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**May 13, 2022**  
**Estate No.: 33-2823071**

To the creditors of TAZARMC Inc.

**Re: Notice of Intention to Make a Proposal – Material Adverse Change Report**

TAZARMC Inc. ("**Tazarmc**" or the "**Company**") filed a Notice of Intention to Make a Proposal ("**NOI**") on April 20, 2022 under section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**").

Enclosed is the Report of the Trustee on Material Adverse Change in Projected Cash Flow or Financial Circumstances dated May 13<sup>th</sup>, 2022. As stated therein, the Proposal Trustee is of the opinion that certain events have occurred since the filing of the NOI which represents a material adverse change in the financial circumstances for TAZARMC Inc.

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

Email: [tazarmc@kpmg.ca](mailto:tazarmc@kpmg.ca)  
Website: [home.kpmg/ca/tazarmc](http://home.kpmg/ca/tazarmc)

Dated at Toronto, Ontario, this 13<sup>th</sup> day of May, 2022

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



May 13, 2022  
Estate No.: 33-2823071

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A 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 50.4(7)(b) of the *Bankruptcy and Insolvency Act* (Canada)

**I. INTRODUCTION AND BACKGROUND**

1. On April 20, 2022, 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. As a result of the NOI filing, the Company had obtained the benefit of a stay of proceedings under section 69.1(1) of the BIA, and had until May 20, 2022 to file a Proposal with the Proposal Trustee, subject to any extension(s) that may be granted by the Ontario Superior Court of Justice (Commercial List).
3. In connection with the NOI, the management of Tazarmc prepared and filed with the Proposal Trustee a statement of projected cash flow, as of April 22, 2022, for the period from April 17, 2022 to May 28, 2022 (the “Cash Flow Forecast”). The Proposal Trustee filed the Cash Flow Forecast with the Official Receiver on April 22, 2022.
4. 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](http://home.kpmg/ca/tazarmc) (the “Proposal Trustee’s Website”).

**II. PURPOSE OF REPORT**

5. The purpose of this report is to provide the creditors with:
  - a) Information regarding a material adverse change in the projected cash-flow and financial circumstances of the Company; and
  - b) the Proposal Trustee’s intended course of action.

**III. MATERIAL ADVERSE CHANGE**

6. This report has been filed pursuant to section 50.4(7)(b) of the BIA as a result of the Proposal Trustee ascertaining that a material adverse change in the insolvent person’s projected cash-flow and financial circumstances has occurred.
7. The Cash Flow Forecast indicated cash collections of \$800,599 and a net cash inflow of \$269,201 as of the week ending May 14, 2022, which would be used fund ongoing operational expenses



and a proposal to creditors. The Proposal Trustee has confirmed with the Company that a significant portion of these funds have not yet been received and remain outstanding as at the date of this report.

8. As a result of the inability to collect upon these cash flows, the Proposal Trustee is of the opinion that this represents a material adverse change in the Company's cash flow and financial circumstances which has or will result in:
  - a) A significant adverse effect on the projected cash flow;
  - b) A significant or reasonably expected significant impairment to Tazarmc's financial circumstances and the ability of the Company to meet several of its post-NOI filing obligations;
  - c) A significant impairment to the likelihood of success of a proposal to the Company's creditors; and
  - d) May prejudice the rights and interests of one or more creditors.

### **III. PROPOSAL TRUSTEE'S INTENDED COURSE OF ACTION**

9. The Proposal Trustee is of the view that a material adverse change occurred in Tazarmc's projected cash-flow and financial circumstances pursuant to section 50.4(7)(b) of the BIA.
10. It is the Proposal Trustee's intended course of action to:
  - a) File this report with the Official Receiver without delay pursuant to subsection 50.4(7)(b)(i) of the BIA; and
  - b) Distribute this report to all known creditors of the Company and make available on the Proposal Trustee's Website, pursuant to subsection 50.4(7)(c) of the BIA.

Dated at Toronto, Ontario, this 13<sup>th</sup> day of May, 2022

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