONITORING WELL PURGING ACTIVITIES (WATERRA)
PHASE II ENVIRONMENTAL SITE ASSESSMENT
104 OAKDALE ROAD, TORONTO, ONTARIO
TerraNova Partners L.P.**

<i>Well No.</i>	<i>Date</i>	<i>Well Volume (Litres)</i>	<i>Volume Removed (Litres)</i>	<i>pH</i>	<i>Conductivity (μS/cm)</i>	<i>Temperature ($^{\circ}$ C)</i>	<i>Colour</i>	<i>Odour</i>	<i>Comments</i>
MW1	13-Jun-13	7.0	7.0	6.72	1,632	14.9	clear	n.d.o.	-
			14.0	6.96	1,933	14.2	clear	n.d.o.	-
			21.0	7.23	1,591	14.2	clear	n.d.o.	dry after 3 well volumes
MW2	13-Jun-13	10.0	10.0	7.01	2,501	15.8	grey	n.d.o.	-
			20.0	6.91	2,535	14.1	light brown	n.d.o.	slightly silty
			30.0	7.25	2,557	15.3	light brown	n.d.o.	dry after 3 well volumes
MW3	13-Jun-13	7.0	7.0	7.72	2,320	16.0	brown	n.d.o.	silty
			14.0	7.25	2,395	14.7	brown	n.d.o.	silty
			21.0	7.26	2,396	14.3	brown	n.d.o.	silty, dry after 3 well volumes
MW4	13-Jun-13	10.0	10.0	7.30	1,635	17.6	clear	n.d.o.	-
			20.0	7.24	1,547	17.1	clear	n.d.o.	-
			30.0	7.45	1,550	18.3	clear	n.d.o.	dry after 3 well volumes
MW5	13-Jun-13	5.0	5.0	6.89	>3999	17.2	light brown	n.d.o.	-
			10.0	6.90	>3999	16.2	light brown	n.d.o.	-
			15.0	7.09	>3999	17.8	light brown	n.d.o.	dry after 3 well volumes
MW6	13-Jun-13	1.5	1.5	7.16	2,857	20.9	light brown	n.d.o.	slightly silty
			3.0	7.14	2,871	21.1	light brown	n.d.o.	slightly silty, dry after 2 well volumes
			4.5	7.29	3,051	20.1	light brown	n.d.o.	slightly silty, dry after 3 well volumes

Notes:

μ S/cm microSiemens per centimeter
n.d.o. No detectible odour

TABLE 4b

SUMMARY OF MONITORING WELL PURGING ACTIVITIES (LOW-FLOW)
PHASE II ENVIRONMENTAL SITE ASSESSMENT
104 OAKDALE ROAD, TORONTO, ONTARIO
TerraNova Partners L.P.

<i>Well No.</i>	<i>Date</i>	<i>Time (min)</i>	<i>Pumping Rate (mL/min)</i>	<i>pH</i>	<i>Conductivity (mS/cm)</i>	<i>Temperature (° C)</i>	<i>ORP (mV)</i>	<i>DO (mg/L)</i>	<i>Turbidity (NTU)</i>
MW3	26-Jun-13	5	150	6.78	2.52	21.96	-5	7.12	0.0
		10	150	6.81	2.58	20.99	-8	6.67	0.0
		15	150	6.81	2.63	19.59	-11	5.88	0.0
		20	150	6.82	2.63	19.75	-13	4.92	0.0
		25	150	6.83	2.64	19.40	-12	4.10	0.0

Notes:

min	minute	mV	milliVolts
mL/min	millilitres per minute	DO	Dissolved Oxygen
mS/cm	milliSiemens per centimetre	mg/L	milligrams per litre
ORP	Oxidation/Reduction Potential	NTU	Nephelometric Turbidity Unit

TABLE 5
SUMMARY OF SOIL ANALYTICAL RESULTS
PHASE II ENVIRONMENTAL SITE ASSESSMENT
104 OAKDALE ROAD, TORONTO, ONTARIO
TerraNova Partners L.P.

Sample Location:		MW1	MW2	MW3	MW4	MW5	MW6	
Sample ID:	S-81278-060513-PL-MW1'-1'-27"	S-81278-060513-PL-MW2-5'-7.5'	S-81278-060513-PL-MW3-5'-6.5'	S-81278-060513-PL-MW4-4'-6'	S-81278-060513-PL-MW5-2.5'-5'	S-81278-060513-PL-DUP	S-81278-060513-PL-MW5-8'-9.5'	S-81278-060613-PL-MW6-0.5'-2'
Sample Date:	6/5/2013	6/5/2013	6/5/2013	6/5/2013	6/5/2013	6/5/2013	6/5/2013	6/6/2013
Sample Depth (metres):	0.30-0.82	1.52-2.29	1.52-1.98	1.22-1.83	0.76-1.52	0.76-1.52	2.44-2.90	0.15-0.61
Parameter	MOE Table 3 Standards ⁽¹⁾					Duplicate		
Volatiles								
1,1,1,2-Tetrachloroethane	0.11	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
1,1,1-Trichloroethane	12	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
1,1,2,2-Tetrachloroethane	0.094	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
1,1,2-Trichloroethane	0.11	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
1,1-Dichloroethane	21	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
1,1-Dichloroethene	0.48	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
1,2-Dibromoethane (Ethylene dibromide)	0.05	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
1,2-Dichlorobenzene	8.5	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
1,2-Dichloroethane	0.05	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
1,2-Dichloropropane	0.68	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
1,3-Dichlorobenzene	12	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
1,4-Dichlorobenzene	0.84	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
2-Butanone (Methyl ethyl ketone) (MEK)	88	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)
4-Methyl-2-pentanone (Methyl isobutyl ketone) (MIBK)	210	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)
Acetone	28	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)
Benzene	0.4	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)
Bromodichloromethane	18	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
Bromoform	1.7	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
Bromomethane (Methyl bromide)	0.05	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
Carbon tetrachloride	1.5	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
Chlorobenzene	2.7	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
Chloroform (Trichloromethane)	0.18	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
cis-1,2-Dichloroethene	37	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
cis-1,3-Dichloropropene	-	ND(0.030)	ND(0.030)	ND(0.030)	ND(0.030)	ND(0.030)	ND(0.030)	ND(0.030)
cis-1,3-Dichloropropene/trans-1,3-Dichloropropene total	0.21	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
Dibromochloromethane	13	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
Dichlorodifluoromethane (CFC-12)	25	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
Ethylbenzene	19	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)
Hexane	88	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
m&p-Xylenes	-	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)
Methyl tert butyl ether (MTBE)	3.2	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
Methylene chloride	2	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
o-Xylene	-	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)
Styrene	43	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
Tetrachloroethene	21	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
Toluene	78	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)
trans-1,2-Dichloroethene	9.3	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
trans-1,3-Dichloropropene	-	ND(0.040)	ND(0.040)	ND(0.040)	ND(0.040)	ND(0.040)	ND(0.040)	ND(0.040)
Trichloroethene	0.61	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
Trichlorofluoromethane (CFC-11)	5.8	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
Vinyl chloride	0.25	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)
Xylenes (total)	30	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)	ND(0.020)

Notes:

All results and standards are in ug/g, unless otherwise indicated.

⁽¹⁾ Ontario Ministry of the Environment (MOE), "Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act", April 15, 2011.

Table 3: Full Depth Generic Site Condition Standards in a Non-Potable Ground Water Condition, Industrial/Commercial/Community Property Use, Medium to Fine Textured Soils.

ND(1) Not detected above laboratory detection limit indicated in brackets.

 Concentration above 2011 MOE Standards

TABLE 5
SUMMARY OF SOIL ANALYTICAL RESULTS
PHASE II ENVIRONMENTAL SITE ASSESSMENT
104 OAKDALE ROAD, TORONTO, ONTARIO
TerraNova Partners L.P.

Sample Location:		MW1	MW2	MW3	MW4	MW5	MW6	
Sample ID:		S-81278-060513-PL-MW1'-1'-27"	S-81278-060513-PL-MW2-5'-7.5'	S-81278-060513-PL-MW3-5'-6.5'	S-81278-060513-PL-MW4-4'-6'	S-81278-060513-PL-MW5-2.5'-5'	S-81278-060513-PL-MW5-8'-9.5'	S-81278-060613-PL-MW6-0.5'-2'
Sample Date:		6/5/2013	6/5/2013	6/5/2013	6/5/2013	6/5/2013	6/5/2013	6/6/2013
Sample Depth (metres):		0.30-0.82	1.52-2.29	1.52-1.98	1.22-1.83	0.76-1.52	2.44-2.90	0.15-0.61
Parameter	MOE Table 3 Standards ⁽¹⁾					Duplicate		
Petroleum Hydrocarbons								
Petroleum hydrocarbons F1 (C6-C10)	65	ND(10)	ND(10)	ND(10)	ND(10)	ND(10)	ND(10)	ND(10)
Petroleum hydrocarbons F1 (C6-C10) - less BTEX	65	ND(10)	ND(10)	ND(10)	ND(10)	ND(10)	ND(10)	ND(10)
Petroleum hydrocarbons F2 (C10-C16)	250	ND(10)	ND(10)	ND(10)	ND(10)	ND(10)	ND(10)	ND(10)
Petroleum hydrocarbons F3 (C16-C34)	2500	75	ND(50)	ND(50)	ND(50)	ND(50)	ND(50)	ND(50)
Petroleum hydrocarbons F4 (C34-C50)	6600	170	ND(50)	50	ND(50)	ND(50)	ND(50)	ND(50)
Gravimetric heavy hydrocarbons (F4G)	6600	830	-	-	-	-	-	-
Metals								
Antimony	50	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.20)
Arsenic	18	3.3	4.6	2.9	3.0	ND(1.0)	ND(1.0)	3.1
Barium	670	89	150	48	58	8.6	8.7	85
Beryllium	10	0.58	1.1	0.41	0.55	ND(0.20)	ND(0.20)	0.66
Boron	120	ND(5.0)	5.7	ND(5.0)	ND(5.0)	ND(5.0)	ND(5.0)	ND(5.0)
Boron (hot water soluble)	2	0.30	0.87	0.27	0.086	0.15	0.16	0.33
Cadmium	1.9	0.14	0.30	0.24	ND(0.10)	ND(0.10)	ND(0.10)	0.15
Chromium	160	19	30	14	17	3.6	3.2	19
Chromium VI (hexavalent)	10	ND(0.2)	ND(0.2)	ND(0.2)	ND(0.2)	ND(0.2)	ND(0.2)	ND(0.2)
Cobalt	100	8.2	11	6.0	7.8	1.6	1.5	8.9
Copper	300	17	39	14	18	3.4	3.3	16
Lead	120	22	18	26	8.6	2.2	2.0	11
Mercury	20	ND(0.050)	0.055	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)
Molybdenum	40	ND(0.50)	0.86	0.61	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)
Nickel	340	19	33	13	17	3.3	3.1	20
Selenium	5.5	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)
Silver	50	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.20)
Thallium	3.3	0.12	0.15	0.083	0.077	ND(0.050)	ND(0.050)	0.086
Uranium	33	0.45	1.0	0.35	0.44	0.25	0.16	0.39
Vanadium	86	27	51	22	29	7.4	5.8	24
Zinc	340	54	110	74	37	8.9	8.4	52
General Chemistry								
Moisture (%)	-	12	25	15	15	5.5	5.2	17
pH	-	-	-	7.64	-	-	-	-

Notes:

All results and standards are in ug/g, unless otherwise indicated.

⁽¹⁾ Ontario Ministry of the Environment (MOE), "Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act", April 15, 2011.

Table 3: Full Depth Generic Site Condition Standards in a Non-Potable Ground Water Condition, Industrial/Commercial/Community Property Use, Medium to Fine Textured Soils.

ND(1) Not detected above laboratory detection limit indicated in brackets.

 Concentration above 2011 MOE Standards

TABLE 6
SUMMARY OF GROUNDWATER ANALYTICAL RESULTS
PHASE II ENVIRONMENTAL SITE ASSESSMENT
104 OAKDALE ROAD, TORONTO, ONTARIO
TerraNova Partners L.P.

Sample Location: Sample ID: Sample Date:	MW1	MW2	MW3				MW4	MW5	MW6
	GW-81278-061413-NB-MW1 6/14/2013	GW-81278-061413-NB-MW2 6/14/2013	GW-81278-061413-NB-MW3 6/14/2013	GW-81278-061413-NB-MW99 6/14/2013 <i>Duplicate</i>	GW-81278-062613-NB-MW3 6/26/2013	GW-81278-062613-NB-DUP1 6/26/2013 <i>Duplicate</i>	GW-81278-061413-NB-MW4 6/14/2013	GW-81278-061413-NB-MW5 6/14/2013	GW-81278-061413-NB-MW6 6/14/2013
Parameter	MOE Table 3 Standards⁽¹⁾								
Volatiles									
1,1,1,2-Tetrachloroethane	28	ND(0.20)	ND(0.20)	ND(0.20)	-	-	ND(0.20)	ND(0.20)	ND(0.20)
1,1,1-Trichloroethane	6700	ND(0.10)	ND(0.10)	ND(0.10)	-	-	ND(0.10)	ND(0.10)	ND(0.10)
1,1,2,2-Tetrachloroethane	15	ND(0.20)	ND(0.20)	ND(0.20)	-	-	ND(0.20)	ND(0.20)	ND(0.20)
1,1,2-Trichloroethane	30	ND(0.20)	ND(0.20)	ND(0.20)	-	-	ND(0.20)	ND(0.20)	ND(0.20)
1,1-Dichloroethane	3100	ND(0.10)	ND(0.10)	ND(0.10)	-	-	ND(0.10)	ND(0.10)	ND(0.10)
1,1-Dichloroethene	17	ND(0.10)	ND(0.10)	ND(0.10)	-	-	ND(0.10)	ND(0.10)	ND(0.10)
1,2-Dibromoethane (Ethylene dibromide)	0.83	ND(0.20)	ND(0.20)	ND(0.20)	-	-	ND(0.20)	ND(0.20)	ND(0.20)
1,2-Dichlorobenzene	9600	ND(0.20)	ND(0.20)	ND(0.20)	-	-	ND(0.20)	ND(0.20)	ND(0.20)
1,2-Dichloroethane	12	ND(0.20)	ND(0.20)	ND(0.20)	-	-	ND(0.20)	0.63	ND(0.20)
1,2-Dichloropropane	140	ND(0.10)	ND(0.10)	ND(0.10)	-	-	ND(0.10)	ND(0.10)	ND(0.10)
1,3-Dichlorobenzene	9600	ND(0.20)	ND(0.20)	ND(0.20)	-	-	ND(0.20)	ND(0.20)	ND(0.20)
1,4-Dichlorobenzene	67	ND(0.20)	ND(0.20)	ND(0.20)	-	-	ND(0.20)	ND(0.20)	ND(0.20)
2-Butanone (Methyl ethyl ketone) (MEK)	1500000	ND(5.0)	ND(5.0)	ND(5.0)	-	-	ND(5.0)	ND(5.0)	ND(5.0)
4-Methyl-2-pentanone (Methyl isobutyl ketone) (MIBK)	580000	ND(5.0)	ND(5.0)	ND(5.0)	-	-	ND(5.0)	ND(5.0)	ND(5.0)
Acetone	130000	ND(10)	ND(10)	ND(10)	-	-	ND(10)	ND(10)	ND(10)
Benzene	430	ND(0.10)	ND(0.10)	ND(0.10)	ND(0.2)	ND(0.2)	ND(0.10)	ND(0.10)	ND(0.10)
Bromodichloromethane	85000	ND(0.10)	ND(0.10)	ND(0.10)	-	-	ND(0.10)	ND(0.10)	ND(0.10)
Bromoform	770	ND(0.20)	ND(0.20)	ND(0.20)	-	-	ND(0.20)	ND(0.20)	ND(0.20)
Bromomethane (Methyl bromide)	56	ND(0.50)	ND(0.50)	ND(0.50)	-	-	ND(0.50)	ND(0.50)	ND(0.50)
Carbon tetrachloride	8.4	ND(0.10)	ND(0.10)	ND(0.10)	-	-	ND(0.10)	ND(0.10)	ND(0.10)
Chlorobenzene	630	ND(0.10)	ND(0.10)	ND(0.10)	-	-	ND(0.10)	ND(0.10)	ND(0.10)
Chloroform (Trichloromethane)	22	ND(0.10)	ND(0.10)	ND(0.10)	-	-	ND(0.10)	ND(0.10)	ND(0.10)
cis-1,2-Dichloroethene	17	ND(0.10)	ND(0.10)	ND(0.10)	-	-	ND(0.10)	ND(0.10)	ND(0.10)
cis-1,3-Dichloropropene	-	ND(0.20)	ND(0.20)	ND(0.20)	-	-	ND(0.20)	ND(0.20)	ND(0.20)
cis-1,3-Dichloropropene/ trans-1,3-Dichloropropene total	45	ND(0.28)	ND(0.28)	ND(0.28)	-	-	ND(0.28)	ND(0.28)	ND(0.28)
Dibromochloromethane	82000	ND(0.20)	ND(0.20)	ND(0.20)	-	-	ND(0.20)	ND(0.20)	ND(0.20)
Dichlorodifluoromethane (CFC-12)	4400	ND(0.50)	ND(0.50)	ND(0.50)	-	-	ND(0.50)	ND(0.50)	ND(0.50)
Ethylbenzene	2300	ND(0.10)	ND(0.10)	ND(0.10)	ND(0.2)	ND(0.2)	ND(0.10)	ND(0.10)	ND(0.10)
Hexane	520	ND(0.50)	ND(0.50)	ND(0.50)	-	-	ND(0.50)	ND(0.50)	ND(0.50)
m&p-Xylenes	-	ND(0.10)	ND(0.10)	0.20	ND(0.10)	-	ND(0.10)	ND(0.10)	0.19
Methyl tert butyl ether (MTBE)	1400	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.20)	-	ND(0.20)	ND(0.20)	ND(0.20)
Methylene chloride	5500	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	-	ND(0.50)	ND(0.50)	ND(0.50)
o-Xylene	-	ND(0.10)	ND(0.10)	ND(0.10)	ND(0.10)	-	ND(0.10)	ND(0.10)	ND(0.10)
Styrene	9100	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.20)	-	ND(0.20)	ND(0.20)	ND(0.20)
Tetrachloroethene	17	ND(0.10)	ND(0.10)	ND(0.10)	ND(0.10)	-	ND(0.10)	ND(0.10)	ND(0.10)
Toluene	18000	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.2)	ND(0.2)	0.20	ND(0.20)
trans-1,2-Dichloroethene	17	ND(0.10)	ND(0.10)	ND(0.10)	ND(0.10)	-	ND(0.10)	ND(0.10)	ND(0.10)
trans-1,3-Dichloropropene	-	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.20)	-	ND(0.20)	ND(0.20)	ND(0.20)
Trichloroethene	17	ND(0.10)	ND(0.10)	ND(0.10)	ND(0.10)	-	ND(0.10)	ND(0.10)	ND(0.10)
Trichlorofluoromethane (CFC-11)	2500	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.20)	-	ND(0.20)	ND(0.20)	ND(0.20)
Vinyl chloride	1.7	ND(0.20)	ND(0.20)	ND(0.20)	ND(0.20)	-	ND(0.20)	ND(0.20)	ND(0.20)
Xylenes (total)	4200	ND(0.10)	ND(0.10)	0.20	ND(0.10)	ND(0.4)	ND(0.4)	ND(0.10)	0.19

Notes:

All results and standards are in ug/L, unless otherwise indicated.

⁽¹⁾ Ontario Ministry of the Environment (MOE), "Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act", April 15, 2011.

Table 3: Full Depth Generic Site Condition Standards in a Non-Potable Ground Water Condition, All Types of Property Use, Medium to Fine Textured Soils.

ND(1) Not detected above laboratory detection limit indicated in brackets.

 Concentration above 2011 MOE Standards

TABLE 6
SUMMARY OF GROUNDWATER ANALYTICAL RESULTS
PHASE II ENVIRONMENTAL SITE ASSESSMENT
104 OAKDALE ROAD, TORONTO, ONTARIO
TerraNova Partners L.P.

Sample Location: Sample ID: Sample Date:		MW1	MW2	MW3			MW4	MW5	MW6	
		GW-81278-061413-NB-MW1 6/14/2013	GW-81278-061413-NB-MW2 6/14/2013	GW-81278-061413-NB-MW3 6/14/2013	GW-81278-061413-NB-MW99 6/14/2013 <i>Duplicate</i>	GW-81278-062613-NB-MW3 6/26/2013	GW-81278-062613-NB-DUP1 6/26/2013 <i>Duplicate</i>	GW-81278-061413-NB-MW4 6/14/2013	GW-81278-061413-NB-MW5 6/14/2013	GW-81278-061413-NB-MW6 6/14/2013
Parameter	MOE Table 3 Standards ⁽¹⁾									
Metals										
Antimony (dissolved)	20000	0.85	ND(0.50)	ND(0.50)	ND(0.50)	-	-	0.54	0.71	-
Arsenic (dissolved)	1900	ND(1.0)	ND(1.0)	ND(1.0)	1.1	-	-	ND(1.0)	ND(2.0)	-
Barium (dissolved)	29000	150	230	160	160	-	-	200	270	-
Beryllium (dissolved)	67	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	-	-	ND(0.50)	ND(0.50)	-
Boron (dissolved)	45000	38	350	170	170	-	-	280	72	-
Cadmium (dissolved)	2.7	ND(0.10)	ND(0.10)	ND(0.10)	ND(0.10)	-	-	ND(0.10)	ND(0.10)	-
Chromium (dissolved)	810	ND(5.0)	ND(5.0)	ND(5.0)	ND(5.0)	-	-	ND(5.0)	ND(5.0)	-
Chromium VI (hexavalent)	140	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	-	-	ND(0.50)	ND(0.50)	-
Cobalt (dissolved)	66	5.0	4.7	2.7	1.2	-	-	3.1	5.0	-
Copper (dissolved)	87	ND(1.0)	1.1	ND(1.0)	ND(1.0)	-	-	ND(1.0)	ND(1.0)	-
Lead (dissolved)	25	ND(0.50)	ND(0.50)	ND(0.50)	ND(0.50)	-	-	ND(0.50)	ND(0.50)	-
Mercury	2.8	ND(0.1)	ND(0.1)	ND(0.1)	ND(0.1)	-	-	ND(0.1)	ND(0.1)	-
Molybdenum (dissolved)	9200	8.6	4.4	2.3	2.3	-	-	3.7	7.0	-
Nickel (dissolved)	490	2.8	7.9	1.4	1.3	-	-	3.0	8.6	-
Selenium (dissolved)	63	ND(2.0)	ND(2.0)	ND(2.0)	ND(2.0)	-	-	ND(2.0)	ND(2.0)	-
Silver (dissolved)	1.5	ND(0.10)	ND(0.10)	ND(0.10)	ND(0.10)	-	-	ND(0.10)	ND(0.10)	-
Sodium (dissolved)	2300000	42000	230000	260000	260000	-	-	100000	600000	-
Thallium (dissolved)	510	ND(0.050)	ND(0.050)	ND(0.050)	ND(0.050)	-	-	0.063	0.084	-
Uranium (dissolved)	420	9.7	9.1	3.0	2.9	-	-	4.8	4.4	-
Vanadium (dissolved)	250	1.0	ND(0.50)	1.5	1.1	-	-	1.6	ND(1.0)	-
Zinc (dissolved)	1100	ND(5.0)	ND(5.0)	ND(5.0)	ND(5.0)	-	-	ND(5.0)	ND(5.0)	-
Petroleum Hydrocarbons										
Petroleum hydrocarbons F1 (C6-C10)	750	ND(25)	ND(25)	ND(25)	ND(25)	ND(25)	ND(25)	ND(25)	ND(25)	ND(25)
Petroleum hydrocarbons F1 (C6-C10) - less BTEX	750	ND(25)	ND(25)	ND(25)	ND(25)	ND(25)	ND(25)	ND(25)	ND(25)	ND(25)
Petroleum hydrocarbons F2 (C10-C16)	150	ND(100)	ND(100)	ND(100)	ND(100)	ND(100)	ND(100)	ND(100)	ND(100)	-
Petroleum hydrocarbons F3 (C16-C34)	500	ND(200)	ND(200)	310	250	ND(200)	ND(200)	ND(200)	400	-
Petroleum hydrocarbons F4 (C34-C50)	500	ND(200)	ND(200)	570	390	ND(200)	ND(200)	ND(200)	ND(200)	-
Gravimetric heavy hydrocarbons (F4G)	500	-	-	8800	4800	-	-	-	-	-

Notes:

All results and standards are in ug/L, unless otherwise indicated.
⁽¹⁾ Ontario Ministry of the Environment (MOE), "Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act", April 15, 2011.
 Table 3: Full Depth Generic Site Condition Standards in a Non-Potable Ground Water Condition, All Types of Property Use, Medium to Fine Textured Soils.
 ND(1) Not detected above laboratory detection limit indicated in brackets.
 Concentration above 2011 MOE Standards

TAB G

Exhibit "G" to the Affidavit of Garth Wheldon,
sworn before me this 25th day of July, 2014.



Commissioner for Taking Affidavits, etc.

**Aoife Catherine Quinn,
a Commissioner, etc., Province of
Ontario, while a Student-at-Law.
Expires May 1, 2017.**



PERSONAL PROPERTY SECURITY
REGISTRATION SYSTEM (ONTARIO)
ENQUIRY RESULTS

Prepared for :	DENTONS CANADA LLP-B MORAN
Reference :	557860-1
Docket :	BM
Search ID :	532399
Date Processed :	5/6/2014 4:16:58 PM
Report Type :	PPSA Electronic Response
Search Conducted on :	KK PRECISION INC.
Search Type :	Business Debtor

DISCLAIMER :

This report has been generated using data provided by the Personal Property Registration Branch, Ministry of Government Services, Government of Ontario. No liability is undertaken regarding its correctness, completeness, or the interpretation and use that are made of it.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: KK PRECISION INC.

FILE CURRENCY: May 5, 2014

RESPONSE CONTAINS: APPROXIMATELY 7 FAMILIES and 23 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS
WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME
IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE
OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT
ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 7 ENQUIRY PAGE : 1 OF 23

SEARCH : BD : KK PRECISION INC.

00 FILE NUMBER : 014338278 EXPIRY DATE : 15OCT 2016 STATUS :
01 CAUTION FILING : PAGE : 1 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 19911015 1150 0043 0047 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: K.K. PRECISION PARTS LIMITED
OCN :
04 ADDRESS : 119 OAKDALE ROAD
CITY : DOWNSVIEW PROV: ONT POSTAL CODE: M9N 1W2
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS : 330 OAKDALE ROAD
CITY : DOWNSVIEW PROV: ONT POSTAL CODE: M9N 1W2

08 SECURED PARTY/LIEN CLAIMANT :
BANK OF MONTREAL, TORONTO CENTRE DISTRICT
09 ADDRESS : P.O. BOX 1, FIRST CANADIAN PLACE 3RD FLO
CITY : TORONTO PROV: ONT POSTAL CODE: M5X 1A1
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X
YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION

13
14
15
16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 7 ENQUIRY PAGE : 2 OF 23

SEARCH : BD : KK PRECISION INC.

00 FILE NUMBER : 014338278 EXPIRY DATE : 15OCT 2016 STATUS :
01 CAUTION FILING : PAGE : 2 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 19911015 1150 0043 0047 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: MICRO MACHINE AND TOOL CO.
OCN :
04 ADDRESS : 119 OAKDALE ROAD
CITY : DOWNSVIEW PROV: ONT POSTAL CODE: M9N 1W2
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS : 330 OAKDALE ROAD
CITY : DOWNSVIEW PROV: ONT POSTAL CODE: M9N 1W2

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 7 ENQUIRY PAGE : 3 OF 23

SEARCH : BD : KK PRECISION INC.

FILE NUMBER 014338278

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : OF MV SCHED: 19930312 1314 0043 7659 P PPSA
21 REFERENCE FILE NUMBER : 014338278
22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: K. K. PRECISION PARTS LIMITED

25 OTHER CHANGE:

26 REASON: CHANGE OF NAME OF BUSINESS DEBTOR OF LINE 03 OF REGISTRATION

27 /DESCR: NUMBER 911015115000430047

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: K. K. PRECISION INDUSTRIES INC.

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

11

12

13

14

15

16 NAME : BANK OF MONTREAL, TORONTO CENTRE FLAGSHIP

17 ADDRESS : PO BOX 3 FIRST CDN PLACE MEZZ

CITY : TORONTO PROV : ONT POSTAL CODE : M5X 1A3

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 7 ENQUIRY PAGE : 4 OF 23

SEARCH : BD : KK PRECISION INC.

FILE NUMBER 014338278

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 19960530 1918 1529 0787

21 REFERENCE FILE NUMBER : 014338278

22 AMEND PAGE: NO PAGE: CHANGE: J OTHER REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: K.K. PRECISION INDUSTRIES INC.

25 OTHER CHANGE: SUBORDINATION

26 REASON: AGREEMENT DATED AS OF THE 17TH DAY OF MAY, 1996 AMONG BANK OF

27 /DESCR: MONTREAL, ROYNAT INC. AND K.K. PRECISION INDUSTRIES INC.

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY :	PROV :	POSTAL CODE :	DATE OF	NO FIXED
CONS.	MV		MATURITY OR	MAT DATE
GOODS INVTRY EQUIP ACCTS OTHER	INCL	AMOUNT		

10

11

12

13

14

15

16 NAME : TORY TORY DESLAURIERS & BINNINGTON

17 ADDRESS : SUITE 3000, AETNA TOWER TD CENTRE

CITY : TORONTO PROV : ON POSTAL CODE : M5K 1N2

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 7 ENQUIRY PAGE : 5 OF 23

SEARCH : BD : KK PRECISION INC.
FILE NUMBER 014338278

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 19961004 1011 1654 7159
21 REFERENCE FILE NUMBER : 014338278
22 AMEND PAGE: NO PAGE: CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: K.K. PRECISION PARTS LIMITED

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

11

12

13

14

15

16 NAME : BANK OF MONTREAL, MAIN OFFICE - FIRST CDN PLACE TR 0002

17 ADDRESS : 100 KING ST W

CITY : TORONTO PROV : ON POSTAL CODE : M5X 1A3

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 7 ENQUIRY PAGE : 6 OF 23

SEARCH : BD : KK PRECISION INC.
FILE NUMBER 014338278

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 19970217 1122 1654 3020
21 REFERENCE FILE NUMBER : 014338278
22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: K.K. PRECISION PARTS LIMITED

25 OTHER CHANGE:

26 REASON: AMENDMENT TO BUSINESS DEBTOR ON LINE 3
27 /DESCR:
28 :
02/05 IND/TRANSFEEE:
03/06 BUS NAME/TRFEE: K.K. PRECISION INDUSTRIES INC.
OCN:
04/07 ADDRESS:
CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE
10
11
12
13
14
15
16 NAME : BANK OF MONTREAL, MAIN OFFICE - FIRST CDN PLACE TR 0002
17 ADDRESS : 100 KING ST W
CITY : TORONTO PROV : ON POSTAL CODE : M5X 1A3

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 7 ENQUIRY PAGE : 7 OF 23

SEARCH : BD : KK PRECISION INC.
FILE NUMBER 014338278

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 20010920 1040 1529 1547
21 REFERENCE FILE NUMBER : 014338278
22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: K.K. PRECISION INDUSTRIES INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

11

12

13

14

15

16 NAME : CANADIAN SECURITIES REGISTRATION SYSTEMS

17 ADDRESS : SUITE 180-13571 COMMERCE PARKWAY

CITY : RICHMOND PROV : BC POSTAL CODE : V6V2L1

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 7 ENQUIRY PAGE : 8 OF 23

SEARCH : BD : KK PRECISION INC.
FILE NUMBER 014338278

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 20020926 1026 9065 3311
21 REFERENCE FILE NUMBER : 014338278
22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: K.K. PRECISION INDUSTRIES INC.

25 OTHER CHANGE:
26 REASON: THE DEBTOR NAME RECORDED ON LINE 03 OF REGISTRATION NO. 19970217 112
27 /DESCR: 1654 3020 [K.K. PRECISION INDUSTRIES INC.] HAS CHANGED.
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE: PRECINDA LTD.
OCN:
04/07 ADDRESS:
CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE
10
11
12
13
14
15
16 NAME : BLAKE, CASSELS & GRAYDON LLP [PSM/JMX]
17 ADDRESS : BOX 25, COMMERCE COURT WEST
CITY : TORONTO PROV : ON POSTAL CODE : M5L 1A9

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 7 ENQUIRY PAGE : 9 OF 23

SEARCH : BD : KK PRECISION INC.

FILE NUMBER 014338278

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 002 MV SCHED: 20020926 1702 9065 3343

21 REFERENCE FILE NUMBER : 014338278

22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: PRECINDA LTD.

25 OTHER CHANGE:

26 REASON: TO AMEND THE DEBTOR ADDRESSES RECORDED ON REFERENCE FILE

27 /DESCR: NO. 014338278.

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS: 104 OAKDALE ROAD

CITY: TORONTO PROV: ON POSTAL CODE: M3N 1V9

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY :	PROV :	POSTAL CODE :	DATE OF	NO FIXED
CONS.	MV		MATURITY OR	MAT DATE
GOODS INVTRY EQUIP ACCTS OTHER	INCL	AMOUNT		

10

11

12

13

14

15

16 NAME : BLAKE, CASSELS & GRAYDON LLP [PSM/JMX]

17 ADDRESS : BOX 25, COMMERCE COURT WEST

CITY : TORONTO PROV : ON POSTAL CODE : M5L 1A9

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 7 ENQUIRY PAGE : 10 OF 23

SEARCH : BD : KK PRECISION INC.
FILE NUMBER 014338278

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 02 OF 002 MV SCHED: 20020926 1702 9065 3343
21 REFERENCE FILE NUMBER : 014338278
22 AMEND PAGE: NO PAGE: CHANGE: REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME:

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS: 330 OAKDALE ROAD

CITY: TORONTO PROV: ON POSTAL CODE: M3N 1W5

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

11

12

13

14

15

16 NAME :

17 ADDRESS :

CITY : PROV : POSTAL CODE :

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 7 ENQUIRY PAGE : 11 OF 23

SEARCH : BD : KK PRECISION INC.
FILE NUMBER 014338278

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 20060901 1454 1530 9133
21 REFERENCE FILE NUMBER : 014338278
22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: K.K. PRECISION INDUSTRIES INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

11

12

13

14

15

16 NAME : CANADIAN SECURITIES REGISTRATION SYSTEMS

17 ADDRESS : 4126 NORLAND AVENUE

CITY : BURNABY PROV : BC POSTAL CODE : V5G 3S8

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 7 ENQUIRY PAGE : 12 OF 23

SEARCH : BD : KK PRECISION INC.
FILE NUMBER 014338278

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 1 MV SCHED: 20080403 1618 9011 0720
21 REFERENCE FILE NUMBER : 014338278
22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: PRECINDA LTD.

25 OTHER CHANGE:
26 REASON: NAME CHANGE TO K. K. PRECISION INC.
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE:
OCN:
04/07 ADDRESS:
CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE
10
11
12
13
14
15
16 NAME : BANK OF MONTREAL 5193
17 ADDRESS : 100 KING STREET WEST - 7TH
CITY : TORONTO PROV : ON POSTAL CODE : M5X 1A1

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 7 ENQUIRY PAGE : 13 OF 23

SEARCH : BD : KK PRECISION INC.
FILE NUMBER 014338278

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 1 MV SCHED: 20080407 1620 9011 0724
21 REFERENCE FILE NUMBER : 014338278
22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: PRECINDA LTD.

25 OTHER CHANGE:
26 REASON: NAME CHANGE FROM PRECINDA LTD. TO KK PRECISION INC.
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE: KK PRECISION INC.
OCN:
04/07 ADDRESS: 104 OAKDALE ROAD
CITY: TORONTO PROV: ON POSTAL CODE: M3N 1V9

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE
10
11
12
13
14
15
16 NAME : BANK OF MONTREAL 5193
17 ADDRESS : 100 KING STREET WEST - 7TH FLOOR
CITY : TORONTO PROV : ON POSTAL CODE : M5X 1A1

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 7 ENQUIRY PAGE : 14 OF 23

SEARCH : BD : KK PRECISION INC.
FILE NUMBER 014338278

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 20110823 1950 1531 8555
21 REFERENCE FILE NUMBER : 014338278
22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: K.K. PRECISION INDUSTRIES INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

11

12

13

14

15

16 NAME : CANADIAN SECURITIES REGISTRATION SYSTEMS

17 ADDRESS : 4126 NORLAND AVENUE

CITY : BURNABY PROV : BC POSTAL CODE : V5G 3S8

END OF FAMILY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 7 ENQUIRY PAGE : 15 OF 23

SEARCH : BD : KK PRECISION INC.

00 FILE NUMBER : 672491097 EXPIRY DATE : 26AUG 2018 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20110826 1450 1590 7094 REG TYP: P PPSA REG PERIOD: 7
02 IND DOB : IND NAME:
03 BUS NAME: KK PRECISION INC.
OCN :
04 ADDRESS : 104 OAKDALE ROAD
CITY : TORONTO PROV: ON POSTAL CODE: M3N 1V9
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

BANK OF MONTREAL

09 ADDRESS : 1 FIRST CANADIAN PLACE, 11TH FLOOR

CITY : TORONTO PROV: ON POSTAL CODE: M5X 1A1

CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10 X X X X X
YEAR MAKE MODEL V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

13

14

15

16 AGENT: FRASER MILNER CASGRAIN LLP [JHH]

17 ADDRESS : 77 KING ST. WEST, SUITE 400, TD CENTRE

CITY : TORONTO PROV: ON POSTAL CODE: M5K 0A1

END OF FAMILY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 3 OF 7 ENQUIRY PAGE : 16 OF 23

SEARCH : BD : KK PRECISION INC.

00 FILE NUMBER : 672511716 EXPIRY DATE : 29AUG 2018 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20110829 0947 1590 7134 REG TYP: P PPSA REG PERIOD: 7
02 IND DOB : IND NAME:
03 BUS NAME: KK PRECISION INC.
OCN :
04 ADDRESS : 104 OAKDALE ROAD
CITY : TORONTO PROV: ON POSTAL CODE: M3N 1V9
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

BMO CAPITAL CORPORATION

09 ADDRESS : 1 FIRST CANADIAN PLACE, 11TH FLOOR

CITY : TORONTO PROV: ON POSTAL CODE: M5X 1A1

CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10	X	X	X	X	X				
YEAR MAKE				MODEL			V.I.N.		

11

12

GENERAL COLLATERAL DESCRIPTION

13

14

15

16 AGENT: FRASER MILNER CASGRAIN LLP [JHH]

17 ADDRESS : 77 KING ST. WEST, SUITE 400, TD CENTRE

CITY : TORONTO PROV: ON POSTAL CODE: M5K 0A1

END OF FAMILY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 4 OF 7 ENQUIRY PAGE : 17 OF 23

SEARCH : BD : KK PRECISION INC.

00 FILE NUMBER : 675158841 EXPIRY DATE : 20DEC 2017 STATUS :
01 CAUTION FILING : PAGE : 01 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20111220 1003 1462 9833 REG TYP: P PPSA REG PERIOD: 6
02 IND DOB : IND NAME:
03 BUS NAME: KK PRECISION INC.
OCN :
04 ADDRESS : 104 OAKDALE RD
CITY : TORONTO PROV: ON POSTAL CODE: M3N1V9
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

XEROX CANADA LTD
09 ADDRESS : 33 BLOOR ST. E. 3RD FLOOR
CITY : TORONTO PROV: ON POSTAL CODE: M4W3H1.
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11
12
13
14
15

GENERAL COLLATERAL DESCRIPTION

16 AGENT: PPSA CANADA INC. - [3992]
17 ADDRESS : 110 SHEPPARD AVE EAST, SUITE 303
CITY : TORONTO PROV: ON POSTAL CODE: M2N6Y8

END OF FAMILY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 5 OF 7 ENQUIRY PAGE : 18 OF 23

SEARCH : BD : KK PRECISION INC.

00 FILE NUMBER : 692295615 EXPIRY DATE : 02DEC 2018 STATUS :
01 CAUTION FILING : PAGE : 01 OF 002 MV SCHEDULE ATTACHED :
REG NUM : 20131202 1705 1462 9673 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: KK PRECISION INC.
OCN : 1858281
04 ADDRESS : 104 OAKDALE ROAD
CITY : TORONTO PROV: ON POSTAL CODE: M3N1V9
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
ORBIA FINANCIAL SERVICES II, LLC
09 ADDRESS : 200 CONNECTICUT AVENUE
CITY : NORWALK PROV: CT POSTAL CODE: 06854
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X
YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION
13 ALL RIGHT, TITLE AND INTEREST OF DEBTOR IN AND TO THE TRADE ACCOUNT
14 RECEIVABLES [I] WHICH ARE OWING TO DEBTOR BY SIEMENS ENERGY INC.
15 [ACCOUNT DEBTOR], WHETHER NOW EXISTING OR HEREAFTER CREATED ARISING
16 AGENT: ORBIA CORP.
17 ADDRESS : 200 CONNECTICUT AVENUE
CITY : NORWALK PROV: CT POSTAL CODE: 06854

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 5 OF 7 ENQUIRY PAGE : 19 OF 23

SEARCH : BD : KK PRECISION INC.

00 FILE NUMBER : 692295615 EXPIRY DATE : 02DEC 2018 STATUS :
01 CAUTION FILING : PAGE : 02 OF 002 MV SCHEDULE ATTACHED :
REG NUM : 20131202 1705 1462 9673 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
11
12

GENERAL COLLATERAL DESCRIPTION

13 OUT OF DEBTOR'S SALE AND DELIVERY OF GOODS AND/OR SERVICES TO THE
14 ACCOUNT DEBTOR, AND [II] WHICH HAVE ALREADY BEEN PURCHASED FROM THE
15 DEBTOR BY THE SECURED PARTY IN EXCHANGE FOR NON-RECOURSE CASH.
16 AGENT: ORBIAN CORP.
17 ADDRESS : 200 CONNECTICUT AVENUE
CITY : NORWALK PROV: CT POSTAL CODE: 06854

END OF FAMILY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 6 OF 7 ENQUIRY PAGE : 20 OF 23

SEARCH : BD : KK PRECISION INC.

00 FILE NUMBER : 692595504 EXPIRY DATE : 13DEC 2017 STATUS :
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20131213 1543 1590 3119 REG TYP: P PPSA REG PERIOD: 4
02 IND DOB : IND NAME:
03 BUS NAME: KK PRECISION INC.
OCN :
04 ADDRESS : 104 OAKDALE ROAD
CITY : TORONTO PROV: ON POSTAL CODE: M3N 1V9
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

RIVER VI, L.P.

09 ADDRESS : 1640 REPUBLIC CENTRE, 633 CHESTNUT

CITY : CHATTANOOGA

PROV: TN

POSTAL CODE: 37450

CONS.

MV

DATE OF OR NO FIXED

GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10 X X X X X

YEAR MAKE

MODEL

V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

13

14

15

16 AGENT: HEENAN BLAIKIE LLP [R. DAS/P. COOK/065201-0004]

17 ADDRESS : SUITE 2900 - 333 BAY STREET

CITY : TORONTO

PROV: ON

POSTAL CODE: M5H 2T4

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 6 OF 7 ENQUIRY PAGE : 21 OF 23

SEARCH : BD : KK PRECISION INC.

00 FILE NUMBER : 692595504 EXPIRY DATE : 13DEC 2017 STATUS :
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20131213 1543 1590 3119 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS : STREET
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

END OF FAMILY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 7 OF 7 ENQUIRY PAGE : 22 OF 23

SEARCH : BD : KK PRECISION INC.

00 FILE NUMBER : 692595513 EXPIRY DATE : 13DEC 2017 STATUS :
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20131213 1544 1590 3120 REG TYP: P PPSA REG PERIOD: 4
02 IND DOB : IND NAME:
03 BUS NAME: KK PRECISION INC.
OCN :
04 ADDRESS : 104 OAKDALE ROAD
CITY : TORONTO PROV: ON POSTAL CODE: M3N 1V9
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

RIVER VI, L.P.

09 ADDRESS : 1640 REPUBLIC CENTRE, 633 CHESTNUT

CITY : CHATTANOOGA

PROV: TN

POSTAL CODE: 37450

CONS.

MV

DATE OF OR NO FIXED

GOODS INVTRY. EQUIP ACCTS OTHER INCL

AMOUNT

MATURITY

MAT DATE

10 X X X X X

YEAR MAKE

MODEL

V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

13

14

15

16 AGENT: HEENAN BLAIKIE LLP [R. DAS/P. COOK/065201-0004]

17 ADDRESS : SUITE 2900 - 333 BAY STREET

CITY : TORONTO

PROV: ON

POSTAL CODE: M5H 2T4

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: KK PRECISION INC.
FILE CURRENCY: May 5, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 7 OF 7 ENQUIRY PAGE : 23 OF 23

SEARCH : BD : KK PRECISION INC.

00 FILE NUMBER : 692595513 EXPIRY DATE : 13DEC 2017 STATUS :
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20131213 1544 1590 3120 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS : STREET
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:
LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

TAB 1

**TO BE FILED
SEPERATELY**

TAB 2

**TO BE FILED
SEPERATELY**

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF KK PRECISION INC.

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**MOTION RECORD
(returnable August 1, 2014)**

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

John Salmas (LSUC 42336B)
Tel: (416) 863-4374
Fax: (416) 863-4592
Email: john.salmas@dentons.com

Robert J. Kennedy (LSUC 47407O)
Tel: (416) 367-6756
Fax: (416) 863-4592
Email: robert.kennedy@dentons.com

Solicitors for the Applicant