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December 22, 2023
Estate No.: 33-2823071
Court File No.: 33-2823071

To the creditors of TAZARMC Inc.

Re: In the Matter of the Proposal of TAZARMC Inc. – Material Adverse Change Report

Enclosed is the Report of the Trustee on Material Adverse Change in Projected Cash Flow or Financial Circumstances dated December 22, 2023. As stated therein, the Proposal Trustee is of the opinion that certain events have occurred since the Tazarmc's proposal was approved by both the Company's creditors and the Ontario Superior Court of Justice in Bankruptcy - Ottawa which represents a material adverse change in the financial circumstances for Tazarmc.

Should you require any further information with respect to this matter, contact details are provided below:

Email: tazarmc@kpmg.ca
Website: home.kpmg/ca/tazarmc

Dated at Toronto, Ontario, this 22nd day of December, 2023

KPMG Inc.
In its capacity as Proposal Trustee
of **TAZARMC INC.** and not in
its personal or corporate capacity



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IN THE MATTER OF THE PROPOSAL OF
TAZARMC INC.
OF THE CITY OF TRENTON
IN THE PROVINCE OF ONTARIO

REPORT OF THE TRUSTEE ON MATERIAL ADVERSE CHANGE
IN PROJECTED CASH FLOW OR FINANCIAL CIRCUMSTANCES
Section 50(10) of the *Bankruptcy and Insolvency Act* (Canada)

I. INTRODUCTION AND BACKGROUND

1. On April 20, 2022 (the “**Filing Date**”), TAZARMC Inc. (“**Tazarmc**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to subsection 50.4(1) of the Bankruptcy and Insolvency Act (the “**BIA**”). KPMG Inc. (“**KPMG**”) was named as the trustee under the Company’s NOI (the “**Proposal Trustee**”).
2. On May 20, 2022, Tazarmc filed a proposal (the “**Original Proposal**”) with the Proposal Trustee which was filed and accepted by the Official Receiver on the same date.
3. On July 15, 2022, the Company filed an amended proposal (the “**Amended Proposal**” or the “**Proposal**”) with the Proposal Trustee, which was filed and accepted by the Official Receiver on the same date. The amendments to the Original Proposal included, among other things, (i) changes to the treatment of the Company’s secured creditors, namely National Bank of Canada and BDC Capital Inc., and (ii) an increase to the amount available for distribution to the Company’s unsecured creditors. At a meeting of creditors held on July 15, 2022, the Amended Proposal was accepted by the required majority of creditors at the meeting.
4. On September 9, 2022, the Ontario Superior Court of Justice in Bankruptcy - Ottawa (“**Court**”) entered an order approving the previously lodged and filed Amended Proposal. The effective date for the Proposal was September 19, 2023 (the “**Effective Date**”).
5. A copy of referenced materials and other information pertaining to these proceedings are posted on the Proposal Trustee’s website at home.kpmg/ca/tazarmc (the “**Proposal Trustee’s Website**”).

II. PURPOSE OF REPORT

6. The purpose of this report is to provide the Official Receiver, the known creditors of the Company and other interested parties with notice that the Proposal Trustee has determined that a material adverse change in the Company’s financial circumstances has occurred.

III. MATERIAL ADVERSE CHANGE

7. This report has been filed pursuant to section 50(10) of the BIA as a result of the Proposal Trustee ascertaining that a material adverse change in the insolvent person’s financial circumstances has occurred.
8. Pursuant to the Proposal, the Company was to make payment to Canada Revenue Agency (“**CRA**”) on account of source deductions outstanding at the Filing Date (the “**Deemed Trust Amounts**”) within six (6) months after the



Effective Date, unless otherwise consented to by CRA. By letter dated May 17, 2023, CRA advised the Proposal Trustee that it would extend the deadline for repayment of the Deemed Trust Amounts to September 30, 2023.

9. In December 2023, CRA advised the Proposal Trustee that the Company failed to remit any of the Deemed Trust Amounts. The Proposal Trustee made numerous attempts to contact the Company to discuss matter but has not received any meaningful response to date.
10. On December 20, 2023, the CRA advised the Proposal Trustee that it would not agree to any further extension of the repayment deadline for the Deemed Trust Amounts. The Proposal Trustee understands that the Company has limited liquidity and recently vacated its leased premises and laid off the majority of its employees in order to preserve cash. Accordingly, the Proposal trustee is of the view that the Company would not be in a position to immediately cure the payment default.
11. The Proposal Trustee is of the opinion that this represents a material adverse change in the Company's financial circumstances and its ability to implement the Proposal, as approved by the Company's creditors and the Court. Given the Company's limited liquidity and lack of responsiveness to the Proposal Trustee's inquiries, the Proposal Trustee has concerns with the Company's ability to continue operations or present a viable alternative to the proposal to its creditors.

IV. PROPOSAL TRUSTEE'S INTENDED COURSE OF ACTION

12. The Proposal Trustee is of the view that a material adverse change occurred in the Company's financial circumstances pursuant to section 50(10) of the BIA.
13. In the circumstances, the Proposal Trustee's intended course of action is to:
 - a) File this report with the Official Receiver without delay;
 - b) Distribute this report to all known creditors of the Company and make available on the Proposal Trustee's Website; and
 - c) consider next steps with respect to the Proposal, including making an application to the Court for an order annulling the Proposal.
14. Should the Proposal be annulled by the Court, the Company will be deemed bankrupt and KPMG appointed as trustee of the Company's bankrupt estate, subject to affirmation by the creditors.

Dated at Toronto, Ontario, this 22nd day of December, 2023

KPMG Inc.

In its capacity as Proposal Trustee
of **TAZARMC Inc.** and not in
its personal or corporate capacity