

COURT FILE NO. 25-2965622
 COURT COURT OF KING'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY

APPLICANTS IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
 RSC 1985, C B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO
 MAKE A PROPOSAL OF MANTLE MATERIALS GROUP, LTD.

DOCUMENT **ORDER (Stay Extension, Administration Charge, Interim
 Financing, Interim Financing Charge, D&O Charge and Other
 Relief)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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File No.: A1171561

DATE ON WHICH ORDER WAS PRONOUNCED: August 15, 2023

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

JUSTICE WHO MADE THIS ORDER: The Honourable Justice Feasby in
 Commercial Chambers

UPON THE APPLICATION of Mantle Materials Group, Ltd. (“**Mantle**” or, the “**Applicant**”) filed August 8, 2023; **AND UPON** reading the Affidavit of Byron Levkulich, sworn August 7, 2023, the Supplemental Affidavit of Byron Levkulich, sworn August 11, 2023 (the “**August 11 Affidavit**”), the Second Supplemental Affidavit of Byron Levkulich sworn, August 14, 2023, the Affidavit of Cory Pichota, sworn August 8, 2023, the Affidavit of Warren Miller of Travelers Capital Corp. (“**Travelers**”), sworn August 4, 2023, the Affidavit of Heather Dent, sworn August 11, 2023, and the Affidavits of Service of Samah Zeineddine, sworn August 8 and 15, 2023; **AND UPON** reading the Report of FTI Consulting Canada Inc. in its capacity as proposal trustee of the Applicant (in such capacity, the “**Proposal Trustee**”), dated August 4, 2023, and the Supplemental Report of the Proposal

Trustee, dated August 11, 2023; **AND UPON** hearing submissions by counsel for the Applicant, the Proposal Trustee, Travelers, the Minister of Environment and Protected Areas any other counsel or other interested parties present,

IT IS HEREBY ORDERED THAT:

SERVICE

1. The time for service of the notice of application for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this application is properly returnable today, and no other than those persons served is entitled to service of the notice of application.

EXTENSION OF TIME TO FILE A PROPOSAL

2. The time within which Mantle is required to file a proposal to its creditors with the Official Receiver, under section 50.4 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”) is hereby extended to September 27, 2023 (as extended from time to time, the “**Stay Period**”).

ADMINISTRATION CHARGE

3. Legal counsel to Mantle, the Proposal Trustee and McCarthy Tétrault, legal counsel to the Proposal Trustee, as security for their respective professional fees and disbursements incurred in preparing for and during these proposal proceedings, and both before and after the granting of this Order, shall be entitled to the benefit of, and are hereby granted, a security and charge (the “**Administration Charge**”) on all of Mantle’s present and after-acquired assets, property and undertakings (the “**Property**”), which charge shall not exceed \$425,000.

INTERIM FINANCING

4. Mantle is hereby authorized and empowered to obtain and borrow under an interim financing facility (the “**Interim Financing Facility**”) pursuant to the interim financing facility commitment letter dated August 10, 2023 (the “**Interim Financing Commitment Letter**”) between Mantle as borrower and RLF Canada Lender Limited (the “**Interim Lender**”) as lender, provided that borrowings under the Interim Financing Facility shall not exceed the principal amount of \$2,200,000 unless permitted by further order of this Court and agreed to by the Interim Lender.

5. The Interim Financing Facility shall be on the terms and subject to the conditions set forth in the Interim Financing Commitment Letter attached as Exhibit “H” to the August 11 Affidavit, as such Interim Financing Commitment Letter may be amended in accordance with its terms.
6. The Interim Lender shall be entitled to the benefit of and are hereby granted a security and charge on the Property (the “**Interim Lender’s Charge**”) as security for the payment and performance of the indebtedness, liabilities and obligations of Mantle to the Interim Lender under the Interim Financing Commitment Letter and the Interim Financing Facility created thereby in the principal amount of \$2,200,000 together with any interest accrued thereon or costs and expenses incurred thereunder.

D&O INDEMNIFICATION AND CHARGE

7. Mantle shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers after the Filing Date, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director or officer’s gross negligence or wilful misconduct.
8. Each of the directors and officers of Mantle shall be entitled to the benefit of and are hereby granted a charge (the “**D&O Charge**”) on all of the Property, which shall not exceed an aggregate amount of \$150,000, as security for the indemnity provided in this Order.

PRIORITY OF CHARGES

9. The filing, registration or perfection of the Administration Charge, the Interim Lender’s Charge and the Directors Charge (collectively, the “**Charges**”) shall not be required, and the Charges shall be enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
10. The Charges shall constitute a security and charge on the Property and, with the exception of the security interests in favour of Travelers registered in the Alberta Property Registry as base registration number 21100725361 (the “**Travelers’ Security Interests**”), such Charges shall rank in priority to all other security interests, trusts, liens, charges, deemed trusts, encumbrances and claims of secured creditors, statutory or otherwise in favour of any person, including liens and trusts created by federal and provincial legislation (collectively, the “**Encumbrances**”), provided, however, that the relative priority of the

Charges and the Travelers' Security Interests is subject to further order of the Court. The ranking as between the Charges shall be as follows:

- (a) first, the Administration Charge;
- (b) second, the Interim Lender's Charge; and
- (c) third, the D&O Charge.

11. Except as otherwise provided herein, or as may be approved by this Honourable Court, Mantle shall not grant any Encumbrances over the Property that rank in priority to, or *pari passu* with, any of the Charges, unless Mantle obtains the prior written consent of the beneficiaries of the Charges (the "**Chargees**") or further order of this Court.

12. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by:

- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
- (b) any application(s) for bankruptcy order(s) issued pursuant to the *BIA*, or any bankruptcy order made pursuant to such applications;
- (c) the filing of any assignments for the general benefit of creditors made pursuant to the *BIA*;
- (d) the provisions of any federal or provincial statutes; or
- (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") that binds Mantle, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, shall create or be deemed to constitute a new breach by Mantle of any Agreement to which they, or any one of them, is a party;
 - (ii) none of the Chargees shall have any liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the

creation of the Charges, or the execution, delivery or performance of the Interim Financing Facility; and

- (iii) the payments made by Mantle pursuant to this Order and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

RESTATEMENT OF STAY AND CONTINUATION OF SERVICES

13. In accordance with section 69(1) of the *BIA*, during the period between July 14, 2023 (the “**Filing Date**”) and the date on which the Stay Period expires:

- (i) no creditor has any remedy against Mantle or against any of the Property or shall commence or continue any action, execution or other proceedings for the recovery of a claim provable in bankruptcy; and
- (ii) no provision of a security agreement between Mantle and a secured creditor that provides, in substance, that on Mantle’s insolvency, the default by Mantle of an obligation under the security agreement, or the filing by Mantle of the NOI, Mantle ceases to have rights to use or deal with Property secured under the security agreement as it would otherwise have, has any force or effect.

14. In accordance with section 65.1(1) of the *BIA* but subject to section 65.1(4) of the *BIA*, no person may terminate or amend any agreement with Mantle or claim an accelerated payment, or a forfeiture of the term, under any agreement with Mantle by reason only that Mantle is insolvent or a NOI has been filed with respect to Mantle.

15. During the Stay Period, all persons having oral or written agreements with Mantle or statutory or regulatory mandates for the supply of goods and/or services are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by Mantle, provided in each case that the normal prices or charges for such goods or services received after the date of this Order are paid by Mantle in accordance with normal payment practices of Mantle or other practices as may be agreed upon by the supplier or service provider and each of Mantle and the Proposal Trustee, or as may be ordered by this Honourable Court.

16. Mantle shall be entitled, but not required, to pay amounts owing to any supplier for goods or services actually supplied to Mantle prior to July 14, 2023 if, in the opinion of Mantle, any such payment is necessary to maintain the uninterrupted operations of the business (such payments being “**Emergency Payments**”), provided that the Proposal Trustee approves such payment and such payment is contemplated by the cash flow projections filed by the Proposal Trustee in these proceedings under section 50(6) of the *BIA*.
17. In the event that the payment of an Emergency Payment which was made prior to the date of this Order has been funded by an advance under the Interim Financing Facility, Mantle shall be entitled to repay such advance(s) to the Interim Lender from any amounts received by Mantle subsequent to the Filing Date.
18. Any Person (as such term is defined in the *BIA*) that has collected, realized, seized or taken possession of any money or other Property subsequent to the Filing Date without the consent of the Proposal Trustee or leave of this Honourable Court shall promptly deliver or surrender to Mantle such money or other Property.

ALLOCATION

19. Any interested Person may apply to this Court on notice to any other party likely to be affected for an order to allocate the Administration Charge, the Interim Lender's Charge, and the D&O Charge amongst the various assets comprising the Property.

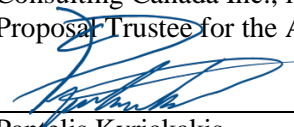
GENERAL

20. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.
21. The approval as to form and content of the parties to this Order may be signed in counterpart and by facsimile or other electronic means.



J.C.K.B.A.

Approved as to form and content this 17th day
of August, 2023 by Legal Counsel for FTI
Consulting Canada Inc., in its capacity as
Proposed Trustee for the Applicant



Pantelis Kyriakakis
McCarthy Tétrault LLP

Approved as to form and content this ____ day
of August, 2023 by Legal Counsel for the
Applicant

Tom Cumming
Gowling WLG (Canada) LLP

Approved as to form and content this ____ day
of August, 2023 by Legal Counsel for Alberta
Environment and Protected Areas (AEP)

Doug Nishimura
Field Law

Approved as to form and content this ____ day
of August, 2023 by Legal Counsel for Travelers
Capital Corp.

Alexis Teasdale
Lawson Lundell LLP

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