

**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 SHAW-ALMEX INDUSTRIES LIMITED
AND SHAW ALMEX FUSION, LLC**

Applicants

**MOTION RECORD OF THE APPLICANTS
(returnable May 30, 2025)**

May 27, 2025

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TO: THE SERVICE LIST

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

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
RSC 1985, C C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF SHAW-ALMEX INDUSTRIES LIMITED
AND SHAW ALMEX FUSION, LLC**

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Court File No. CV-25-00743136-00CL

**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**

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Applicants

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TAB 1

Court File No. CV-25-00743136-00CL

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

**IN THE MATTER OF THE COMPANIES' CREDITORS
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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SHAW-ALMEX INDUSTRIES LIMITED
AND SHAW ALMEX FUSION, LLC**

**NOTICE OF MOTION
(Stay Extension Order)
(returnable May 30, 2025)**

Shaw-Almex Industries Limited ("**SAIL**") and Shaw Almex Fusion, LLC ("**Fusion**" and together with SAIL, the "**Applicants**") will make a motion before Justice J. Dietrich of the Ontario Superior Court of Justice (Commercial List) at 330 University Avenue, Toronto Ontario (the "**Court**") on **May 30, 2025 at 10:00 a.m. (Eastern Time)**, or as soon after that time as the motion can be heard by judicial videoconference via Zoom at Toronto, Ontario.

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

- ☐ in writing under subrule 37.12.1 (1) because it is on consent, unopposed or made without notice;
- ☐ in writing as an opposed motion under subrule 37.12.1 (4);
- ☐ In person;
- ☐ By telephone conference;
- ☒ By video conference.

at the following location:

<https://ca01web.zoom.us/j/64683302309?pwd=hk4renYSbUXbUn41tPpZqSX8FIZNTI.1#success>

Meeting ID: 646 8330 2309

Passcode: 548152

THE MOTION IS FOR:

1. an Order substantially in the form attached as Tab 3 (the “**Stay Extension Order**”) to the Applicants’ Motion Record (the “**Motion Record**”) that, among other things:
 - (a) extends the stay of proceedings up to and including July 18, 2025 (the “**Extended Stay Period**”);
 - (b) authorizes the Applicants to borrow up to a maximum principal amount of \$2,626,500 under the an amended DIP Facility from the DIP Lender (as defined herein) to finance the Applicants’ working capital requirements and to pay the costs and expenses of this proceeding, as more fully described in the amendment to the Amended DIP Term Sheet (the “**First Amendment**”) between the Applicants and the DIP Lender;
 - (c) increases the quantum of the DIP Lender’s Charge to the maximum amount of \$2,626,500, plus fees and interest; and
2. such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THIS MOTION ARE:

Background and Overview

3. The Applicants are in the business of providing customized solutions for all aspects of conveyor belt systems (the “**Business**”). SAIL is the parent company of a global enterprise operating under the “Shaw Almex” name (the “**Almex Group**”). The Almex Group has 15 locations, plus exclusive distributors, across six continents worldwide.
4. SAIL is the primary operating company of the Almex Group. SAIL manufactures the majority of the products supplied by the Almex Group and ships them to its subsidiaries or local distributors worldwide. SAIL’s Canadian operations are supported by approximately 80 employees: 45 salaried employees and 35 union employees.
5. While the Business has been successfully operating for over 70 years, the Applicants have experienced significant financial and operational challenges over the past 24 months that have caused an acute liquidity crisis that has imperiled the Almex Group.
6. The financial challenges currently facing the Applicants are associated with, among other things, significant issues securing a new reliable supplier of rubber, increased operational costs due to external market factors, insufficient financial reporting and controls overseen by former management, and losses suffered as a result of currency hedging transactions.
7. In light of these challenges and the Applicants’ cash flow crisis, SAIL filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**NOI Proceeding**”) to provide it with breathing room to pursue a restructuring of the Business.

8. On May 13, 2025, this Honourable Court granted the following orders, among others:

(a) an initial order (the “**Initial Order**”) that, among other things:

- i. continued the NOI Proceeding commenced by SAIL under the purview of the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”);
- ii. appointed FTI as the Court-appointed monitor of the Applicants (in this capacity, the “**Monitor**”) with enhanced powers in respect of the affairs of the Applicants;
- iii. granted a stay of all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the current directors or officers of the Applicants, or affecting the Applicants’ business or any of the Applicants’ current and future assets, licences, undertakings, and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the “**Property**”), except with the written consent of the Applicants and the Monitor, or with leave of the Court, until May 30, 2025 (the “**Initial Stay Period**”);
- iv. authorized the Applicants to borrow up to a maximum principal amount of \$1,836,000 under a facility (the “**DIP Facility**”) from Royal Bank of Canada (in its capacity as lender under the DIP Facility, the “**DIP Lender**”) to finance the Applicants’ working capital requirements and to pay the costs and expenses of this proceeding, as more fully described in the amended

and restated interim financing term sheet (the “**Amended DIP Term Sheet**”) between the Applicants and the DIP Lender; and

- v. granted the following charges over the Applicants’ Property, which charges (“**Charges**”) rank in priority to all other security interests, trusts, liens, charges and encumbrances in favour of any person, with the exception of the mortgage held by Business Development Bank of Canada over real property owned by SAIL in Parry Sound, Ontario, in respect of which the request to seek priority was expressly deferred:

- 1. an administration charge in the amount of \$350,000, as security for the payment of professional fees and disbursements incurred and to be incurred by the Monitor, counsel to the Monitor, and counsel to the Applicants, in connection with this CCAA proceeding; and
- 2. a DIP Lender’s Charge as security for the Applicants’ obligations under the Amended DIP Term Sheet, in the maximum principal amount of \$1,836,000 plus fees and interest; and

(b) an order approving a sale and investment solicitation process (the “**SISP**”).

- 9. SAIL commenced the restructuring proceedings to allow the Applicants to access urgently needed financing in order to preserve the Business and afford the Applicants the breathing room and stability to undertake operational and financial restructuring initiatives that will support the long-term viability of the Business.
- 10. The Monitor and DIP Lender supports the Applicants’ requested relief.

Extension of the Stay Period

11. The Initial Order granted an Initial Stay Period up to and including May 30, 2025. The Applicants seek an extension of the stay of proceedings to and including July 18, 2025. An extension of the Initial Stay Period is necessary and appropriate to enable the Applicants to continue their operational restructuring efforts, including the implementation of the SISP, and to preserve the going-concern value of the Business.
12. The Applicants have acted and will continue to act with good faith and with due diligence.
13. Since the granting of the Initial Order, the Applicants have, among other things, engaged with various suppliers, customers, and employees to explain the general nature of the Initial Order, assisted the Monitor with the implementation of the SISP, and worked to reallocate work among the subsidiaries within the Almex Group
14. The Applicants have also laid off the majority of Fusion's employees to preserve the Applicants' liquidity during the CCAA proceedings and decrease operational costs in the long-term.
15. The updated cash flow statement prepared by the Applicants and reviewed by the Monitor (the "**Cash Flow Forecast**") demonstrates that the Applicants will have sufficient liquidity to operate through the proposed Extended Stay Period, subject to the approval of the First Amendment.
16. The Monitor and DIP Lender are both supportive of the proposed Extended Stay Period.

Amendment to the DIP Facility and Increase in DIP Lender's Charge

17. The initial permitted borrowings under the Amended DIP Term Sheet and the initial quantum of the DIP Lender's Charge granted in the Initial Order were based on the needs of the Applicants for the Initial Stay Period.
18. The Applicants seek to increase the permitted borrowings under the Amended DIP Term Sheet pursuant to the First Amendment and increase the quantum of the DIP Lender's Charge from \$1,836,000 to \$2,626,500 million, plus fees, costs and interest. Such increase corresponds to the forecasted interim financing needs of the Applicants over the Extended Stay Period in accordance with the Cash Flow Forecast.
19. The increased borrowings under the First Amendment are appropriate and necessary to permit the Applicants to operate their Business in the normal course and fund the costs of the CCAA proceeding, all of which is in the interest of stakeholders.
20. The Monitor supports the Applicants' request for an increase of the permitted borrowings and DIP Lender's Charge to the maximum principal amount of \$2,626,500.

Further Grounds

21. The provisions of the CCAA and the inherent and equitable discretion of this Honourable Court.
22. Rules 1.04(1), 2.01(1), 2.03, 3.02, 37 and 39 of the *Rules of Civil Procedure*, RSO 1990, Reg 194.
23. Such further and other grounds as counsel may advise and this Honorable Court may

permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:

- 24. the Affidavit of Andrew Hustrulid, sworn May 27, 2025. and the exhibits attached thereto;
- 25. the First Report of the Monitor, to be filed; and
- 26. such further and other materials as counsel may advise and this Honorable Court may permit.

May 27, 2025

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

Court File No. CV-25-00743136-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF SHAW-ALMEX INDUSTRIES LIMITED AND SHAW ALMEX FUSION, LLC

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

Proceedings commenced at TORONTO

NOTICE OF MOTION
(returnable May 30, 2025)

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TAB 2

Court File No. CV-25-00743136-00CL

**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 SHAW-ALMEX INDUSTRIES LIMITED
AND SHAW ALMEX FUSION, LLC**

**AFFIDAVIT OF ANDREW HUSTRULID
(Sworn May 27, 2025)**

I, **ANDREW HUSTRULID**, of the City of Parry Sound in the Province of Ontario, **MAKE
OATH AND SAY:**

1. I am the Senior Vice President of Global Services of Shaw-Almex Industries Limited ("**SAIL**") and Shaw Almex Fusion, LLC ("**Fusion**" and together with SAIL, the "**Applicants**"), which are the Applicants in this proceeding. I have been engaged by SAIL since 2014 in a variety of roles culminating in my current one, and I have also recently been referred to as the chief of operations. As such, I have personal knowledge of the matters set out below unless otherwise stated to be based on information and belief. Where I have relied on information from others, I state the source of such information and verily believe it to be true.

2. All references to currency in this affidavit are references to Canadian dollars unless otherwise indicated.

3. On March 29, 2025, SAIL filed a Notice of Intention to Make a Proposal (“**NOI**”) under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**NOI Proceeding**”). FTI Consulting Canada Inc. (“**FTI**”) consented to act as the proposal trustee in the NOI Proceeding. Attached hereto and marked as **Exhibit “A”** is a copy of the Certificate of Filing of a Notice of Intention to Make a Proposal for SAIL.

4. On May 13, 2025, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted the following orders, among others:

- (a) an initial order (the “**Initial Order**”) that, among other things:
 - i. abridged the notice periods and validates service of the motion record;
 - ii. continued the NOI Proceeding commenced by SAIL under the purview of the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”);
 - iii. declared that the Applicants are each a “debtor company” to which the CCAA applies;
 - iv. appointed FTI as the Court-appointed monitor of the Applicants (in this capacity, the “**Monitor**”) with enhanced powers in respect of the affairs of the Applicants;
 - v. granted a stay of all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the current directors or officers of the Applicants, or affecting the Applicants’ business or any of the Applicants’ current and future assets, licences, undertakings, and properties of every nature and kind whatsoever, and wherever situate

including all proceeds thereof (collectively, the “**Property**”), except with the written consent of the Applicants and the Monitor, or with leave of the Court, until May 30, 2025 (the “**Initial Stay Period**”);

- vi. authorized the Applicants to borrow up to a maximum principal amount of \$1,836,000 under a facility (the “**DIP Facility**”) from Royal Bank of Canada (in its capacity as lender under the DIP Facility, the “**DIP Lender**”) to finance the Applicants’ working capital requirements and to pay the costs and expenses of this proceeding, as more fully described in the amended and restated interim financing term sheet (the “**Amended DIP Term Sheet**”) between the Applicants and the DIP Lender; and
- vii. granted the following charges over the Applicants’ Property, which charges (“**Charges**”) rank in priority to all other security interests, trusts, liens, charges and encumbrances in favour of any person, with the exception of the mortgage held by Business Development Bank of Canada over real property owned by SAIL in Parry Sound, Ontario, in respect of which the request to seek priority was expressly deferred:
 - 1. First – an Administration Charge in the amount of \$350,000, as security for the payment of professional fees and disbursements incurred and to be incurred by the Monitor, counsel to the Monitor, and counsel to the Applicants, in connection with this CCAA proceeding; and
 - 2. Second – a DIP Lender’s Charge as security for the Applicants’ obligations under the Amended DIP Term Sheet, in the maximum

principal amount of \$1,836,000 plus fees and interest.

- (b) an order (the “**SISP Approval Order**”) approving a sale and investment solicitation process (the “**SISP**”).

A copy of the signed Initial Order and Justice J. Dietrich’s endorsement dated May 13, 2025 is appended as **Exhibit “B”**. A copy of the signed SISP Approval Order is appended as **Exhibit “C”**.

5. This affidavit is submitted in support of an order (the “**Stay Extension Order**”) that, among other things:

- (a) extends the stay of proceedings up to and including July 18, 2025 (the “**Extended Stay Period**”);
- (b) authorizes the Applicants to borrow up to a maximum principal amount of \$2,626,500 under an amended DIP Facility (the “**Amended DIP Facility**”) from the DIP Lender to finance the Applicants’ working capital requirements and to pay the costs and expenses of this proceeding, as more fully described in the amendment to the Amended DIP Term Sheet (the “**First Amendment**”) between the Applicants and the DIP Lender; and
- (c) increases the quantum of the DIP Lender’s Charge to the maximum amount of \$2,626,500, plus fees and interest.

I. BACKGROUND OF THE RESTRUCTURING PROCEEDINGS

6. In support of the Initial Order, I swore an affidavit dated May 8, 2025 (the “**Initial Affidavit**”) which describes in detail, among other things, the Applicants’ Business (as defined below) and financial circumstances, the events leading up to the Applicants’ insolvency, and their need for relief under the CCAA to conduct an operational and financial restructuring. The Initial Affidavit (without exhibits) is attached as **Exhibit “D”**.

7. As described in the Initial Affidavit, the Applicants are in the business of providing customized solutions for all aspects of conveyor belt systems (the “**Business**”).

8. SAIL is the parent company of a global enterprise operating under the “Shaw Almex” name (the “**Almex Group**”). The Almex Group has 15 locations, plus exclusive distributors, across six continents worldwide. Through these locations, the Applicants service customers across 123 countries worldwide.

9. While the Business was successfully operating for over 70 years, the Applicants have experienced significant financial and operational challenges over the past 24 months that have caused an acute liquidity crisis that has imperiled the Almex Group.

10. As described in the Initial Affidavit, the Applicants’ financial difficulties were attributable to combination of factors including, among others, significant issues securing a new reliable supplier of rubber, increased operational costs due to external market factors, insufficient financial reporting and controls overseen by former management, and losses suffered as a result of currency hedging transactions.

11. In light of these challenges and the Applicants’ cash flow crisis, SAIL commenced the restructuring proceedings to allow the Applicants to access urgently needed financing in order to

preserve the Business and afford the Applicants the breathing room and stability to undertake operational and financial restructuring initiatives that will support the long-term viability of the Business.

12. The continuation of the restructuring proceedings with the granting of the Stay Extension Order is critical to the ongoing operations and restructuring efforts of the Applicants. Without the Stay Extension Order and access to further funding under the First Amendment, the Applicants will have no liquidity to continue operations or to implement the SISP. In such circumstances, the Applicants would be forced to cease all operations.

13. A shut down of operations would be detrimental to the Applicants' stakeholders and creditors as it would significantly deteriorate the value of the Business. Most of the Applicants' value lies in their goodwill and reputation, client relationships, and accounts receivable. As a result, creditor recovery is maximized by enabling the Applicants to continue as a going concern.

II. OVERVIEW OF THE APPLICANTS' ACTIVITIES SINCE THE INITIAL ORDER AND SISP APPROVAL ORDER

14. Since the granting of the Initial Order, the Applicants, in close consultation and with the assistance of the Monitor, have acted in good faith and with due diligence to stabilize their Business and operations and consult with their stakeholders.

A. Initial Stakeholder Communication

15. After the Initial Order, the Applicants engaged in individual targeted communications with its employees, suppliers, and customers explaining the general nature of the Initial Order and the CCAA proceedings. The Applicants have, among other things:

- (a) reached out to customers to discuss their arrangement and identified cost-effective ways to continue supplying orders;

- (b) worked with the management team of SAIL to increase production at the global manufacturing facility in SAIL; and
- (c) re-directed emails for orders to come to one singular email address.

16. In accordance with the Initial Order, I am advised by the Monitor that it has, among other things:

- (a) established a case website at <https://cfcanada.fticonsulting.com/ShawAlmex/> (the “**Monitor’s Website**”) on which updates on the CCAA proceedings will be posed periodically, together with all Court materials filed in the CCAA proceedings;
- (b) established a dedicated email address (shawalmex@fticonsulting.com) and hotline to allow stakeholders to communicate directly with the Monitor in order to address any questions or concerns in respect of the CCAA proceedings;
- (c) posted the Initial Order and the application materials on the Monitor’s Website; and
- (d) implemented the SISP in accordance with the SISP Approval Order.

B. SISP

17. Since the granting of the SISP Approval Order, the Monitor has implemented the SISP in accordance with the terms of the SISP Approval Order.

18. Pursuant to the SISP, prospective bidders were required to submit a non-binding letter of intent (an “**LOI**”) to the Monitor by 5:00 p.m. on May 22, 2025 (the “**LOI Deadline**”) in order to proceed to the next stage of the process.

19. I have been advised by the Monitor that competitive LOIs were received by the LOI

Deadline. The DIP Lender has indicated its support for the continuation of the SISP.

C. Operational Restructuring Efforts

20. Since the granting of the Initial Order, and in an effort to preserve the Applicants' liquidity during the CCAA proceedings and reduce long-term operational costs, the Applicants have laid off the majority of Fusion's employees. However, upon learning of the Applicants' restructuring efforts, some former employees of the Applicants have reached out to me to offer their assistance with the Business on a voluntary basis.

21. Due to a limited workforce, the Applicants have been reallocating work among the subsidiaries within the Almex Group. I have also been collaborating with the management teams of each subsidiary to review their operations, assess their individual needs, and develop forward-looking plans for each entity.

22. I have been working with some of the previous employees of SAIL to create a team to increase production at the global manufacturing facility in SAIL, which will allow the Applicants to complete customer orders and generate cash-flow for the Applicants.

23. Lastly, I have been working to review the inventory and equipment of Fusion located in the Atlanta, Georgia region in order to determine assets that should be removed from the current leased premises in order to safeguard for a possible purchaser of some or all of the Shaw Almex operations and in order to identify other assets not essential to the ongoing operations of the Business that might be best disposed of through an auction that another creditor is likely to conduct from that facility for certain equipment over which it appears to have priority.

D. Other Issues

24. I am aware of operational and restructuring challenges that have arisen due to the conduct of a former member of management. I understand that the Monitor will be addresses these challenges in its First Report of the Monitor. A concern that has arisen is that this individual relocated various pieces of equipment and other assets owned by Fusion to a facility that is outside of Fusion's possession and control. I understand that the Monitor is actively working to recover the equipment and assets that have been transferred away from Fusion.

25. Additionally, there is an ongoing issue with the landlord in Fusion's Atlanta-region facility.. Fusion is seeking to remove high-value and proprietary equipment from the premises to make it available for a prospective purchaser and to facilitate the monetization of the remaining assets.

E. Updated Cash Flow Forecast

26. With the assistance of the Monitor, the Applicants have prepared a nine-week cash flow forecast for the period ending the week of July 18, 2025 (the "**Cash Flow Forecast**"). I understand that the Cash Flow Forecast will be appended to the First Report of the Monitor, to be filed.

27. The Cash Flow Forecast demonstrates that if the relief sought is granted, the Applicants will have sufficient liquidity to sustain their operations during the Extended Stay Period with access to the Amended DIP Facility.

III. STAY EXTENSION ORDER

A. Extension of the Stay Period

28. The Applicants are seeking to extend the stay of proceedings to and including July 18, 2025. The extension of the stay of proceedings is necessary and appropriate in the circumstances to provide the Applicants with the breathing room to implement their operational restructuring and come back before this Court to obtain approval of a successful bid from the SISP.

29. As set out above, since the granting of the Initial Order, the Applicants have, among other things, engaged with several stakeholder groups, including various customers, their previous employees and actively consulting with the Monitor with respect to the implementation of the SISP.

30. In an effort to reduce costs during these restructuring proceedings, the Applicants have laid off most of Fusion's US-based employees.

31. Accordingly, the Applicants have acted, and are continuing to act in good faith and with due diligence in these CCAA proceedings.

32. The Monitor and the DIP Lender are both supportive of the proposed Extended Stay Period.

B. Amendment to the DIP Facility and Increase in DIP Lender's Charge

33. The DIP Facility under the Amended DIP Term Sheet, and the initial quantum of the DIP Lender's Charge granted in the Initial Order, was based on the needs of the Applicants for the Initial Stay Period.

34. The Applicants seek to increase the permitted borrowings under the Amended DIP Term

Sheet and the quantum of the DIP Lender's Charge from \$1,836,000 to \$2,626,500, plus fees, costs and interest. The Cash Flow Forecast demonstrates that the Applicants require this amount in interim financing to meet their ordinary course of business expenses and to fund the CCAA proceeding during the Extended Stay Period.

35. The DIP Lender is supportive of the additional financing pursuant to the First Amendment. I understand that the First Amendment will be appended to the First Report of the Monitor.

36. The First Amendment represents the best available interim financing arrangement that could be arranged by the Applicants within the time frame needed to meet the Applicants' cash flow needs. Such financing is provided by the Applicants' senior secured lender and it is unlikely another party would provide interim financing.

37. The key terms and conditions of the First Amendment are as follows:

- (a) the DIP Lender is the Applicants' senior secured creditor, RBC;
- (b) a maximum loan amount of \$2,626,500;
- (c) interest accruing at a rate of 10%; and
- (d) a maturity date the earlier of: (a) July 18, 2025; (b) the sale of all or substantially all of the Property of SAIL; (c) the date on which the stay of proceedings expires without being extended or on the date in which the CCAA proceedings are terminated or dismissed; and (d) Event of Default (as defined in the Amended DIP Term Sheet). The maturity date can be extended subject to the consent of the DIP Lender and the Monitor.

38. The Amended DIP Facility is expected to provide sufficient liquidity to allow the Applicants to operate and meet their obligations during the Extended Stay Period.

39. The DIP Lender requires all obligations under the First Amendment to be secured by a Court-ordered priority charge, namely the DIP Lender's Charge. The DIP Lender's Charge will secure all the funds advanced to the Applicants under the Amended DIP Facility.

40. The amount of the DIP Lender's Charge is necessary and limited to what is reasonably necessary for the continued operations of the Business during the CCAA proceeding. Without the increased DIP Lender's Charge, the DIP Lender will not provide the Amended DIP Facility resulting in the Applicants' inability to finance their operations leading to bankruptcy, which would be detrimental to the Applicants' stakeholders.

41. The Monitor has advised that they are supportive of the approval of the First Amendment and the corresponding increase to the DIP Lender's Charge.

IV. CONCLUSION

42. I swear this affidavit in support of the Applicants' requested relief and for no other or improper purpose.

SWORN REMOTELY BY ANDREW)
HUSTRULID stated as being located in)
 City of Parry Sound in the Province of)
 Ontario, before me at City of Oakville in)
 the Province Ontario, this 27th day of May,)
 2025, in accordance with O. Reg 431/20,)
Administering Oath or Declaration)
Remotely.)

Signed by:

Simran Joshi

A Commissioner for taking Affidavits.
 Simran Joshi LSO#89775A

Signed by:

Andrew Hustrulid

ANDREW HUSTRULID

THIS IS **EXHIBIT "A"** REFERRED TO IN THE
AFFIDAVIT OF **ANDREW HUSTRULID** SWORN REMOTELY BY **ANDREW HUSTRULID**
STATED AS BEING LOCATED IN THE CITY OF PARRY SOUND IN THE PROVINCE OF
ONTARIO BEFORE ME AT THE CITY OF OAKVILLE, IN THE PROVINCE OF ONTARIO THIS
27TH DAY OF MAY 2025, IN ACCORDANCE WITH O. REG 431/20, *ADMINISTERING OATH
OR DECLARATION
REMOTELY*

Signed by:

Simran Joshi

0D0B845B9A9E494...

A COMMISSIONER FOR TAKING AFFIDAVITS

SIMRAN JOSHI
LSO # 89775A



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 14 - Parry Sound
Court No. 31-3205249
Estate No. 31-3205249

In the Matter of the Notice of Intention to make a proposal of:

Shaw-Almex Industries Limited

Insolvent Person

FTI CONSULTING CANADA INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

March 29, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: March 31, 2025, 07:19

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

THIS IS **EXHIBIT “B”** REFERRED TO IN THE
AFFIDAVIT OF **ANDREW HUSTRULID** SWORN REMOTELY BY **ANDREW HUSTRULID**
STATED AS BEING LOCATED IN THE CITY OF PARRY SOUND IN THE PROVINCE OF
ONTARIO BEFORE ME AT THE CITY OF OAKVILLE, IN THE PROVINCE OF ONTARIO THIS
27TH DAY OF MAY 2025, IN ACCORDANCE WITH O. REG 431/20, *ADMINISTERING OATH
OR DECLARATION
REMOTELY*

Signed by:

Simran Joshi

0D0B645B9A9E404

A COMMISSIONER FOR TAKING AFFIDAVITS

SIMRAN JOSHI
LSO # 89775A



Court File No. CV-25-00743136-00CL

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

THE HONOURABLE

)

TUESDAY, THE 13TH

JUSTICE J. DIETRICH

)

DAY OF MAY, 2025

)

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 SHAW-ALMEX INDUSTRIES LIMITED
AND SHAW ALMEX FUSION, LLC

Applicants

INITIAL ORDER

THIS MOTION, made by Shaw Almex Industries Limited ("**SAIL**") and Shaw Almex Fusion, LLC ("**Fusion**" and together with SAIL, the "**Applicants**"), to continue the proceedings commenced by Shaw Almex Industries Limited ("**SAIL**") by the filing of a notice of intention to make a proposal under Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**") bearing court file number BK-25-03205249-0031 (the "**NOI Proceeding**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day.

ON READING the Affidavit of Andrew Hustrulid sworn May 8, 2025 and the exhibits thereto (the "**Hustrulid Affidavit**"), the pre-filing report/second report of FTI Consulting Canada Inc. ("**FTI**") dated May 11, 2025, as the proposed monitor and the supplemental report dated May 12, 2025 (the "**Supplemental Report**"), and the consent of FTI to act as monitor (in such capacity, the "**Monitor**"), and on being advised that FTI was appointed as the proposal trustee in the NOI

Proceeding (in such capacity, the “**Proposal Trustee**”) and that the secured creditors who are likely to be affected by the Charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for the Royal Bank of Canada (“**RBC**”), and such other parties as listed on the participant information form, with no one appearing for any other person although duly served as appears from the lawyer’s certificate of service of Jessica Wuthmann dated May 9, 2025, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPLICATION AND CONTINUANCE UNDER THE CCAA

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are each a debtor company to which the CCAA applies.

3. **THIS COURT ORDERS AND DECLARES** that effective May 13, 2025, the NOI Proceeding is hereby taken up and continued under the CCAA and that, as of such date, the provisions of the BIA shall have no further application to SAIL, provided that: (a) nothing herein impacts the validity of any Orders made in the NOI Proceeding or any actions or steps taken by any person pursuant thereto and any and all steps, agreements and procedures validly taken, done or entered into by SAIL or the Proposal Trustee/Monitor shall remain valid and binding, except to the extent the Charges (as defined herein) are continued or amended pursuant to this Order; (b) nothing herein shall affect, vary derogate from, limit or amend, and FTI and its counsel shall continue to have the benefit of, any and all of the rights, approvals and protections in favour of the Proposal Trustee and its counsel at law or pursuant to the BIA or Order of this Court made in the NOI Proceeding or otherwise; and (c) nothing herein shall impact the validity of any steps

taken by the Proposal Trustee/Monitor with respect to the sale and investment solicitation process of the Applicants.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) and Property. Subject to paragraph 23 hereof, the Applicants are authorized and empowered to continue to retain and employ the employees, consultants, contractors, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Hustrulid Affidavit or replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or

otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any Plan under the CCAA with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges; and
- (c) with the consent of the Monitor and the DIP Lender, up to the maximum amount of \$250,000 owing for goods or services actually supplied to the Applicants prior to the date of this Order if in the opinion of the Applicants and the Monitor, such payment is necessary or desirable to avoid disruption to the operations of the Business or the Property of the Applicants during the CCAA proceedings.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

9. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) income taxes, and (iv) all other amounts related to such deductions or employee wages payable for periods following the date of this Order pursuant to the *Income Tax Act*, the *Canada Pension Plan*, the *Employment Insurance Act* or similar provincial statutes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of

municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

10. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly on the first day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

11. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. **THIS COURT ORDERS** that, subject to paragraph 23 herein, the Applicants shall subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its Business or operations, and to dispose of redundant or non-material assets not exceeding \$1,000,000 in any one transaction or \$2,000,000 in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing of its Business or Property, in whole or in part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

13. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants’ intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days’ notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants’ claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then: (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

15. **THIS COURT ORDERS** that until and including May 30, 2025 or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against or in respect of the Applicants, the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants, the Monitor or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Applicants to carry on any

business which they are not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or Proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, licence, or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

PRE-FILING VS POST-FILING SET-OFF

18. **THIS COURT ORDERS** that, no Person shall be entitled to set off any amounts that: (a) are or may become due to the Applicants in respect of obligations arising prior to the date hereof with any amounts that are or may become due from the Applicants in respect of obligations arising on or after the date of this Order; or (b) are or may become due from the Applicants in respect of obligations arising prior to the date hereof with any amounts that are or may become due to the Applicants in respect of obligations arising on or after the date of this Order, in each case without the consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall prejudice any arguments any person may want to make in seeking leave of the Court or following the granting of such leave.

CONTINUATION OF SERVICES

19. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of materials,

goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility, or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

20. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be

liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

APPOINTMENT OF MONITOR

22. **THIS COURT ORDERS** that FTI is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors and Assistants shall not take any steps with respect to the Applicants, the Business or the Property, save and except under the direction of the Monitor, pursuant to paragraph 23 herein, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, and without altering in any way the powers, abilities, limitations and obligations of the Applicants within, or as a result of these proceedings, be and is hereby authorized, directed and empowered to:

- (a) conduct the sale and investment solicitation process;
- (b) exercise any powers which may be properly exercised by a board of directors of the Applicants;
- (c) exercise, or cause the Applicants to exercise any shareholder, partnership, joint venture or other rights which the Applicants may have, including the right to elect or to cause the election or removal of any of the directors of the Applicants' subsidiaries;

- (d) cause the Applicants to terminate employees;
- (e) cause the Applicants, or any one of them, to exercise rights under and observe their obligations under paragraphs 7, 8, 9, 10, and 11 above;
- (f) cause the Applicants to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the Applicants in dealing with the Property;
- (g) cause the Applicants to administer the Property and operations of the Applicants, including the control of receipts and disbursements, as the Monitor considers necessary or desirable for the purposes of completing any transaction, or for purposes of facilitating a Plan or Plans for some or all Applicants, or parts of the Business;
- (h) take any and all actions and steps, and execute all documents and writings, on behalf of, and in the name of the Applicants to facilitate the performance of any ongoing obligations of the Applicants and to carry out the Monitor's duties under this Order or any other Order of this Court in this CCAA proceeding;
- (i) propose or cause the Applicants or any one or more of them to propose one or more Plans in respect of the Applicants or any one or more of them;
- (j) cause the Applicants to engage the services of any person as an employee, consultant, appraiser, agent, expert, auditor, accountant, manager, counsel, and such other persons from time to time and on whatever basis, including on a temporary basis, all under the supervision and direction of the Monitor and on the terms as agreed with the Monitor;

- (k) apply to this Court for any orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter, and including any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers;
- (l) engage, deal, communicate, negotiate, agree and settle with any creditor or other stakeholder of the Applicants in the name of or on behalf of the Applicants;
- (m) claim or cause the Applicants to claim any and all insurance refunds or tax refunds, including refunds of harmonized sales taxes, to which the Applicants are entitled;
- (n) initiate, manage and direct, or cause the Applicants to initiate, manage and direct, all legal proceedings now pending or hereafter pending (including appeals or applications for judicial review) in respect of the Applicants, the Property, or the Business, including initiating, prosecuting, continuing, defending, settling or compromising the proceedings;
- (o) consult with or cause the Applicants to consult with the Canada Revenue Agency or any other governmental authority with respect to any issues arising in respect of this CCAA proceeding;
- (p) meet and consult with the directors of the Applicants as the Monitor deems necessary or appropriate;
- (q) meet with and direct management of the Applicants with respect to any of the foregoing including, without limitation, operational and restructuring matters;
- (r) execute or cause the Applicants to execute administrative filings as may be required on behalf of the Applicants;

- (s) monitor the Applicants' receipts and disbursements;
- (t) approve and make any funding requests under the DIP Facility;
- (u) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (v) assist the Applicants in their preparation of the Applicants' cash flow statements and reporting required in connection with the DIP Facility or the Court;
- (w) assist the Applicants, to the extent required by the Applicants, in its dissemination, to the DIP Lender and its counsel, on a timely basis of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (x) advise the Applicants in its development of the Plan and any amendments to the Plan;
- (y) hold and administer creditors' or shareholders' meetings for voting on the Plan;
- (z) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' Business and financial affairs or to perform their duties arising under this Order;
- (aa) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(bb) perform such other duties as are required by this Order or by this Court from time to time,

provided, however, that the Monitor shall comply with all applicable law and shall not have any authority or power to elect or to cause the election or removal of directors of any of the Applicants.

24. **THIS COURT ORDERS** that the Applicants and their advisors shall cooperate fully with the Monitor and any directions it may provide pursuant to this Order and shall provide the Monitor with such assistance as the Monitor may request from time to time to enable the Monitor to carry out its duties and powers as set out in this Order or any other Order of this Court under the CCAA or applicable law generally.

25. **THIS COURT ORDERS** that the Monitor shall not take Possession (as defined herein) of the Property and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained Possession or control of the Business or Property, or any part thereof.

26. **THIS COURT ORDERS** that notwithstanding anything contained in this Order, the Monitor is not and shall not be deemed to be a director, officer, or employee of the Applicants.

27. **THIS COURT ORDERS** that nothing in this Order, or anything done in pursuance of the Monitor's duties and powers under this Order, shall deem the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property 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 the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in Possession.

28. **THIS COURT ORDERS** that, without limiting the provisions herein, all employees of the Applicants shall remain employees of the Applicants until such time as the Applicants may terminate the employment of such employees. Nothing in this Order shall, in and of itself, cause the Monitor to be liable for any employee-related liabilities or duties, including, without limitation, wages, severance pay, termination pay, vacation pay and pension or benefit amounts, as applicable.

29. **THIS COURT ORDERS** that the banks and/or financial institutions that maintain the Applicants’ Cash Management System (which includes, for the avoidance of doubt, each of the Applicants’ bank accounts) are directed to recognize and permit the Monitor and its representatives to complete any and all transactions on behalf of the Applicants in connection with such Cash Management System and for such purpose, the Monitor and its representatives are empowered and shall be permitted to execute documents for or on behalf of and in the name of any of the Applicants and shall be empowered and permitted to add and remove persons having signing authority with respect to the Applicants’ Cash Management System. The financial institutions maintaining such Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken in accordance with the instructions of the Monitor for and on behalf of the Applicants and/or as to the use or application of funds transferred, paid, collected or otherwise dealt with in accordance with such instructions and such financial institutions shall be authorized

to act in accordance with and in reliance upon such instructions without any liability in respect thereof to any person.

30. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

31. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

32. **THIS COURT ORDERS** that nothing in this Order shall constitute or be deemed to constitute the Monitor as receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of the Applicants within the meaning of any relevant legislation and that any distributions to creditors of the Applicants by the Monitor will be deemed to have been made by the Applicants.

ADMINISTRATION CHARGE

33. **THIS COURT ORDERS** that the Monitor, counsel to Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel

for the Applicants as such accounts are rendered. The Monitor and its counsel shall be authorized to immediately apply any such payments made by the Applicants to their fees and disbursements and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court. For the purposes of this paragraph, paragraphs 34 and 35, the fees and disbursements of the Monitor and its counsel shall include any fees and disbursements of the Proposal Trustee and its counsel related to the NOI Proceeding that were not approved and paid in the course of the NOI Proceeding.

34. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

35. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$350,000, as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 42 and 44 hereof.

DIP FINANCING

36. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility (the "**DIP Facility**") from RBC (the "**DIP Lender**") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$1,836,000 unless permitted by further Order of this Court.

37. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the amended and restated commitment letter between the Applicants and the DIP Lender dated as of May 9, 2025 (the “**Commitment Letter**”) attached as Appendix “A” to the Supplemental Report.

38. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

39. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, which DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 42 and 44 hereof.

40. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents, the Commitment Letter or the DIP Lender’s Charge, the DIP Lender, upon five (5) days notice to the Applicants and the Monitor, may cease making advances to the

Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, provided that any other enforcement steps shall require leave or further order of this Court, including an application for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

41. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any Plan filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the BIA, with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES

42. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender's Charge (together, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$350,000); and

Second – DIP Lender's Charge (to the maximum principal amount of \$1,836,000 plus interest, fees, and costs).

43. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and 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.

44. **THIS COURT ORDERS** that, subject to paragraph 45 of this Order, each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

45. **THIS COURT ORDERS** that notwithstanding any other provision of this Order, the Charges shall not rank in priority to the mortgage of Business Development Bank of Canada in the principal amount of \$2,000,000 and registered on title on January 7, 2022 against the real property owned by the Applicants located at 17 Shaw Almex Road, Parry Sound, Ontario (the "**BDC Mortgage**"), provided that the rights of beneficiaries of the Administration Charge to seek priority of that charge over the BDC Mortgage, is specifically reserved and may be argued at a later hearing.

46. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the Charges (collectively, the "**Chargees**"), or further Order of this Court.

47. **THIS COURT ORDERS** that the Charges, the Commitment Letter, and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors

made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) 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**”) which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;
- (b) 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 Applicants entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the Commitment Letter or the Definitive Documents, 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.

48. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants’ interest in such real property leases.

49. **THIS COURT ORDERS** that, for greater certainty, nothing in this Order:

- (a) determines the issue of how many amounts payable under the Charges are to be allocated as against the Property and the interests of secured creditors in it, which

issue shall remain for further determination by the Court on motion if necessary;
and

(b) provides any priority to the Charges over the BDC Mortgage.

SERVICE AND NOTICE

50. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in *The National Post* a notice containing the information prescribed under the CCAA, (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner or by electronic message to the e-mail addresses as last shown in Fusion's records, a notice to every known creditor who has a claim against Fusion of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

51. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a case website shall be established in accordance with the Protocol with the following URL: <https://cfcanada.fticonsulting.com/ShawAlmex/> (the "**Monitor's Website**").

52. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in these proceedings (the “**Service List**”). The Monitor shall post the Service List, as may be updated from time to time, on the Monitor’s Website, provided that the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

53. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, or facsimile transmission to the Applicants’ creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

54. **THIS COURT ORDERS** that the Applicants, the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and Orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants’ creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

CHAPTER 15 PROCEEDINGS

55. **THIS COURT ORDERS** that the Applicant, Fusion, is hereby authorized and empowered, but not required, to act as the foreign representative (in such capacity, the “**Foreign**

Representative") in respect of the within proceedings for the purpose of having these proceedings recognized and approved in a jurisdiction outside of Canada.

56. **THIS COURT ORDERS** that the Foreign Representative is hereby authorized to apply for recognition of these proceedings, as necessary, in any jurisdiction outside of Canada, including in the United States Bankruptcy Court (the "**Foreign Bankruptcy Court**") pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532.

57. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, including the Foreign Bankruptcy Court, to give effect to this Order and to assist the Applicants, the Monitor, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Foreign Representative, the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

GENERAL

58. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

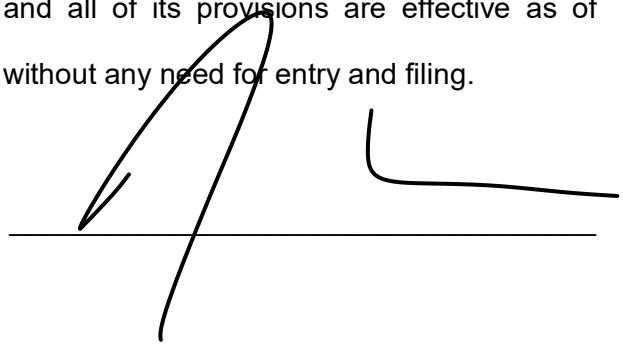
59. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business, or the Property.

60. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative

body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

61. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

62. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Time on the date of this Order without any need for entry and filing.

A handwritten signature in black ink is written over a horizontal line. The signature is stylized, with a large loop at the top and a long, sweeping tail that extends downwards and to the right. To the right of the main signature, there is a separate, smaller handwritten mark that looks like a stylized 'L' or a short horizontal line with a vertical tick at the end.



SUPERIOR COURT OF JUSTICE

COUNSEL SLIP/ENDORSEMENTCOURT FILE NO.: BK-25-03205249-0031DATE: 13 May 2025NO. ON LIST: 3TITLE OF PROCEEDING: **SHAW-ALMEX INDUSTRIES LIMITED v.
FTI CONSULTING CANADA INC.**BEFORE JUSTICE: **J. DIETRICH****PARTICIPANT INFORMATION****For Plaintiff, Applicant, Moving Party, Crown:**

Name of Person Appearing	Name of Party	Contact Info
Brendan Bissell	Counsel for the Debtor, Shaw-Almex Industries Limited	bbissell@reconllp.com
Jessica Wuthman		jwuthmann@reconllp.com

For Defendant, Respondent, Responding Party, Defence:

Name of Person Appearing	Name of Party	Contact Info
Birpal Benipal	Counsel for Royal Bank of Canada	Birpal.Benipal@dentons.com
Robert Kennedy		Robert.Kennedy@dentons.com
Eric Golden	Counsel for Business Development Bank of Canada	egolden@blaney.com
Bruce Darlington	Counsel for BDC Capital Inc.	Bruce.darlington@dlapiper.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Maria Konyukhova	Counsel for FTI Consulting Canada Inc. - Proposal Trustee	mkonyukhova@stikeman.com
Nicholas Avis		navis@stikeman.com
Shalom Wise	Counsel for Corpay	shalom.wise@corpay.com

ENDORSEMENT OF JUSTICE J. DIETRICH

Introduction

[1] Shaw-Almex Industries Limited (“**SAIL**”) and Shaw Almex Fusion, LLC (“**Fusion**” and together with SAIL, the “**Applicants**”) seek three orders:

[2] First an Initial Order under the *Companies' Creditors Arrangement Act* (the “**Initial Order**”) which provides for:

- approval of the Amended DIP Term Sheet and DIP Lender's Charge
- approval of the Administration Charge
- approval for the Applicants to pay certain pre-filing obligations with the consent of the Monitor and DIP Lender;
- the appointment of FTI Consulting Canada Inc. ("FTI") as Monitor with certain enhanced powers; and
- the authorization for Fusion to act as foreign representative of the Applicants.

[3] Second, a sale and investment solicitation process (SISP) approval order (the “**SISP Approval Order**”) is sought.

[4] Third an order discharging FTI in its capacity as proposal trustee of SAIL and approving the fees and disbursements of the Proposal Trustee (the “**Discharge Order**”) is sought.

[5] No opposition to the relief sought by the Company was raised at the hearing.

[6] Terms used herein and not otherwise defined have the meaning provided to them in the factum of the Applicants filed on this motion.

Background

[7] SAIL filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act (the “**BIA**”) on March 29, 2025. FTI was appointed as Proposal Trustee under the NOI.

[8] On April 25, 2025, I granted an order, among other things, extending the stay period under the NOI proceeding until today, authorizing SAIL to borrow up to a maximum principal amount of \$1,000,000 under a debtor-in-possession credit facility (the “**DIP Facility**”) from RBC (in such capacity, the “**DIP Lender**”) and granting an Administration Charge in the amount of \$350,000 and a DIP Lender's Charge as security for the DIP Facility.

[9] The Applicants are in the business of providing conveyor belt vulcanizing equipment technology, services and expertise. The Business began over 67 years ago in Parry Sound, Ontario as a small, family-run operation. Since that time, the business has grown significantly. Its customers are in a diverse range of industries including mining, steel mills, ports, power generation, package handling, and aerospace.

[10] SAIL is the parent company of a global enterprise operating under the “Shaw Almex” name (the “**Almex Group**”). The Almex Group has 15 locations, plus exclusive distributors, across six continents worldwide. Through the Almex Group, the Company now services customers across 123 countries worldwide.

[11] SAIL manufactures the majority of the Business’ products and ships them to its subsidiaries or local distributors worldwide. The other principal manufacturing operations in the Almex Group are conducted by wholly owned subsidiaries in the United States, China, and Spain. The remaining companies within the Almex Group operate primarily as sales and distribution centres with limited ability to modify or finish machinery being shipped from North America to their local markets.

[12] SAIL operates a manufacturing facility in Parry Sound, has its head office in Stoney Creek, Ontario, and an office and manufacturing facility in Hamilton, Ontario. SAIL owns the real property from which it operates in Parry Sound, Ontario.

[13] SAIL currently employs approximately 80 employees across Canada, 35 of which are unionized.

[14] Fusion is an indirect subsidiary of SAIL and is the other principal manufacturing operation of the Almex Group. Specifically, Fusion primarily manufactures Almex presses and Fusion rubber products from a sales, manufacturing, and distribution facility located in Atlanta, Georgia. Fusion previously employed approximately 30 individuals, but after recent workforce reductions presently have only approximately 4 employees.

[15] The operations of the Applicants are functionally and operationally integrated such that the Fusion’s United States operations cannot operate independently of SAIL’s Canadian operations. Fusion’s financial statements show that Fusion has assets and does business in Canada, this includes loaning money to SAIL, purchasing inventory from SAIL in Canada and providing managements services to SAIL. SAIL is the largest customer of Fusion.

[16] As of December 31, 2024, the Applicants’ liabilities significantly exceed the book value of their assets by approximately \$32 million.

[17] The Applicants have several secured creditors, including RBC, Business Development Bank of Canada, BDC Capital Inc., two counterparties to agreements for the sale of future receipts, and various equipment financiers. All secured creditors have been served.

[18] The Applicants are current in their government remittances, property taxes, and wages except that Fusion has USD \$195,000 owed to its employees with respect to unpaid prior bonuses and \$134,000 for payroll accruing during the week of May 2, 2025 but which was unpaid due to lack of funds.

[19] The Applicants’ primary unsecured liabilities include approximately \$5.7 million in trade payables, \$2.1 million owed to Monex and Corpay for currency hedging transactions, \$270,541 owed by Fusion to its Georgia facility landlord, and numerous default judgments totaling over \$470,000. The Applicants are also involved in multiple ongoing lawsuits in Canada and the U.S., which represent contingent liabilities.

[20] The Company's financial and operational challenges in recent years include difficulties securing a reliable rubber supplier after a competitor purchased the Company's former rubber supplier in or around 2022, and quality control issues arising from a replacement rubber supplier. As well, the Company was faced with large losses arising from currency hedging transactions conducted under the supervision of its former Chief Financial Officer.

[21] The Applicants seek to increase the maximum borrowings under the DIP Facility and the DIP Lender’s Charge to the maximum amount of \$1,800,000. Specifically, the Applicants’ cash flow forecast (“**Cash Flow Forecast**”) demonstrates that the Applicants require this amount in interim financing to meet their ordinary course of business expenses and to fund the CCAA proceeding during the stay of proceedings.

[22] The proposed DIP Facility is to be provided by the DIP Lender pursuant to an amended and restated debtor-in-possession loan agreement to be appended to the supplemental report of FTI as the Proposal Trustee and proposed Monitor dated May 12, 2025 (the “**Amended DIP Term Sheet**”).

[23] In large part the terms of the Amended DIP Term Sheet are consistent with those previously approved. However, it is also a term of the Amended DIP Term Sheet that the Court grant the FTI as monitor enhanced powers to preserve, protect and exercise control of over the Applicants' business. As outlined in the report of FTI as the Proposal Trustee and proposed Monitor dated May 11, 2025, this follows certain concerns encountered by the Proposal Trustee during the NOI proceeding. The Proposal Trustee has not yet had an opportunity to investigate all of the concerns raised with respect to the conduct of Mr. Shaw, but those concerns are outlined in the report. Mr. Shaw takes issue with certain of the concerns identified in the report, but there is no opposition to the request for enhanced powers to be provided to the Monitor.

[24] The Applicants also seek approval of the SISP which was developed in consultation with the Monitor and the DIP Lender.

[25] The SISP was designed to be broad and flexible in order to widely expose the Applicants' Business and property to the market and to provide a structured and orderly process for interested parties to perform due diligence and submit offers. The SISP is intended to solicit a broad range of potential transactions, including a sale or recapitalization.

[26] The proposed SISP is a two-phase process, with a proposed deadline for submission of LOI's by May 22, 2025 and, if there are qualified bidders, with a binding offer deadline of June 12, 2025.

[27] The Monitor has already commenced the SISP by, among other things, compiling a list of known prospective bidders, preparing a virtual data room, and preparing and circulating a solicitation letter describing the SISP to approximately 70 prospective bidders.

Issues

[28] The issues to be determined today are:

- a. should the Applicants be granted protection under the CCAA, including a stay of proceedings
- b. should the Amended DIP Term Sheet and DIP Lender's Charge be approved;
- c. should the Administration Charge be approved;
- d. should the Applicants be permitted to pay certain pre-filing obligations with the consent of the Monitor and the DIP Lender;
- e. should FTI be appointed as Monitor with enhanced powers;
- f. should Fusion be authorized to act as foreign representative for the Applicants;
- g. should the SISP be approved; and
- h. should the Discharge Order be granted?

Analysis

Initial Order

[29] The Court may order that a NOI proceeding under the BIA be continued under the CCAA where the debtor satisfies a three-part test: (1) the debtor has not filed a proposal under the BIA; (2) the proposed continuation is consistent with the purposes of the CCAA; and (3) the debtor has provided the Court with the information that would otherwise form part of an initial CCAA application under section 10(2) of the CCAA see *(Re) Clothing for Modern Times Ltd.*, 2011 ONSC 7522 at para 9 and *In the Matter of The Body Shop Canada Limited*, 2024 ONSC 3882 (“*Body Shop*”) at para 10.

[30] I am satisfied that with respect to SAIL, the conversion to a CCAA proceeding has met the above criteria will have the benefit of reducing administrative and legal costs, given the flexibility with respect to reporting and attendances.

[31] The Applicants have provided all of the information that would otherwise be filed on a CCAA Initial Order application, including but not limited to a cash flow forecast for the period ending May 30, 2025 and the Applicants most recent financial information, as well as a report demonstrating that the Proposal Trustee and proposed Monitor believe the cash flow analysis is reasonable and that they support the request for conversion.

[32] I am also satisfied that the Applicants qualify as a debtor company with liabilities that exceed \$5 million.

Stay of Proceedings

[33] I am satisfied that the stay of proceedings can and should be extended to and including May 30, 2025. Such period of time is appropriate and a stay of longer than 10 days has been authorized by this Court in previous cases on a conversion from a BIA proceeding, such as is this case, notwithstanding section 11.02(1) of the CCAA: see *Body Shop* at para 19-21. In this case, the extended stay requested is only 17 days.

Amended DIP Term Sheet and DIP Lender's Charge

[34] The Applicants seek approval of the Amended DIP Term Sheet and a DIP Lender’s Charge over the Applicants’ assets, property and undertakings in favour of the DIP Lender. The proposed DIP Lender’s Charge ranks behind the Administration Charge and BDC’s mortgage but above all other encumbrances.

[35] Section 11.2 of the CCAA permits the Court to grant the DIP Facility and the DIP Lender’s Charge on notice to those secured creditors that would be affected and in an amount that the Court considers appropriate having regard to the Applicants’ cash flow forecast.

[36] In determining whether the DIP Lender’s Charge is appropriate, the Court is required to consider the following factors under section 11.2(4) of the CCAA: (a) the period during which the company is expected to be subject to proceedings under the CCAA; (b) how the company’s business and financial affairs are to be managed during the proceedings; (c) whether the company’s management has the confidence of its major creditors; (d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company; (e) the nature and value of the company’s property; (f) whether any creditor would be materially prejudiced as a result of the security or charge; and (g) the monitor’s report, if any: see *In Re Hudson’s Bay Company*, 2025 ONSC 1530 (“*Hudson’s Bay*”) at para 84.

[37] In this case, the Cash Flow Forecast demonstrates that further interim financing is required to provide the Applicants with the required liquidity for continued operations in the ordinary course. Ordinary course operations will preserve the value and going concern operations of the Applicants’ Business, which is in the best interests of the Applicants and their stakeholders during the proposed SISF. The Applicants are not able to obtain interim financing without a charge given that the DIP Facility requires the DIP Lender’s Charge. The DIP Lender is SAIL’s primary secured creditor, RBC and is already the DIP Lender to SAIL in the existing NOI Proceeding. Notice has been given to the registered secured creditors to be primed by the DIP Lender’s Charge and the proposed DIP Lender’s Charge does not secure any pre-filing obligations of the Applicants. Finally, the Proposal

Trustee and proposed Monitor supports this relief and believes the economic terms of the DIP Facility are reasonable in the circumstances.

[38] In the circumstances, the Initial DIP Facility and the DIP Lender's Charge are approved.

Administration Charge

[39] The Court granted an Administration Charge in the NOI Proceeding in the maximum amount of \$350,000. The Applicants seek to continue the Administration Charge in the same amount of \$350,000 in order to secure the fees and disbursements of the Monitor, its counsel, and the Applicants' counsel. Section 11.52 of the CCAA gives this Court jurisdiction to grant a priority charge for the fees and expenses of financial, legal and other advisors or experts. Courts have considered the following non-exhaustive factors in determining whether an administration charge is appropriate: (a) the size and complexity of the business being restructured; (b) the proposed role of the beneficiaries of the charge; (c) whether there is an unwarranted duplication of roles; (d) whether the quantum of the proposed charge appears to be fair and reasonable; (e) the position of the secured creditors likely to be affected by the charge, and (f) the position of the Monitor: see *Hudson's Bay* at para 100.

[40] The quantum of the proposed Administration Charge is reasonable in the circumstances and not opposed by any person. The proposed Administration Charge is appropriate in the circumstances is approved.

Authorization to Pay Certain Pre-Filing Amounts

[41] The proposed Initial Order authorizes the Applicants to pay up to \$250,000 owing for goods or services supplied to the Applicants prior to the date of the Initial Order, if in the opinion of the Applicants and the Monitor, the payment is necessary or desirable to avoid disruption to the operations of the Business or the property of the Applicants during the CCAA proceedings.

[42] Courts have granted orders allowing CCAA applicants to pay pre-filing amounts to critical suppliers with the consent of the monitor. In doing so, Courts have considered the following criteria: (a) whether the goods and services concerned are integral to the business; (b) the applicant's need for the uninterrupted supply of the goods or services; (c) the Monitor's support and willingness to work with the applicant to ensure that payments to suppliers in respect of pre-filing liabilities are appropriate; and (d) the effect on the applicant's ongoing operations and ability to restructure if it were unable to make pre-filing payments to its critical suppliers: see *Hudson's Bay* at para 114.

[43] The Applicants rely heavily on a small number of suppliers and contractors who provide specialized services and materials. To avoid disruption to the Business, the Applicants seek the flexibility to make pre-filing payments as necessary to maintain the Business and avoid impairing their restructuring efforts.

[44] In the circumstances, the approval to pay certain pre-filing creditors is appropriate and is approved.

Appointment of Monitor and Enhanced Monitor's Powers

[45] The firm currently acting in the capacity as Proposal Trustee, FTI, is qualified to act as Court-appointed Monitor, has consented to do so and is not affected by any restrictions as set out in section 11.7(2) of the CCAA.

[46] Section 23(1)(k) of the CCAA permits monitors to be granted enhanced powers depending on the applicable circumstances.

[47] In this case, the DIP Lender requires such powers as a term of advancing funds that are necessary to support a going concern sale process, which the Applicants and Timothy Shaw as their director do not object to and which FTI as the proposed Monitor consents to and supports.

[48] In the circumstances, including the concerns outlined above, the enhanced powers granted to the Monitor are appropriate.

Appointment of Fusion as Foreign Representative

[49] The Applicants may seek recognition of the CCAA proceedings in the United States pursuant to Chapter 15 of the U.S. Bankruptcy Code. Accordingly, the Applicants seek authorization for Fusion to act as the foreign representatives with respect to the CCAA proceedings.

[50] Section 56 of the CCAA grants the Court authority to appoint “any person or body” to act as a representative for the purpose of having CCAA proceedings recognized in any jurisdiction outside of Canada, including the U.S. In the circumstances the appointment of Fusion as Foreign Representative is appropriate and is approved.

SISP Approval Order

[51] I am satisfied that the proposed SISP should be approved. The factors set out in *Re Nortel Networks Corporation*, 2009 CanLII 39492 at para. 49, together with the additional factors identified in subsequent cases such as *CCM Master Qualified Fund v. blutip Power Technologies Inc.*, 2012 ONSC 1750 at para. 6 are satisfied.

[52] The broad flexibility afforded by the SISP is designed to solicit the highest value available for the property and Business. The SISP was developed by the Applicants, with the assistance of the Monitor and the DIP Lender. It is a condition of the Amended DIP Term Sheet that the SISP be commenced.

[53] FTI as Proposal Trustee and proposed Monitor is of the view that the SISP is an appropriate continuation of the efforts of SAIL and the during the NOI proceeding and the proposed SISP is typical in terms of duration and process of sales process typically granted in an NOI or CCAA proceeding and represents the best opportunity to identify a potential going concern transaction for the Applicants and maximize value for the benefit of their stakeholders.

Discharge Order

[54] It follows from all of the above that the SAIL NOI proceeding should be terminated and the conduct and fees of the Proposal Trustee and its counsel approved, and those parties be released from claims relating to this proceeding (other than claims arising from gross negligence or willful misconduct): see *Body Shop* at para 27 and 28.

[55] In this respect, as the Court of Appeal for Ontario held in *Bank of Nova Scotia v Diemer* 2014 ONCA 851 at paras 33 and 45, this Court does not undertake a line-by-line analysis of the invoices. Rather, the guiding principles on fee approvals of this nature is whether the fees are fair, reasonable, and proportionate given the value of the Applicants’ assets and liabilities, as well as the complexity of the business and the NOI Proceeding.

[56] In considering these guiding principles, the fees of the Proposal Trustee and its counsel are appropriate and are approved as are the releases sought by the Proposal Trustee and its counsel, together with counsel for the Company. The approval of the Proposal Trustee and its counsel fees is without prejudice to the rights of BDC to challenge the scope and quantum of those fees if any priority is sought for the Administration Charge in the NOI proceeding over the BDC mortgage.

Disposition

[57] Orders to go in the form signed by me.

[58] Nothing in the relief sought today prevents BDC from bringing a motion to lift the stay to enforce its mortgage in the future.

[59] Counsel for Corpay requests that the Monitor provide certain reporting regarding hedging contracts and serve it with various motions. If Corpay wishes to have notice of matters in this proceeding, they should file a notice of appearance. Corpay has not yet discussed the requested reporting with the Monitor and that should occur prior to any order being made.

[60] A further hearing is scheduled before me in this matter on **May 30, 2025 at 10:00 a.m. for 2 hours** (virtually).

May 13, 2025

Justice J. Dietrich

THIS IS **EXHIBIT "C"** REFERRED TO IN THE
AFFIDAVIT OF **ANDREW HUSTRULID** SWORN REMOTELY BY **ANDREW HUSTRULID**
STATED AS BEING LOCATED IN THE CITY OF PARRY SOUND IN THE PROVINCE OF
ONTARIO BEFORE ME AT THE CITY OF OAKVILLE, IN THE PROVINCE OF ONTARIO THIS
27TH DAY OF MAY 2025, IN ACCORDANCE WITH O. REG 431/20, *ADMINISTERING OATH
OR DECLARATION
REMOTELY*

Signed by:

Simran Joshi

-----000004509A9E494-----
A COMMISSIONER FOR TAKING AFFIDAVITS

SIMRAN JOSHI
LSO # 89775A



Court File No. CV-25-00743136-00CL

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

THE HONOURABLE

)

TUESDAY, THE 13TH

)

DAY OF MAY, 2025

JUSTICE J. DIETRICH

)

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 SHAW-ALMEX INDUSTRIES LIMITED
AND SHAW ALMEX FUSION, LLC

Applicants

SALE PROCESS APPROVAL ORDER

THIS APPLICATION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order approving, among other things, the procedures for the Sale and Investment Solicitation Process attached hereto as Schedule "A" (the "**SISP**"), was heard this day.

ON READING the Affidavit of Andrew Hustrulid sworn May 8, 2025 and the exhibits thereto, the pre-filing report of FTI Consulting Canada Inc. in its capacity as monitor of the Applicants (in such capacity, the "**Monitor**") dated May 11, 2025, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, and such other parties as listed on the participant information form, with no one appearing for any other person although duly served as appears from the lawyer's certificate of service of Jessica Wuthmann dated May 9, 2025, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of this notice of motion and the motion record is hereby abridged and validated so that this notice of motion is properly returnable today and hereby dispenses with further service thereof.

APPROVAL OF THE SALE AND INVESTMENT SOLICITATION PROCESS

2. **THIS COURT ORDERS** that the SISP (subject to such amendments as may be made in accordance with the terms of the SISP) be and is hereby approved and the Applicants and the Monitor are hereby authorized to implement the SISP pursuant to the terms thereof.

3. **THIS COURT ORDERS** that the Monitor and the Applicants are authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and this Order.

4. **THIS COURT ORDERS** that each of the Monitor, the Applicants and their respective affiliates, partners, employees, directors, representatives, and agents shall have no liability with respect to any and all losses, claims, damages or liability, of any nature or kind, to any person in connection with or as a result of performing their duties under the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Monitor or the Applicants, as applicable, in performing their obligations under the SISP, as determined by this Court.

5. **THIS COURT ORDERS** that in implementing the SISP, the Monitor shall have all of the benefits and protections granted to it under the CCAA, the Initial Order dated May 13, 2025, and any other order of the Court in the within proceedings.

6. **THIS COURT ORDERS** that notwithstanding anything contained herein or in the SISP, the Monitor shall not take possession of the property, assets, and undertakings of the Applicants (the “**Property**”) or be deemed to take possession of the Property.

7. **THIS COURT ORDERS** that the Applicants and the Monitor are hereby authorized to disclose to any Bidder (as defined in the SISP) any information or documentation contained in the Applicants’ records (including, without limitation, confidential or commercially sensitive information or documentation) regarding the assets and/or parties with whom the Applicants transact (collectively, “**Confidential Information**”); provided that the Applicants and the Monitor shall only disclose such Confidential Information that the Applicants and the Monitor determine is reasonably necessary to permit a SISP participant to conduct the necessary due diligence with respect to a potential transaction or that is otherwise necessary to implement the SISP.

PROTECTION OF PERSONAL INFORMATION

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Monitor, the Applicants and their respective advisors are hereby authorized and permitted to disclose personal information of identifiable individuals (“**Personal Information**”) to prospective bidders or offerors and to their advisors, including human resources and payroll information, records pertaining to the Applicants’ past and current employees, and information on specific customers, but only to the extent desired or required to negotiate or attempt to complete a transaction in the SISP. Each prospective bidder or offeror to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information with security safeguards appropriate to the sensitivity of the Personal Information and as may otherwise be required by applicable federal or provincial legislation. Each prospective bidder or offeror to whom any Personal Information is disclosed shall also limit the use of such Personal Information to its participation in the SISP.

GENERAL

9. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under the SISP.

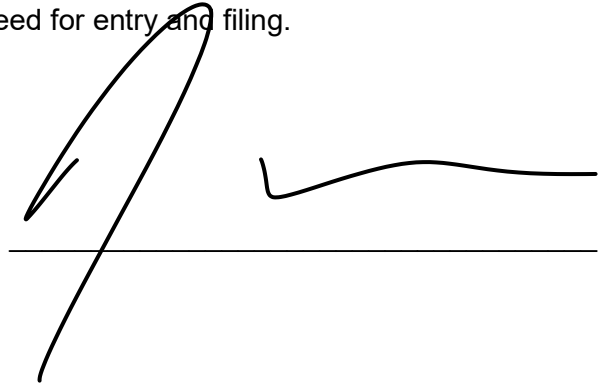
10. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicants, the Monitor, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that, pursuant to section 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS), the Monitor, the Applicants and their respective counsel are hereby authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors (each a “**SISP Participant**”) and to their advisors, or any interested party that the Monitor or the Applicants consider appropriate, but only to the extent required to provide information with respect to the SISP in these proceedings.

~

13. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. on the date of this Order without any need for entry and filing.

A handwritten signature, consisting of a large loop and a trailing line, is written over a horizontal line.

**Schedule “A”
SISP Procedures**

[*See next page.*]

SALE AND INVESTMENT SOLICITATION PROCESS

Recitals

- A. On March 29, 2025, Shaw-Almex Industries Limited ("**SAIL**") filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**NOI Proceedings**"). FTI Consulting Canada Inc. ("**FTI**") was appointed as proposal trustee (the "**Proposal Trustee**").
- B. On April 25, 2025, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted an Order which: (i) extended the time to file a proposal with the Official Receiver in the NOI Proceedings; (ii) granted a charge over all of the property, assets and undertakings (the "**Property**") of SAIL in favour of the Proposal Trustee, counsel to the Proposal Trustee and counsel to SAIL in the amount of \$350,000; and (iii) approved an interim financing facility term sheet extended by Royal Bank of Canada (the "**DIP Lender**") in the maximum principal amount of \$1,000,000 (as amended, the "**DIP Facility**") and granted a corresponding charge over the Property (the "**DIP Charge**") in favour of the DIP Lender in order to secure the obligations of SAIL under the DIP Facility (the "**Proposal Order**").
- C. On May 13, 2025, the NOI Proceedings were continued under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") and the Court granted an initial order (the "**Initial Order**") which, among other things, (i) granted CCAA protection (the "**CCAA Proceedings**") to SAIL as well as its indirect subsidiary, Shaw Almex Fusion. LLC (collectively, the "**Company**"); (ii) terminated the NOI Proceedings provided that, notwithstanding the conversion of the NOI Proceedings, the approval of the DIP Facility and DIP Charge pursuant to the Proposal Order granted in the NOI Proceedings would continue to apply in the CCAA Proceedings; (iii) appointed FTI as monitor in the CCAA Proceedings (in such capacity, the "**Monitor**"); and (iv) approved an amended and restated interim financing facility term sheet extended by the DIP Lender pursuant to which the DIP Lender would extend a maximum principal amount of \$1,800,000; and (v) approved the granting of a DIP Charge to secure the obligations under the DIP Facility.
- D. On May 13, 2025, the Court granted an order (the "**SISP Order**") authorizing the Monitor, with the assistance of the Company, to undertake a sale and investment solicitation process ("**SISP**"). The SISP is intended to canvass the market and solicit interest in, and opportunities for, a sale of, investment in or recapitalization of, all or part of the Company, its Property, including their wholly owned subsidiaries, and business operations (the "**Business**") in accordance with the procedures, terms and conditions set out herein (the "**SISP Procedures**").
- E. The SISP Procedures set out the manner in which: (i) bids and proposals for a broad range of executable transaction(s), including, without limitation, a sale of the Property, a restructuring or recapitalization involving the Business, as more particularly described in the Teaser Letter (as defined herein), whether *en bloc* or piecemeal, will be solicited from interested parties; (ii) bids received will be negotiated; (iii) Successful Bid(s), if any, will be selected; and (iv) the Court's approval of any Successful Bid(s) will be sought.

- F. The SISP Order, the SISP Procedures, and any other orders of the Court made in the CCAA Proceedings relating to the SISP shall exclusively govern the process for soliciting and selecting bids for the sale of the Property or investment in the Business pursuant to a broad range of executable transaction alternatives.
- G. Unless otherwise stated or unless the subject matter or context otherwise requires, the capitalized terms used in the SISP Procedures have the meaning ascribed to them herein.

Conduct of the SISP

- 1. The SISP will be carried out by the Monitor, with the assistance of the Company, and in consultation with the DIP Lender. Unless otherwise provided for herein, and in accordance with the SISP Order, the Monitor is fully and exclusively authorized, empowered and directed to take any and all actions and steps pursuant to the SISP, subject to the terms and conditions contained herein.
- 2. The Monitor, with the assistance of the Company, shall be responsible for contacting Prospective Bidders, communicating with Prospective Bidders as well as Qualified Bidders, Authorized Bidders, the Backup Bidder and the Successful Bidder (each as defined herein and collectively, "**Bidders**" and each, a "**Bidder**"), negotiating with Bidders, providing them with the Teaser Letter, coordinating the execution of any means a form of a non-disclosure agreement satisfactory to the Monitor (the "**Confidentiality Agreement**"), managing the process of answering all reasonable inquiries from Prospective Bidders and Bidders and arranging for visits, when applicable, by Bidders.
- 3. The Monitor, in consultation with the Company and the DIP Lender, shall review and assess all LOIs as well as all Phase II Bids, Aggregated Bids, Backup Bids and Successful Bids (each as defined herein and collectively, "**Bids**", each a "**Bid**").
- 4. At any time during the SISP, the Monitor may consult with the Company, the DIP Lender and such parties as it considers appropriate in respect of the conduct of the SISP.
- 5. After the issuance of the SISP Order, the Monitor may at any time and from time to time and in consultation with the Company and with the approval of the DIP Lender, modify, amend, vary or supplement the SISP or the SISP Procedures, without the need for obtaining an order of the Court or providing notice to any Bidders, provided that the Monitor determines that such modification, amendment, variation or supplement would not have a material impact on the implementation of the SISP and is necessary or useful in order to give effect to the substance of the SISP, the SISP Procedures or the SISP Order. The Monitor shall post on the Monitor's Website, as soon as possible, any such modification, amendment, variation or supplement to the SISP Procedures and inform Prospective Bidders and Bidders reasonably impacted by any such modification, amendment, variation or supplement to the SISP Procedures (each as defined below)
- 6. The Monitor may, at any time and on notice to the service list in the CCAA Proceedings as posted on the Monitor's website, as it may be updated from time to time (the "**Service List**"), apply to the Court for directions in connection with the implementation of the SISP or the SISP Procedures.
- 7. Notwithstanding anything else contained herein, any shareholder, director or officer of the Company (a "**Related Person**") that desires to submit or participate in the SISP must

declare such intention to the Monitor in writing. Until any Related Person declares that they will not submit a bid in the SISP, all consultation and consent rights herein shall be paused and the Monitor may place such limitations on the consultation and consent rights contained herein as they may consider appropriate, so as to ensure and preserve the integrity of the SISP.

Solicitation of Interest

8. To facilitate the due diligence by Prospective Bidders, the Monitor, with the assistance of the Company has:
 - (a) compiled a listing (the "**Contact List**") of prospective purchasers and investors (collectively, "**Prospective Bidders**").
 - (b) sent to each Prospective Bidder teaser materials, including a solicitation letter summarizing the acquisition and investment opportunity with respect to the Business and Property (the "**Teaser Letter**");
 - (c) set up an electronic data room with confidential information in respect of the Business and Property (the "**Data Room**");
 - (d) sent and will continue to send to each Prospective Bidder, a form of Confidentiality Agreement and written acknowledgement of receipt of the SISP Procedures wherein such Prospective Bidder agrees to accept and be bound by the provisions of the SISP Procedures (the "**Written Acknowledgement**"). Prospective Bidders are required, among other things, to sign a Confidentiality Agreement in order to gain access to confidential information (including access to the Data Room). For greater certainty, only Prospective Bidders who submit an executed Confidentiality Agreement and Written Acknowledgement shall be granted access to the Data Room and management presentations, if available; and
 - (e) prepared the form of a template asset purchase agreement (the "**Template APA**") to be used by Prospective Bidders in submitting a Sale Proposal and post same in the Data Room.
9. The Monitor, in consultation with the Company, reserves the right to limit any Prospective Bidder's or Bidder's access to any confidential information (including any information in the Data Room) where, in the Monitor's sole discretion, such access could negatively impact the SISP, the ability to maintain the confidentiality of the confidential information, the Business or the value of the Property.
10. Any and all requests for additional information are to be made to the Monitor.

Sale or Investment Opportunities

11. Bidders will have the opportunity to submit a bid in the form of either a Sale Proposal or an Investment Proposal (each as defined below). Sale Proposals and Investment Proposals may be in respect of only some of the Property and any such proposal will not be precluded from consideration as an acceptable Bid.
12. In the event of an offer to acquire all or part of the Property (a "**Sale Proposal**"), all of the

Company's relevant right, title and interest in and to the Property may be acquired pursuant to an approval and vesting order of the Court, including pursuant to a reverse vesting order if necessary and appropriate, free and clear of all pledges, liens, security interests, charges, options, hypothecs, mortgages and interest thereon, except to the extent otherwise set forth in a definitive purchase agreement executed with a Successful Bidder.

13. In the event of an offer for a broad range of executable transaction alternatives (restructuring, recapitalization, and/or refinancing) involving an investment in the Company (a "**Investment Proposal**") for any or all of the Business, same can be implemented by way of a combined Plan and Arrangement.

"As is, Where is"

14. Any Bid by way of a Sale Proposal or Investment Proposal shall be made on an "as is, where is" basis, without surviving representations or warranties of any kind or nature.
15. The Company and the Monitor are not responsible for, and will have no liability with respect to, any information obtained by any Prospective Bidder or Bidder in connection with the Business or Property. The Company, the Monitor and their advisors, as applicable, do not make any representations or warranties whatsoever as to the information or the materials provided through the due diligence process or otherwise made available to any Prospective Bidder or Bidder including any information contained in the Teaser Letter or Data Room.

Submission of Non-Binding Letters of Intent & Other Participation Requirements

16. Unless otherwise provided for herein, ordered by the Court or agreed to by the Monitor, in order to participate in the SISP and be considered for qualification as a Qualified Bidder, a Prospective Bidder must deliver to the Monitor, so as to be received by the Monitor no later than **May 22, 2025 at 5:00 p.m. (Toronto time)**, or such later date or time as the Monitor, in consultation with the Company and approved by the DIP Lender, may determine appropriate (the "**LOI Deadline**") a non-binding letter of intent (an "**LOI**") which:
 - (a) specifies whether the Prospective Bidder anticipates submitting a Sale Proposal or an Investment Proposal as well as the information required by paragraph 17 herein;
 - (b) has been duly executed by all required parties;
 - (c) is received before the LOI Deadline; and
 - (d) includes a letter setting forth the identity of the Prospective Bidder, the contact information for such Prospective Bidder, and the contact information for any business, financial or legal advisors retained or to be retained in connection with the contemplated transaction, and full disclosure of the direct and indirect owners of the Prospective Bidder and their principals, and a description of the Prospective Bidder's plans regarding the business of the Company.
17. An LOI in respect of a Sale Proposal or Investment Proposal must:

- (a) include an acknowledgement that the Sale Proposal or Investment Proposal will be made on an "as is, where is" basis;
 - (b) include a detailed description of any remaining due diligence required by the Prospective Bidder to be completed;
 - (c) describe any internal, regulatory or other approvals and any form of consent, agreement or other document required from a government body, stakeholder or other third party, and an estimate of the anticipated timeframe and any anticipated impediments for obtaining such conditions, along with information sufficient for the Monitor, in consultation with the Company, to determine the reasonableness of such conditions;
 - (d) provide written evidence, satisfactory to the Monitor, in consultation with the Company, of the Prospective Bidder's ability to consummate the transaction within the timeframe contemplated by the SISF and to satisfy any obligations or liabilities to be assumed on closing of the transaction, including, without limitation, a specific indication of the sources of capital and, to the extent that the Prospective Bidder expects to finance any portion of the Purchase Price, the identity of the financing source;
 - (e) include confirmation that the Prospective Bidder will be responsible for its own costs incurred in connection with its investigation of the Company and any transaction, including those of its advisors, attorneys, and agents;
 - (f) provide that the Qualified Bidder will comply with the proposed Target Closing Date (as defined herein);
 - (g) include any other terms and conditions which the Prospective Bidder believes are material to the transaction;
 - (h) include that the LOI is governed by the laws of the Province of Ontario and the laws of Canada, applicable therein; and
 - (i) include such other information reasonably requested by the Monitor in consultation with the Company and the DIP Lender.
18. In addition to the requirements set out in paragraph 17 herein, an LOI in respect of a Sale Proposal must include:
- (a) a detailed listing and description of the Property to be included in the Sale Proposal and a detailed listing of the Property to be excluded from the Sale Proposal;
 - (b) the low and high range of the proposed Purchase Price for such Sale Proposal, the proposed allocation of Purchase Price among the applicable Property and an explanation of what contingencies and variables may influence the range in which the final Purchase Price will fall (each as defined herein);
 - (c) details as to the Purchase Price for all or part of the Property subject to the Sale Proposal;

- (d) a list of the key material contracts and leases, if any, the Prospective Bidder wishes to acquire and the Prospective Bidder's proposed treatment of any related "cure costs";
 - (e) whether the proposed transaction is to be implemented by way of a "approval and vesting order" or a "reverse vesting order"; and
 - (f) a description of any liabilities to be assumed by the Prospective Bidder and the Prospective Bidder's estimated value of such assumed liabilities.
19. In addition to the requirements set out in paragraph 17 herein, an LOI in respect of an Investment Proposal must include:
- (a) a description of the structure of the Investment Proposal;
 - (b) a description of the type and amount of consideration to be allocated to secured creditors, unsecured creditors and shareholders of the Company;
 - (c) the proposed treatment of the Company's stakeholders; and
 - (d) a description of any liabilities to be assumed by the Prospective Bidder's estimated value of such assumed liabilities.
20. For greater certainty, the Monitor shall be entitled, either prior to or following the LOI Deadline, to seek to clarify the terms of an LOI or with respect to any of the other requirements of paragraphs 16, 17, 18, and 19 above, and the Monitor may accept a revised and/or clarified LOI, provided that the initial LOI was received prior to the LOI Deadline.

Identification of Qualified Bidders

21. The Monitor and the Company, in consultation with the DIP Lender, shall review and consider each LOI and the other materials submitted by a Prospective Bidder and if: (i) the LOI meets requirements specified in paragraphs 16, 17, and 18, or 19; (ii) it is determined that it will be in the best interests of the Company and its stakeholders to permit the Prospective Bidder to continue to participate in the SISF based upon the terms set out in the applicable LOI; and (iii) such Prospective Bidder's financial information and credit support or enhancement demonstrate to the satisfaction of the Monitor the capability of such Prospective Bidder to consummate a transaction and that such Prospective Bidder is likely (based on availability of financing, experience and other considerations) to consummate either a Sale Proposal or an Investment Proposal, such Prospective Bidder shall constitute a **"Qualified Bidder"**.
22. The determination by the Company and the Monitor as to whether a Prospective Bidder is a Qualified Bidder will be made as promptly as practicable, in consultation with the DIP Lender, after such Prospective Bidder has satisfied the requirements described in paragraph 16, 17 and 18 or 19, as applicable, and any clarification that may be sought by the Monitor pursuant to paragraph 20 and in any event prior to **May 26, 2025 at 5 p.m.** If it is determined that a Prospective Bidder is a Qualified Bidder, the Monitor will promptly notify the Prospective Bidder that it is a Qualified Bidder.

Due Diligence

23. Each Qualified Bidder shall have such access to due diligence materials and information relating to the Business and Property as the Monitor, in consultation with the Company, deems appropriate.
24. At the discretion of the Monitor, in consultation with the Company, due diligence access may include presentations (as may be scheduled by the Monitor), access to the Data Room, on-site inspections and such other matters as a Qualified Bidder may reasonably request and as to which the Monitor, in its reasonable business judgment, deems appropriate. The Monitor shall not be obligated to furnish any due diligence materials or information after the Bid Deadline.
25. Unless otherwise agreed in writing by the Monitor, no Prospective Bidder or Bidder shall be permitted to have any discussions with any counterparty to any contract with the Company or with any regulatory authority responsible for the Company or any other Prospective Bidder or Bidder in connection with any bid submitted in accordance with the terms hereof or in contemplation thereof.

Submission of Qualified Bids

26. In order to continue participation in the SISP, a Qualified Bidder must deliver a Qualified Purchase Bid or Qualified Investment Bid (each as defined below) to the Monitor and such bids must be received by the Monitor by no later than **June 12, 2025 at 5:00 p.m. (Toronto time)**, or at such later date or time as the Monitor, in consultation with the Company and approved by the DIP Lender and in accordance with the SISP Procedures, may determine appropriate (the "**Bid Deadline**").
27. A Sale Proposal submitted by a Qualified Bidder will be considered a "**Qualified Purchase Bid**" only if the Sale Proposal complies with all of the following:
 - (a) it includes a letter stating that the Sale Proposal is irrevocable until 25 business days, meaning any day other than a Saturday or Sunday or a day which is a statutory holiday in Toronto, Ontario ("**Business Day**"). Business Days following the Bid Deadline; provided, however, that if such Sale Proposal is selected as the Successful Bid or the Backup Bid, it shall remain irrevocable until the closing of the Successful Bid or the Backup Bid, as the case may be;
 - (b) it includes a duly authorized and executed purchase and sale agreement, together with a markup outlining and highlighting all proposed changes from the Template APA, specifying the purchase price, expressed in Canadian dollars, including the cash component thereof and/or the liabilities to be assumed by the Bidder (or the combination of both - the "**Purchase Price**"), together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified Bidder with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such ancillary agreements) and such ancillary agreements;
 - (c) it contains a detailed listing and description of the Property to be included in the Sale Proposal or a detailed listing of the Property to be excluded from the Sale Proposal, as well as the value and breakdown of the allocation of the Purchase

Price;

- (d) it does not include any request or entitlement to any break-fee, expense reimbursement or similar type of payment;
- (e) it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed transaction, or other evidence satisfactory to the Monitor in its sole discretion, to allow the Monitor to make a reasonable determination as to the Qualified Bidder's financial, technical, operational and other capabilities to consummate the transaction contemplated by the Sale Proposal;
- (f) it is not conditional on: (i) the outcome of unperformed due diligence by the Qualified Bidder; and/or (ii) obtaining any financing, and includes an acknowledgement and representation that the Qualified Bidder has had an opportunity to conduct any and all required due diligence prior to making its Sale Proposal;
- (g) it fully discloses the identity of each entity that is bidding or otherwise that will be sponsoring or participating in the Sale Proposal, including the identification of the Qualified Bidder's direct and indirect owners and their principals, and the complete terms of any such participation;
- (h) it includes an acknowledgement and representation that the Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property to be acquired and liabilities to be assumed in making its Sale Proposal; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets and/or liabilities to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, including by the Company or the Monitor, except as expressly stated in the purchase and sale agreement submitted by it; (iii) is a sophisticated party capable of making its own assessments in respect of making its Sale Proposal; and (iv) has had the benefit of independent legal advice in connection with its Sale Proposal;
- (i) it includes evidence, in form and substance reasonably satisfactory to the Monitor of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Sale Proposal;
- (j) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a trust account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of **FTI Consulting Canada Inc. in trust**, in an amount equal to **10%** of the proposed gross Purchase Price, to be held and dealt with in accordance with the SISP Procedures;
- (k) it contains full details of the proposed number of employees of the Company who will become employees of the Qualified Bidder and the proposed terms and conditions of employment to be offered to those employees;

- (l) it includes an acknowledgement and representation that the Qualified Bidder will assume the obligations of the Company under executory contracts, unexpired leases, and licenses proposed to be assigned (or identifies clearly the particular contracts, leases, and licenses of the Company, as applicable, that the Qualified Bidder wishes not to assume, or alternatively wishes to assume), contains full details of the Qualified Bidder's proposal for the treatment of related cure costs; and which the assumption of which is a condition of closing;
 - (m) to the extent not addressed elsewhere, it includes the proposed treatment of stakeholders;
 - (n) it provides for the closing of the Qualified Purchase Bid by no later than **July 4, 2025**, or such later date or time as the Monitor, in accordance with the SISP Procedures, may determine appropriate (the "**Target Closing Date**");
 - (o) if the Qualified Bidder is an entity newly formed for the purpose of the transaction, the bid shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to the Monitor and names the Company as a third-party beneficiary of any such commitment letter with recourse by the Company and the Monitor against such parent entity or sponsor;
 - (p) it includes evidence, in form and substance reasonably satisfactory to the Monitor of compliance or anticipated compliance with any and all applicable regulatory approvals (including, if applicable, anti-trust regulatory approval), the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals;
 - (q) it contains other information reasonably requested by the Monitor in consultation with the Company and the DIP Lender;
 - (r) it is governed by the laws of the Province of Ontario and the laws of Canada applicable therein; and
 - (s) it is received by no later than the Bid Deadline.
28. An Investment Proposal submitted by a Qualified Bidder will be considered a "**Qualified Investment Bid**" only if the Investment Proposal compiles with all of the following:
- (a) it includes a letter stating that the Investment Proposal is irrevocable for a period of 25 Business Days following the Bid Deadline; provided, however, that if such Investment Proposal is selected as the Successful Bid or the Backup Bid, it shall remain irrevocable until the earlier of: (i) the closing of the Successful Bid or the Backup Bid, as the case may be; and (ii) the outside date stipulated in the Successful Bid or the Backup Bid, as applicable;
 - (b) it includes duly authorized and executed binding definitive documentation setting out the terms and conditions of the proposed transaction, including the aggregate amount of the proposed equity and/or debt investment and details regarding the proposed equity and/or debt structure of the Company, if applicable, following completion of the proposed transaction (a "**Definitive Investment Agreement**");

- (c) it includes a description of the type and amount of consideration, including equity, if any, to be allocated to secured creditors, unsecured creditors and shareholders of the Company;
- (d) it does not include a request or entitlement to a break-fee, expense reimbursement or any other similar type of payment;
- (e) it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed transaction, or other evidence satisfactory to the Monitor in its sole discretion, to allow the Monitor to make a reasonable determination as to the Qualified Bidder's financial, technical, operational and other capabilities to consummate the transaction contemplated by the Investment Proposal;
- (f) it is not conditional on: (i) the outcome of unperformed due diligence by the Qualified Bidder; and/or (ii) obtaining any financing capital, and includes an acknowledgement and representation that the Qualified Bidder has had an opportunity to conduct any and all required due diligence prior to making its Investment Proposal;
- (g) it fully discloses the identity of each entity that is bidding or that is sponsoring or participating in the Investment Proposal, including the identification of the Qualified Bidder's direct and indirect owners and their principals, and the complete terms of any such participation;
- (h) it includes an acknowledgement and representation that the Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents in making its Investment Proposal; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the business of the Company or the completeness of any information provided in connection therewith, including by the Company and the Monitor, except as expressly stated in the Definitive Investment Agreement; (iii) is a sophisticated party capable of making its own assessments in respect of making its Investment Proposal; and (iv) has had the benefit of independent legal advice in connection with its Investment Proposal;
- (i) it includes evidence, in form and substance reasonably satisfactory to the Monitor, or authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Investment Proposal;
- (j) it is accompanied by a Deposit in the form of a wire transfer (to a trust account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of **FTI Consulting Canada Inc., in trust**, in an amount equal to **10%** of the total proposed investment, to be held and dealt with in accordance with the SISP Procedures;
- (k) it provides for closing of the Qualified Investment Bid by no later than the Target Closing Date;

- (l) if the Qualified Bidder is an entity newly formed for the purpose of the transaction, the Investment Proposal shall contain an equity or debt commitment letter from the parent entity or sponsor, and satisfactory to the Monitor, that names the Company as a third-party beneficiary of any such commitment letter with recourse by the Company and the Monitor against such parent entity or sponsor;
 - (m) it includes evidence, in form and substance reasonably satisfactory to the Monitor, of compliance or anticipated compliance with any and all applicable regulatory approvals (including, if applicable, anti-trust regulatory approval), the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals;
 - (n) it contains other information reasonably requested by the Monitor;
 - (o) it is governed by the laws of the Province of Ontario and the laws of Canada applicable therein; and
 - (p) it is received by no later than the Bid Deadline.
29. For greater certainty, Sale Proposals and Investment Proposals may be in respect of only a part or parts of the Business or Property and such proposal shall constitute a "**Qualified Portion Bid**" if it satisfies the requirements in paragraph 27 or 28 herein, as applicable, in respect of the Business or Property subject to such proposal, and in such case, such Bidder shall constitute a "**Qualified Portion Bidder**". Each Qualified Portion Bid shall be deemed to be a Phase II Bid, and each Qualified Portion Bidder shall be deemed to be a Qualified Bidder, for all purposes of the SISF.

PHASE II BIDS

30. Qualified Purchase Bids and Qualified Investment Bids shall hereinafter together be referred to as "**Phase II Bids**" and each a "**Phase II Bid**" and each Bidder who has submitted a Phase II Bid shall hereinafter be referred to as an "**Authorized Bidder**".
31. Notwithstanding paragraphs 27 and 28, the Monitor, in consultation with the Company and the DIP Lender, may waive compliance with any one or more of the Phase II Bid requirements specified herein, and deem such non-compliant bids to be Qualified Purchase Bids or Qualified Investment Bids, as the case may be.

ASSESSMENT OF PHASE II BIDS

32. The Monitor and the Company, in consultation with the DIP Lender, will review and assess the Phase II Bids in respect of a Sale Proposal, and in making such assessment will consider, among other things, the following criteria (the "**Sale Proposal Bid Criteria**"):
- (a) the Purchase Price and net value (including all assumed liabilities and other obligations to be performed by the Authorized Bidder) provided by such Phase II Bid and the proposed allocation of the Purchase Price among the applicable Property;
 - (b) the firm, irrevocable commitment for financing the transaction or other evidence of ability to consummate the Sale Proposal;

- (c) the claims, if any, likely to be created against the Company by the transaction contemplated by the Sale Proposal, relative to alternatives available to the Company;
 - (d) the nature and amount of debt and other liabilities to be assumed or acquired by the Authorized Bidder;
 - (e) the proposed revisions to the Template APA and the terms of the proposed sale transaction documents;
 - (f) the Property included in or excluded from the Sale Proposal and the transaction costs and risks associated with closing multiple transactions versus a single sale transaction for all or substantially all of the Property;
 - (g) any transition services required from the Company post-closing and any related restructuring costs;
 - (h) the planned treatment of stakeholders; and
 - (i) other factors affecting the speed, certainty and value of the Sale Proposal (including any regulatory approvals and other conditions required to close the Sale Proposal by the applicable Target Closing Date), including the likelihood of closing the Sale Proposal on or before the applicable Target Closing Date.
33. The Monitor and the Company, in consultation with the DIP Lender, will review and assess the Phase II Bids in respect of an Investment Proposal, and in making such assessment will consider among other things, the following criteria (the “**Investment Proposal Bid Criteria**”):
- (a) the type and amount of consideration, including equity, if any, to be allocated to secured creditors; unsecured creditors and shareholders of the Company and the planned treatment of such persons under the proposed Investment Proposal;
 - (b) the firm, irrevocable commitment for financing the investment or other evidence of ability to consummate the Investment Proposal;
 - (c) the cost, risks and timing associated with obtaining the approval of the requisite majority of creditors and approval of the Court in respect of a Plan, if needed;
 - (d) the estimated number of employees of the Company that will be offered post-closing employment by the Bidder and any proposed measures associated with their continued employment;
 - (e) the transition services required from the Company post-closing and any related tasks;
 - (f) the planned treatment of stakeholders; and
 - (g) other factors affecting the speed, certainty and value of the Investment Proposal (including any regulatory approval and other conditions required to close the Investment Proposal by the applicable Target Closing Date), including the

likelihood of closing the Investment Proposal on or before the applicable Target Closing Date.

34. For greater certainty, the Monitor, in consultation with the Company and the DIP Lender, shall be entitled, either prior to or following the Bid Deadline, to seek to clarify the terms of Phase II Bid and the Monitor may accept a revised and/or clarified Phase II Bid provided that the initial Phase II Bid was received prior to the Bid Deadline.
35. The Monitor in consultation with the Company and with the approval of the DIP Lender, may waive compliance with any one or more of the requirements specified in paragraph 27 or 28, as applicable and deem any non-compliant Bid to be a Phase II Bid.
36. The Monitor and the Company shall apply the Sale Proposal Bid Criteria and Investment Proposal Bid Criteria, as applicable, and consider each Phase II Bid upon its submission for determination. Such determination will be made as promptly as practicable after the Bid Deadline.
37. If the Company, in consultation with the Monitor and the DIP Lender, determines that any Phase II Bid was received that is in the best interests of the Company's stakeholders (or any combination of non-overlapping Qualified Portion Bids was received that is in the best interests of the Company's stakeholders), the Company, in consultation with the Monitor and the DIP Lender, may choose to accept such Phase II Bid (in which case, such Phase II Bid shall be a **"Successful Bid"** and the Authorized Bidder making the Successful Bid shall be a **"Successful Bidder"**) and take such steps as are necessary to finalize and complete an agreement for the Successful Bid with the Successful Bidder. For greater certainty, the Company, in consultation with the Monitor and the DIP Lender, may accept a combination of non-overlapping Qualified Portion Bids (collectively, an **"Aggregated Bid"**) to create one Successful Bid and in such case, the applicable Authorized Bidders will become **"Successful Bidders"**.
38. The Monitor, with the consent of the DIP Lender and in consultation with the Company, may at any time (including prior to or during any Auction (as defined below)), in accordance with the terms herein: (a) reject any Bid that is: (i) inadequate or insufficient; and/or (ii) not in conformity with the requirements of the CCAA, the SISP Procedures or any orders of the Court applicable to the Company; (b) accept Phase II Bids not in conformity with the SISP Procedures that are determined to be more favourable; (c) extend the Bid Deadline, and/or change the Auction Date (as defined herein); and/or (d) reject all Phase II Bids. For greater certainty, the Company shall be under no obligation to accept the highest or best offer and the selection of the Successful Bid shall be entirely in the discretion of the Company, in consultation with the Monitor and the DIP Lender.

Auction

39. If the Monitor, in consultation with the Company and the DIP Lender, determine that more than one Phase II Bids (and/or more than one Aggregated Bid) should be considered, then the Monitor may, without being obligated to do so, conduct an auction (the **"Auction"**), to determine the highest and/or best Sale Proposal or Investment Proposal or Aggregated Bid.

40. If an Auction is to be conducted pursuant to paragraph 39, the Auction shall commence on a date as the Monitor, may determine is appropriate (the "**Auction Date**"). The Auction shall be conducted virtually through a platform to be determined by the Monitor or such other location as the Monitor may determine.
41. If there is an Auction, the Monitor, in consultation with the Company and the DIP Lender shall develop the Auction procedures. Notice of the platform or place, date and time of the Auction will be delivered to all Authorized Bidders by the Monitor not less than three (3) Business Days before the Auction Date.

Backup Bid

42. In the event a Successful Bid is accepted in accordance with paragraph 37, or further to an Auction in accordance with paragraph 41, the Company, in consultation with the Monitor and the DIP Lender, may also select any Phase II Bid or Aggregated Bid, as the case may be, as the "**Backup Bid**" (the Bidder of such Backup Bid, the "**Backup Bidder**") and take such steps as are necessary to finalize and complete an agreement for the Backup Bid with the Backup Bidder. In the event the closing of the Successful Bid accepted in accordance with paragraphs 37 or 41, as the case may be, does not occur, the Backup Bid shall, upon confirmation of the Monitor, become the Successful Bid and be dealt with as such in accordance with the SISP Procedures.

Approval Motion

43. After a definitive agreement(s) in respect of a Successful Bid has been finalized in accordance with the SISP Procedures, if such Successful Bid relates to the Business or Property, the Company shall apply to the Court as soon as reasonably practicable for an order approving such Successful Bid and authorizing the Company to enter into any and all necessary agreements with respect to such Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to such Successful Bid, including for the approval of any Plan(s) pursuant to the CCAA or Arrangement pursuant to the CBCA, as applicable (an "**Approval Motion**").
44. An Approval Motion will be held on a date to be scheduled by the Court and to be heard as soon as possible. The Company reserves its right, as may be necessary or appropriate, to seek to proceed on an expedited basis and abridge any notice period provided for in any Court order. An Approval Motion may be adjourned or rescheduled by the Company, in consultation with the Monitor and the DIP Lender, by an announcement of the adjourned date at an Approval Motion or by notice to the Service List and no further notice shall be required.
45. All Phase II Bids (other than the Successful Bid and the Backup Bid, as the case may be) will be deemed rejected at 11:59 p.m. (Toronto Time) on the Business Day after the acceptance of the Successful Bid relating to the same Business and/or Property.
46. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid.

Treatment of Deposit

47. If there is a Successful Bid, the Deposit (plus accrued interest) paid by a Successful Bidder whose bid is approved by the Court will be released by the Monitor and applied to the Purchase Price to be paid, or investment to be made, by such Successful Bidder upon closing of the approved transaction or as otherwise set out in the definitive agreement.
48. The Deposits of Bidders not selected as a Successful Bidder or a Back Up Bidder, will be returned to such Bidders within ten (10) Business Days upon selection of the Back Up Bid and/or Successful Bid. If there is no Successful Bid with respect to the Business or the Property, subject to the following paragraph 49, all Deposits with respect to such Business or Property will be returned to all Bidders with respect to that Business or Property, within ten (10) Business Days of the date on which the SISP with respect to that Business or Property is terminated in accordance with the SISP.
49. If: (i) a Successful Bidder breaches any of its obligations under the terms of the SISP Procedures or any definitive transaction documentation; or (ii) a Bidder fails to complete the transaction contemplated by its Bid if required by the Monitor to complete such transaction; or (iii) an Authorized Bidder fails to provide proof of its ability to complete the transaction to the Monitor (other than with respect to conditions specifically provided in its Bid), within five (5) Business Days of a request to that effect from the Monitor, then, in each case, such Bidder's Deposit will be forfeited to the Company as liquidated damages and not as a penalty. The forfeiture of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Company and the Monitor have or may have against such breaching entity.

Reservation of Rights and Conduct of the SISP

50. The SISP does not and will not be interpreted to create any contractual or other legal relationship between the Company or the Monitor and any Prospective Bidder and Bidder, other than as specifically set forth in a definitive agreement that any such Bidder may enter into with the Monitor.
51. The Monitor and the Company, with the consent of the DIP Lender, may reject, at any time any Bid that is: (i) inadequate or insufficient; (ii) not in conformity with the requirements of the SISP Procedures; or (iii) contrary to the best interests of the Company, its estate, and stakeholders as determined by the Company and the Monitor. The Monitor may accept bids not in conformity with the SISP Procedures to the extent that the Company and the Monitor, in consultation with the DIP Lender determine, in their reasonable business judgment, that doing so would benefit the Company, its estate, and stakeholders.
52. The Monitor, in its reasonable discretion and in consultation with the Company and the DIP Lender, may shorten the dates provided for herein or terminate the SISP if there are no credible opportunities for the conclusion of a transaction in the process.
53. The Monitor will at all times prior to the selection of a Successful Bid(s) use commercially reasonable efforts to facilitate a competitive bidding process in the SISP including, without limitation, by actively soliciting participation by all persons who would be customarily identified as high-potential bidders in a process of this kind or who may be reasonably proposed by any of the Company's stakeholders as a high-potential bidder.

54. Prior to seeking Court approval for any transaction or bid contemplated by this SISP, the Monitor will provide a report to the Court on the SISP process, parts of which may be filed under seal, including in respect of any and all bids received.
55. Pursuant to the applicable Approval Motion and to the extent permitted by law, all of the rights, title and interests of the Company in and to the Property or the Business to be acquired will be sold free and clear of, *inter alia*, all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein (collectively, the “**Claims and Interests**”) pursuant to the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such Property or Business (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant transaction documents with a Successful Bidder and the applicable Approval Motion.
56. Without limiting the discretion afforded to the Monitor and the Company herein, and notwithstanding the process and timeline for Qualified Bids and the continuation of the SISP into Phase 2, the Monitor and the Company, in consultation with the DIP Lender, may at any time prior to the Bid Deadline: (i) subject to Court approval, enter into a stalking horse agreement involving a transaction with respect to some or all of the Property with a party identified through the SISP or otherwise; or (ii) subject to Court approval, enter into a definitive transaction agreement with respect to a transaction involving some or all of the Property with a party identified through the SISP or otherwise and suspend or terminate the SISP.
57. The Company shall co-operate fully with the Monitor in the exercise of its powers and duties and discharge of its obligations under the SISP and provide the Monitor with the assistance, information and documentation that is necessary to enable the Monitor to adequately carry out the Monitor’s functions herein.

Notice to the Company and the Monitor

58. Any notice or other communication to be given to the Company in connection with this SISP shall be given in writing and shall be given by personal delivery (in which case it shall be left with a responsible officer of the recipient) or by electronic communication addressed to the Company as follows:

To counsel to the Company:

RECONSTRUCT LLP

80 Richmond St W
Suite 1700
Toronto, ON M5H 2A3

Attention:

Brendan Bissell – bbisell@reconllp.com

Caitlin Fell – cfell@reconllp.com

59. Any notice of other communication to be given to the Monitor in connection with this SISP shall be given in writing and shall be given by personal delivery (in which case it shall be left with a responsible officer of the recipient) or by electronic communication addressed to the Monitor as follows:

FTI CONSULTING INC.

TD South Tower
79 Wellington Street W, Suite 2010
Toronto, Ontario M5K 1G8
Canada

Attention:

Jeffrey Rosenberg – jeffrey.rosenberg@fticonsulting.com

With a copy to counsel to the Monitor

STIKEMAN ELLIOTT LLP

5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Canada

Attention:

Maria Konyukhova - mkonyukhova@stikeman.com

THIS IS **EXHIBIT “D”** REFERRED TO IN THE
AFFIDAVIT OF **ANDREW HUSTRULID** SWORN REMOTELY BY **ANDREW HUSTRULID**
STATED AS BEING LOCATED IN THE CITY OF PARRY SOUND IN THE PROVINCE OF
ONTARIO BEFORE ME AT THE CITY OF OAKVILLE, IN THE PROVINCE OF ONTARIO THIS
27TH DAY OF MAY 2025, IN ACCORDANCE WITH O. REG 431/20, *ADMINISTERING OATH
OR DECLARATION
REMOTELY*

Signed by:

Simran Joshi

000864589A9E494...

A COMMISSIONER FOR TAKING AFFIDAVITS

SIMRAN JOSHI
LSO # 89775A

Court File No. BK-25-03205249-0031

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

**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 SHAW-ALMEX INDUSTRIES
LIMITED OF THE TOWN OF PARRY SOUND, IN THE
PROVINCE OF ONTARIO**

**AFFIDAVIT OF ANDREW HUSTRULID
(Sworn May 8, 2025)**

I, **ANDREW HUSTRULID**, of the City of Bonita Springs in the State of Florida, **MAKE
OATH AND SAY:**

1. I am the Senior Vice President of Global Services of Shaw-Almex Industries Limited (“**SAIL**”) and Shaw Almex Fusion, LLC (“**Fusion**” and together with SAIL, the “**Applicants**”), which are the Applicants in this proceeding. I have been engaged by SAIL since 2014 in a variety of roles culminating in my current one, and I have also recently been referred to as the chief of operations. As such, I have personal knowledge of the matters set out below unless otherwise stated to be based on information and belief. Where I have relied on information from others, I state the source of such information and verily believe it to be true.

2. All references to currency in this affidavit are references to Canadian dollars unless otherwise indicated.

3. On March 29, 2025 (the “**Filing Date**”), SAIL filed a Notice of Intention to Make a Proposal

(“**NOI**”) under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**NOI Proceeding**”). FTI Consulting Canada Inc. (“**FTI**”) was appointed as proposal trustee in the NOI Proceeding (in that capacity, the “**Proposal Trustee**”). Attached hereto and marked as **Exhibit “A”** is a copy of the Certificate of Filing of a Notice of Intention to Make a Proposal for SAIL.

4. On April 25, 2025, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an order (“**Stay Extension Order**”) that, among other things,

- (a) extended the time to file a proposal in the NOI Proceeding until May 13, 2025;
- (b) authorized SAIL to borrow up to a maximum principal amount of \$1,000,000 under a debtor-in-possession credit facility (the “**DIP Facility**”) from the Royal Bank of Canada (“**RBC**” or the “**DIP Lender**”); and
- (c) granted the following charges, with the priority amongst them as set out below:
 - (i) First – an “**Administration Charge**” in the amount of \$350,000, as security for the payment of professional fees and disbursements incurred and to be incurred by FTI, counsel to FTI, and counsel to SAIL, in connection with the NOI Proceeding; and
 - (ii) Second – a “**DIP Lender’s Charge**” as security for SAIL’s obligations under the DIP Facility, in the maximum principal amount of \$1,000,000 plus fees and interest.

A copy of the Stay Extension Order is attached hereto as **Exhibit “B”**.

5. This affidavit is submitted in support of the Applicants’ motion seeking an Order (the “**Initial Order**”) from the Court pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) that, among other things:

- (a) abridges the notice periods and validates service of the motion record;

- (b) continues the NOI Proceeding commenced by SAIL under the purview of the CCAA;
- (c) declares that the Applicants are each a “debtor company” to which the CCAA applies;
- (d) appoints FTI as the Court-appointed monitor of the Applicants (in this capacity, the **“Monitor”**);
- (e) grants a stay of all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the current directors or officers of the Applicants, or affecting the Applicants’ business or any of the Applicants’ current and future assets, licences, undertakings, and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the **“Property”**), except with the written consent of the Applicants and the Monitor, or with leave of the Court, until May 30, 2025 (the **“Stay of Proceedings”**);
- (f) authorizes the Applicants to borrow up to a maximum principal amount of \$1,800,000 under the DIP Facility from RBC to finance the Applicants’ working capital requirements and to pay the costs and expenses of this proceeding, as more fully described in the amended and restated interim financing term sheet (the **“Amended DIP Term Sheet”**) between the Applicants and the DIP Lender;
- (g) grants the following charges over the Applicants’ Property, which charges (**“Charges”**) shall rank in priority to all other security interests, trusts, liens, charges and encumbrances in favour of any person:
 - (i) First – an Administration Charge in the amount of \$350,000, as security for the payment of professional fees and disbursements incurred and to

be incurred by the Monitor, counsel to the Monitor, and counsel to the Applicants, in connection with this CCAA proceeding; and

- (ii) Second – a DIP Lender’s Charge as security for the Applicants’ obligations under the Amended DIP Term Sheet, in the maximum principal amount of \$1,800,000 plus fees and interest;

- (h) authorizes the Applicants to pay, with the consent of the Monitor, up to the maximum amount of \$250,000 owing to their suppliers for critical goods or services actually supplied to the Applicants prior to the Filing Date if, in the opinion of the Applicants and the Monitor, such payment is necessary or desirable to avoid disruption to the operations of the business or the Property of the Applicants during the CCAA proceedings;

- (i) authorizes Fusion to act as the foreign representative of the Applicants in respect of this proceeding for the purpose of having these CCAA proceedings recognized and approved in a jurisdiction outside of Canada, including in the United States Bankruptcy Court; and

- (j) grants the Monitor enhanced powers to facilitate the operations of the Applicants.

6. The Applicants also seek an order (the “**SISP Approval Order**”) that, among other things, approves a sale, refinancing and investment solicitation process substantially in the form attached as Schedule “A” to the SISP Approval Order (the “**SISP**”).

7. Lastly, the Applicants seek an order (the “**Discharge Order**”) that, among other things:

- (a) approves the activities and conduct of the Proposal Trustee as set out in the First Report of the Proposal Trustee dated April 25, 2025 (the “**First Report**”);

- (b) approves the fees and disbursements of the Proposal Trustee and its legal

counsel, as described in the Pre-Filing Report of the Monitor, to be filed ("**Pre-Filing Report**"); and

- (c) discharges FTI as Proposal Trustee in connection with the NOI Proceeding; and
- (d) releases the Proposal Trustee, counsel to the Proposal Trustee and counsel to SAIL from all claims, liabilities and obligations of any kind based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the date of the proposed Discharge Order in any way relating to the NOI Proceeding or with respect to their conduct in the NOI Proceeding, other than any claim or liability arising out of gross negligence or willful misconduct.

I. OVERVIEW

8. The Applicants are in the business of providing customized solutions for all aspects of conveyor belt systems (the "**Business**"). SAIL is the parent company of a global enterprise operating under the "Shaw Almex" name (the "**Almex Group**"). The Almex Group has 15 locations, plus exclusive distributors, across six continents worldwide. Through these locations, the Applicants service customers across 123 countries worldwide.

9. As described in further detail below, while the Business has been successfully operating for over 70 years, the Applicants have experienced significant financial and operational challenges over the past 24 months that have caused an acute liquidity crisis that has imperiled the Almex Group.

10. The financial challenges currently facing the Applicants are associated with, among other things, significant issues securing a new reliable supplier of rubber, increased operational costs due to external market factors, insufficient financial reporting and controls overseen by the former Chief Financial Officer, and losses suffered as a result of currency hedging transactions.

11. In light of these challenges and the Applicants' cash flow crisis, SAIL commenced the NOI Proceeding in order to pursue a restructuring of the Business with a principal focus on the implementation of a SISP. Given the international nature of the Almex Group's operations, the Applicants are now seeking relief under the CCAA in order to stabilize the Applicants' local and international operations and preserve the optionality of filing international recognition proceedings, if necessary.

12. The relief sought by the Applicants on this motion is therefore intended to:

- (a) stabilize and preserve the going concern operations of the Applicants for the benefit of their stakeholders, including their approximately 500 global employees, 80 Canadian employees, suppliers, customers and lenders;
- (b) allow the Applicants to conduct an operational restructuring including downsizing certain aspects of their operations and exploring avenues to decrease operational costs;
- (c) provide the Applicants with working capital to complete certain orders in order to generate cash flow for the Applicants; and
- (d) give the Applicants the breathing room to implement the SISP, with the ultimate goal of maximizing value for the Applicants' stakeholders and the continuation of the Business as a going concern.

13. The Applicants have been in frequent discussions with their primary stakeholder RBC with respect to this motion and the Applicants' restructuring plans. I understand that RBC is supportive of the requested relief as it is providing the DIP Facility in this CCAA proceeding. I also understand that the Monitor is supportive of the requested relief.

II. BACKGROUND OF THE APPLICANTS

A. The Business of the Applicants

14. The Applicants are in the business of providing state-of-the-art conveyor belt vulcanizing equipment technology, services and expertise. The Business leverages cutting-edge engineering and technology to provide customized solutions for all aspects of conveyor systems including development, setup, training, monitoring, and maintenance.

15. I am advised by Tim Shaw, the president of SAIL, that the Business was commenced over sixty-seven years ago in Parry Sound, Ontario as a small, family-run operation. Since that time, the Business has grown significantly and become an industry leader with over 2,500 customers across 123 countries worldwide. Their customers are in a diverse range of industries including mining, steel mills, ports, power generation, package handling, and aerospace.

B. The Corporate Structure

16. SAIL is incorporated pursuant to the *Ontario Business Corporations Act*, RSO 1990, c B-16. A copy of the Ontario profile report for SAIL is attached hereto as **Exhibit "C"**.

17. Fusion is an indirect subsidiary of SAIL that was organized pursuant to the laws of the state of Georgia in the United States of America. A copy of the certificate of organization is attached hereto as **Exhibit "D"**.

18. SAIL and Fusion are part of the global Almex Group. The Almex Group also has 16 other entities, which are all direct and indirect subsidiaries of SAIL. Each of the subsidiaries of SAIL are described in further detail below:

(a) Almex Peru S.A.C.: distributor of Almex presses and Fusion products in Peru, as well as a providing maintenance services for Almex presses;

(b) Almex Fusion de Mexico, S de R.L. de C.V.: distributor of Almex presses and

Fusion products in Mexico, as well as a providing maintenance services for Almex presses;

- (c) Shaw Almex Pacific Pty. Ltd.: manufacturer, seller and distributor of presses for the Australian market;
- (d) Shaw Almex Africa (Pty) Ltd: operating company in South Africa that is responsible for the distribution, sourcing and supply of presses and products;
- (e) PT. Shaw Almex Indonesia: operating company in Indonesia that is responsible for the distribution, sourcing and supply of presses and products;
- (f) Shaw Almex Deutschland GmbH: this is a dormant entity that previously operated as a distributor for presses in Europe;
- (g) Almex Holdings, Inc.: holding company for Fusion;
- (h) Shaw Almex Europe B.V.: distributor and service facility for presses in the Netherlands;
- (i) Shaw Alex Zambia Limited: service provider for mining customers in Zambia;
- (j) Shaw Almex Mine Equip. (Tianjin) Co. Ltd.: manufacturer, distributor and service provider for Almex presses in the Chinese market.
- (k) Shaw Almex Chile SpA.: distributor of Almex presses and Fusion products in Chile;
- (l) Shaw-Almex Brazil Holdings Inc.: operating company for the Brazil warehouse that performs services and work on Almex presses;
- (m) Almex Industria do Brasil Limitada: seller and distributor of presses for the Brazilian market;
- (n) Fonmar Group S.L.: manufacturer, distributor and service provider for Fonmar

vulcanizing presses and related equipment; and

- (o) Rampart Detection Systems Ltd.: SAIL has a minority share holding in this company, which owns technology for conveyor belt non-destructive testing.

Attached hereto and marked as **Exhibit “E”** is the corporate structure of the Almex Group (the **“Corporate Chart”**).

19. As illustrated by the Corporate Chart, the Almex Group also includes related entities that are not subsidiaries of SAIL. These entities are:

- (a) **Almex Panama, S.A.**: this company was formerly a provider of aftermarket support and onsite service work to the FQML Cobre mine in Panama, which I understand is in the process of being made a direct or indirect subsidiary of SAIL but which has not yet fully occurred;
- (b) **Shaw Almex Global Holdings Limited**: I am advised by Tim Shaw that he owns this entity, which, along with its subsidiaries, holds various real estate locations used by some entities in the Almex Group; and
- (c) **Shaw-Almex Overseas Ltd.**: I am advised by Tim Shaw this entity is owned by him and his siblings. It and its subsidiaries operate under the Almex name in India.

For clarity, these related entities are not affected by this CCAA proceeding.

C. The Applicants’ Canadian Operations

20. SAIL is the primary operating company of the Almex Group. SAIL manufactures the majority of the products supplied by the Almex Group and ships them to its subsidiaries or local distributors worldwide.

21. SAIL operates its Canadian operations from four locations in Ontario:

- (a) a global manufacturing facility located at 17 Shaw Almex Road, Parry Sound (**"Parry Sound Property"**), which is owned by SAIL;
 - (b) a head office at 323 Glover Road, Stoney Creek, which is leased; and
 - (c) a office & manufacturing location at 743 Barton Street, Unit 3, Stoney Creek, Ontario, which is leased pursuant to a Commercial Lease dated July 3, 2024; and
 - (d) a light manufacturing location at 103 Isabella Street, Parry Sound, which is leased on a month-to-month basis pursuant to an expired Commercial Lease Agreement.
22. SAIL also previously operated at a office location at 889 Barton Street, Unit 2, Stoney Creek, Ontario, but vacated that premises this week.
23. SAIL's Canadian operations are supported by approximately 80 employees: 45 salaried employees and 35 union employees. All of these employees are employed by SAIL and are located in Ontario.
24. SAIL's unionized employees, consisting of highly skilled trades and labourers, are governed by a Union Collective Agreement with United Steelworkers effective January 2024 for a term until December 2027.
25. SAIL provides all of its employees, whether unionized or non-unionized, with group benefits coverage through a group benefits plan administered by ClaimSecure Inc. The benefits plan is designed to assist eligible employees and their dependents by helping to cover the cost of some routine healthcare such as prescription drugs, dental care, and vision care. SAIL also provides all of its employees with global medical coverage through a plan administered by The Canada Life Group, as well as life and accidental death insurance through a plan administered by Industrial Alliance.

D. The Applicants' US Operations

26. Other than SAIL, the other principal manufacturing operation of the Almex Group is conducted by Fusion in the United States. Specifically, Fusion primarily manufactures Almex presses and Fusion rubber products.

27. Fusion operates its Business from a sales, manufacturing, and distribution facility located in Atlanta, Georgia.

28. The operations of the Applicants are functionally and operationally integrated, such that the Fusion's United States operations cannot operate independently of SAIL's Canadian operations.

29. Fusion's operations were supported by approximately 30 employees, however, as part of the Applicants' operational restructuring, 26 of these employees have been laid off. Some of the employees work from the facility in Georgia and others work virtually across the country. None of these employees are unionized.

E. The Applicants' International Operations

30. As noted above, the Almex Group has 15 locations, plus exclusive distributors, across six continents worldwide.

31. Other than SAIL and Fusion, the other principal manufacturing operations of the Almex Group are conducted by two of SAIL's subsidiaries: Shaw Almex Mine Equip. (Tianjin) Co. Ltd. in China and Fonmar Group S.L. in Spain. Shaw Almex Pacific Pty. Ltd. has recently begun manufacturing equipment in Australia as well.

32. The remaining companies within the Almex Group operate primarily as sales and distribution centres with limited ability to modify or finish machinery being shipped from North America to their local markets.

33. Globally, the Almex Group employs approximately 500 employees.

F. Banking and Cash Management System

34. SAIL has five bank accounts as follows:

- (a) a Bank of Nova Scotia Canadian dollar bank account which is primarily used for the deposit of Canadian customer cheques, the receipt of customer wire and EFT payments, the payment of the wages of Canadian employees, and the payment of utility and supplier bills;
- (b) a RBC Canadian dollar bank account that is primarily used for the payment of supplier bills, the receipt of customer wire and EFT payments, and the payment of bank loans, interest payments, and lease payments;
- (c) a RBC USD bank account that is primarily used for the receipt of USD customer payments and the payment of supplier bills in the United States;
- (d) a Bank of Nova Scotia USD bank account that is primarily used for the deposit of customer cheques that are in USD; and
- (e) a HSBC USD bank account that is primarily used for the receipt of customer and intercompany payments that are in USD, the payment of supplier bills in the United States, the payment of wages of the US employees, and the payment of the United States' employee travel expenses.

35. SAIL previously had 16 credit cards with RBC, however, RBC has frozen these credit cards and they are no longer in use. Accordingly, SAIL has no active credit cards.

36. Fusion has two bank accounts as follows:

- (a) a HSBC USD bank account that is primarily used for the payment of supplier bills,

leases, utilities, and loans, as well as the receipt of customer payments; and

- (b) a Truist USD bank account that is primarily used for the payment of small local bills and petty cash.

37. Fusion has no credit card but does have a debit card tied to the Truist bank account.

38. In connection with these CCAA proceedings, the Applicants are seeking the authority to continue to operate the above-noted cash management system. I am advised by the Monitor that it will continue to monitor the receipts and disbursements from the Applicants' bank accounts during the CCAA proceeding in its capacity as Monitor. Maintaining the existing cash management system will offer a number of benefits to the Applicants and their stakeholders, including minimizing the disruption to the Business caused by the CCAA proceedings and avoiding the need to negotiate and implement alternative banking arrangements.

III. THE APPLICANTS'S ASSETS AND LIABILITIES

39. As of December 31, 2024, the Applicants' liabilities significantly exceed the book value of their assets by approximately \$32 million.

40. A copy of the most recent audited financial statements of each of the Applicants are attached as follows:

- (a) independently audited financial statements of SAIL for the fiscal year ending December 31, 2022, is attached as **Exhibit "F"**; and
 - (b) independently audited financial statements of Fusion for the fiscal year ending December 31, 2022 is attached as **Exhibit "G"**
- (together, the "**2022 FS**").

41. The Applicants also prepared an unaudited, unconsolidated financial statement for the

fiscal year ending December 31, 2024 for both SAIL and Fusion (the “**2024 FS**”). The 2024 FS is attached as **Exhibit “H”**.

A. Assets of the Applicants

42. The 2022 FS shows that as of December 31, 2022, SAIL had assets with a value of approximately \$25.7 million. The 2024 FS shows that as of December 31, 2024, SAIL’s assets have decreased to a book value of approximately \$24.6 million.

43. As shown by the 2022 FS and the 2024 FS, the primary assets of SAIL are as follows:

ASSET	2022 FS (\$)	2024 FS (\$)
Cash	166,806	127,000
Accounts Receivable	4,949,613	4,105,000
Other Receivables	35,064	-
Sales Tax Recoverable	-	100,000
Inventories	7,639,068	5,047,000
Prepaid Expenses	162,219	187,000
Due from Related Parties	6,738,857	4,297,000
Property, Plant & Equipment	1,761,393	1,223,000
Assets under Capital Leases	1,267,781	929,000
Investments measured at Cost	1,744,962	1,745,000
Intercompany Long-Term Receivable	-	5,515,000
Long-term Receivable – Other Related Party	-	1,216,000
Due from Shareholder	1,258,794	-
Intangible Assets	38,676	46,000
Total Assets	\$25,700,000	24,600,000

44. The 2022 FS shows that as of December 31, 2022, Fusion had assets with a value of approximately \$6 million. The 2024 FS shows that as of December 31, 2024, Fusion’s assets have decreased to a book value of approximately \$4.4 million.

45. As shown by the 2022 FS and the 2024 FS, the primary assets of Fusion include as follows:

ASSET	2022 FS (\$)	2024 FS (\$)
Cash	109,810	282,000
Accounts Receivable	2,288,863	142,000
Inventories	493,137	558,000
Other Receivables	-	131,000
Intercompany Receivable	-	36,000
Prepaid Expenses	482,215	1,084,000
Due from Related Parties	533,713	134,000
Plant and Equipment	2,146,587	467,000
Assets under Capital Leases	-	1,274,000
Total Assets	\$6,054,325	\$4,400,000

B. Liabilities of the Applicants

46. The 2022 FS shows that as of December 31, 2022, SAIL had liabilities of approximately \$35.9 million. The 2024 FS shows that as of December 31, 2024, SAIL's liabilities have increased to approximately \$45.7 million.

47. As shown by the 2022 FS and the 2024 FS, the primary liabilities of SAIL include the following:

LIABILITY	2022 FS (\$)	2024 FS (\$)
Bank Indebtedness	9,853,667	15,997,000
Accounts Payable and Accrued Liabilities	12,347,256	8,446,000
Prepayments	-	9,214,000
Due to Related Parties	2,908,356	-
Current Portion of Long Term Debt	-	883,000
Derivative Financial Instruments	482,910	2,104,000
Callable Long-Term Debt	6,196,470	8,796,000
Capital Lease Obligations	627,300	311,000
Class A Special Shares	3,490,095	-
Total Liabilities	\$35,906,054	\$45,751,000

48. The 2022 FS shows that as of December 31, 2022, Fusion had liabilities of approximately \$4 million. The 2024 FS shows that as of December 31, 2024, Fusion's liabilities have increased to approximately \$15.9 million.

49. As shown by the 2022 FS and the 2024 FS, the primary liabilities of Fusion include the

following:

LIABILITY	2022 FS (\$)	2024 FS (\$)
Accounts Payable and Accrued Liabilities	2,928,019	4,929,000
Deferred Revenue	-	190,000
Deferred Rent	109,242	-
Current Portion of Long Term Debt	-	820,000
Capital Lease Obligations	476,708	368,000
Capital Lease Obligations (non-current)	539,226	-
Long-Term Liability – Related Parties	-	9,600,000
Total Liabilities	\$4,053,195	15,907,000

IV. THE INDEBTEDNESS OF THE APPLICANTS

A. Secured Liabilities

50. As of March 2025, the Applicants owe approximately \$27.5 million to their secured creditors. The Applicants' primary secured creditors are RBC, Business Development Bank of Canada ("**BDC**"), BDC Capital Inc. ("**BDC Capital**"), two counterparties to agreements for the sale of future receipts, and various entities that advanced equipment financing to SAIL.

i. Indebtedness to RBC

51. RBC is the Applicants' principal secured creditor. SAIL has maintained a banking relationship with RBC (formerly HSBC Canada) since 2012. Over the course of this relationship, the parties have entered into various letter agreements, which have been amended and restated from time to time. RBC and SAIL's relationship is currently governed by an amended and restated facility letter dated January 27, 2023, as amended by a first amendment on March 26, 2024 (the "**RBC Facility Letter**"). A copy of the RBC Facility Letter is attached as **Exhibit "I"**.

52. The RBC Facility Letter provides SAIL with a demand operating revolving loan facility in the maximum amount of \$15.5 million and a letter of guarantee facility to the maximum amount of \$500,000. Fusion is a secured guarantor of the obligations in the RBC Facility Letter.

53. As of March 18, 2025, the Applicants owe RBC \$15,589,239.09 and USD \$523,779.73, plus accrued and unpaid interest.

54. The obligations under the RBC Facility Letter are secured by, *inter alia*, the following:

- (a) guarantees from the majority of SAIL's subsidiaries, including Fusion, as demonstrated by the chart attached as **Exhibit "J"**;
- (b) a general security agreement from SAIL in favour of RBC for all personal property and after-acquired property dated November 30, 2012, which is attached as **Exhibit "K"**;
- (c) a general security agreement from Fusion in favour of RBC for all personal property and after-acquired property dated December 13, 2012, which is attached as **Exhibit "L"**;
- (d) a general assignment of book debts from SAIL in favour of RBC dated November 30, 2012, which is attached as **Exhibit "M"**;
- (e) a share pledge agreement executed by SAIL with regard to the shares of all direct and indirect subsidiaries of SAIL other than Rampart Detection Services Ltd.;
- (f) a personal guarantee and postponement of claims from Tim Shaw in favour of RBC in the limited amount of \$1,500,000 plus interest and charges; and
- (g) a guarantee from Export Development of Canada, which guarantees 50 of the operating loan facility under the RBC Facility Letter up to a maximum amount of \$7,000,000.

55. The Ontario Personal Property Registry confirms that RBC has registered a security interest over SAIL's personal property. Attached as **Exhibit "N"** is a search of the Ontario Personal Property Registry for SAIL.

56. The UCC System in the US confirms that RBC has registered a security interest over Fusion's personal property. Attached as **Exhibit "O"** is a search of the UCC for Fusion.

57. As a result of the Applicants' liquidity issues, the Applicants were in default of certain obligations under the RBC Facility Letter. Accordingly, RBC and the Applicants entered into various forbearance agreements with RBC as follows:

- (a) on October 31, 2024, SAIL and its guarantors entered into a forbearance agreement with RBC wherein RBC agreed to forbear from enforcing its debt until November 13, 2024 and reduced the operating facility in the RBC Facility Letter to \$14 million. This forbearance agreement is attached as **Exhibit "P"**;
- (b) on November 14, 2024, SAIL and its guarantors entered into a forbearance extension agreement with RBC wherein RBC agreed to forbear from enforcing its debt until November 22, 2024, when it was expected that SAIL would be able to cover certain debts through a \$10 million loan to be provided by Partners Capital Corporation (the "**Proposed Equity Injection**"). This forbearance agreement is attached as **Exhibit "Q"**; and
- (c) on December 9, 2024, SAIL and its guarantors entered into a second forbearance extension agreement wherein RBC agreed to forbear from enforcing its debt until January 31, 2025 to permit SAIL additional time to secure the Proposed Equity Injection. This forbearance agreement is attached as **Exhibit "R"**.

ii. Indebtedness to BDC

58. On December 17, 2021, SAIL entered into a letter of offer with BDC, which letter of offer was amended on March 22, 2024 (the "**BDC Letter**"). The BDC Letter provided SAIL with a loan from BDC for \$2,000,000. A copy of the BDC Letter is attached as **Exhibit "S"**.

59. The obligations under the BDC Letter are secured by way of, among other things:

- (a) a first-ranking mortgage in the principal amount of \$2,000,000 granted by SAIL to BDC over the Parry Sound Property;
- (b) a general assignment of rents with respect to the Parry Sound Property;
- (c) guarantees from various of SAIL's subsidiaries as demonstrated by the chart attached as **Exhibit "J"**; and
- (d) a general security agreement by SAIL in favour of BDC.

60. The Land Registry confirms that BDC has a first-ranking mortgage over the Parry Sound Property in the principal amount of \$2,000,000. Attached as **Exhibit "T"** is a copy of the title search of the Parry Sound Property from the Land Registry Office.

61. Additionally, the Ontario Personal Property Registry confirms that BDC has registered a security interest over SAIL's personal property.

62. As of March 28, 2025, SAIL owes BDC \$1,823,340.28 plus fees under the BDC Letter.

iii. **Indebtedness to BDC Capital**

63. BDC Capital and SAIL have maintained a lending relationship since 2019. Over the course of this relationship, the parties have entered into various agreements, which have been amended and restated from time to time. BDC Capital and SAIL's relationship is currently governed by a letter of offer dated July 14, 2021 (the "**BDC Capital Letter**"). A copy of the BDC Capital Letter is attached as **Exhibit "U"**.

64. The BDC Capital Letter establishes a credit facility in the amount of \$4.7 million (the "**BDC Capital Loan**").

65. The BDC Capital Loan is secured by way of, among other things:

- (a) guarantees from various of SAIL's subsidiaries as demonstrated by the chart

attached as **Exhibit “J”**;

- (b) a general security agreement by SAIL in favour of BDC Capital dated September 15, 2021, which is attached as **Exhibit “V”**; and
- (c) a general security agreement by Fusion in favour of BDC Capital dated September 10, 2021, which is attached as **Exhibit “W”**.

66. The Ontario Personal Property Registry confirms that BDC Capital has registered a security interest over SAIL’s personal property. In addition, the UCC System in the US confirms that BDC Capital has registered a security interest over Fusion’s personal property.

67. On August 13, 2021, BDC Capital and HSBC (now RBC) entered into a priority agreement in which both parties mutually agreed that BDC Capital would subordinate its security interest in all present and after-acquired personal property of SAIL, Fusion, and other subsidiaries, except for life insurance over myself and any proceeds therefrom, to the security interest of RBC.

68. On December 12, 2024, BDC Capital made demand for repayment of the BDC Capital Loan. As of that date, a principal amount of \$3,394,040.00, plus interest, was owing by the Applicants under the BDC Capital Loan.

iv. Indebtedness for Sale of Future Receipts

69. In order to raise capital, Fusion entered into two agreements for the sale of its future receipts. The first agreement is a Sale of Future Receipts Agreement with Dynasty Capital 26, LLC (“**Dynasty**”) dated September 30, 2024, which is attached as **Exhibit “X”**. The second agreement is an Agreement of Sale of Future Receipts with Prosperum Capital Partners LLC d/b/a Arsenal Funding (“**Arsenal**”) dated September 27, 2024, which is attached as **Exhibit “Y”**.

70. Pursuant to these agreements, Fusion sold certain of its future receipts in exchange for an immediate capital injection from Dynasty and Arsenal. In exchange, Dynasty and Arsenal

would receive monthly payments from Fusion with respect to the future receipts. In addition, the agreements provide Dynasty and Arsenal with a security interest in the purchased future receipts.

71. Fusion owes Dynasty approximately \$200,000 USD in future receipts, whereas Fusion owes Arsenal approximately \$220,000 USD in future receipts.

v. Equipment Financing and Lessors

72. SAIL has secured obligations owing to various entities that provide them with equipment financing and leased equipment. The equipment financiers and lessors include CWB National Leasing Inc. ("**CWB**"), Newport Leasing Ltd., VFI KR SPE I LLC, and Hewlett-Packard Financial Services Canada Company ("**HP**"). Collectively, these creditors are owed approximately \$5,573,137.85 as follows:

(a) **CWB**: approximately \$119,573;

(b) **HP**: \$981,096.85

(c) **Newport Leasing Ltd**: \$72,468 with respect to leases for seven vehicles; and

(d) **VFI KR SPE I LLC**: guarantee of approximately \$4.4 million USD loaned to Bristol Herrington Inc. ("**BHI**") and Fusion for the financing and acquisition of machinery used by Fusion and leased to it by BHI.¹

73. The security of these equipment financiers and lessors has been registered in the Ontario Personal Property Registry for SAIL.

74. Although there is a registration on the Ontario Personal Property Registry for Toyota Industries Commercial Finance Canada, Inc., I am unaware of any amounts owing to this

¹ This debt is subject to ongoing litigation in the United States. I understand VFI KR SPE I LLC is seeking a default judgment against the Applicants and other related entities before the United States Court in May 2025.

company. However, out of an abundance of caution, I understand they were served as part of the NOI Proceeding and will be served with this motion material.

75. Fusion also has approximately \$172,000 USD owing to HP with respect to equipment leases and approximately \$506,000 USD owing to Passaic Rubber Company with respect to secured equipment.

B. HST, Payroll Obligations, and Property Taxes

76. SAIL is current in its HST payments.

77. SAIL has no arrears of property taxes for the Parry Sound Property. Property taxes for the Parry Sound Property are paid four times a year in February, April, July and September with the next payment being due in and around July 26, 2025.

78. SAIL is current on its payroll obligations other than wages and source deductions which accrue in the normal course between bi-weekly pay periods and vacation pay, which is accrued. Group benefits are paid up to and including May 2, 2025.

79. Fusion is current in its government remittances, however, it has approximately USD \$198,000 owed to some of its employees for unpaid prior bonuses and approximately USD \$134,000 for payroll that was due in the week ending May 2, 2025 but was unpaid due to lack of funds.

C. Unsecured Obligations of the Applicants

80. The Applicants' primary unsecured liabilities include, among other things,

- (a) approximately \$5.7 million in trade payables as of April 6, 2025 including payables related to suppliers of material and equipment;
- (b) approximately \$2.1 million owed to Monex and Corpay with respect to certain currency hedging transactions;

- (c) approximately \$270,541 owed by Fusion to Welcome Group, who is the landlord of the Applicants' manufacturing facility in Georgia;
- (d) a default judgment against SAIL in favour of Morton Metals (a division of 1124178 Ontario Inc.) for \$116,597.63, which is subject to a writ of execution from judgment;
- (e) a default judgment against SAIL in favour of SEW-Eurodrive Company of Canada Ltd. ("**SEW**") in the amount of \$305,828.51 plus costs and post-judgment interest. SEW served a Notice of Garnishment on or around March 19, 2025; and
- (f) a default judgment against SAIL in favour of Prairie State Generating Company, LLC in the amount of \$55,755.07 USD.

D. Contingent Obligations of the Applicants

81. The Applicants Fusion and SAIL are subject to various lawsuits in Canada and the United States, which lawsuits are contingent liabilities. These legal actions include the following:

- (a) an action commenced by Cleveland Billot against SAIL seeking damages of \$57,038 USD;
- (b) an action commenced by Guillevin International against SAIL seeking damages of \$59,476;
- (c) an action commenced by Conveyor Belt Service Inc. against SAIL seeking damages of \$120,599;
- (d) an action commenced by Aircon Corporation against Fusion seeking damages of \$12,436.86 USD with respect to unpaid invoices for services;
- (e) an action commenced by Buchanan Logistics, Inc. against Fusion seeking damages of approximately \$78,472.06 USD for unpaid freight services;

- (f) an action commenced by Cheeley Law Group, LLC against Fusion and other related parties for \$153,811.97 USD; and
- (g) an action commenced by G&W Equipment, Inc. against Fusion seeking approximately \$19,000 USD.

82. The Applicants have not had sufficient resources to adequately respond to all of the litigation such that many of the actions have not been defended by the Applicants.

V. THE APPLICANTS'S FINANCIAL DIFFICULTIES AND NEED FOR CCAA PROTECTION

A. Financial Challenges Facing the Applicants

83. The Applicants present financial difficulties have been precipitated by a combination of operational and financial challenges.

84. I am advised by Tim Shaw that the principal operational challenges arose out of the purchase by Continental of WCCO, the parent company of Calendaring Specialties Inc (CSI), in 2022 of a rubber calendaring company previously used by the Almex Group for the supply of rubber for its consumable products. Being a competitor, Continental decided to cease supplying the Almex Group, which forced us to locate a new supplier. The supplier that SAIL located and secured, the Passaic Rubber Company, unfortunately supplied products that were defective and resulted in the Almex Group having to issue credits to its customers in the amount of approximately \$756,000 in order to mitigate the damage to customer relationships. Ultimately, the Applicants severed their relationship with Passaic Rubber Company and secured a new supplier.

85. Financial challenges arose out of what I now believe were insufficient financial reporting and controls, some of which was overseen by the former Chief Financial Officer ("**Former CFO**"), who was ultimately terminated in February of 2025 on what Tim Shaw advises was a for cause basis.

86. In addition to those factors, I am aware that SAIL enter a vast number of currency hedging agreements with foreign exchange companies, such as Monnex and Corpay, which were for very large amounts and at a time when there turned out to be a significant downward turn in the value of the Canadian dollar relative to the U.S. dollar. On a month-to-month basis, SAIL was frequently requested to meet monthly margin calls by Monnex and Corpay that were at their highest almost \$3 million, which exacerbated the financial difficulties already being suffered as a result of the rubber supply issue noted above.

87. After the filing of the NOI on March 29, 2025, SAIL has advised Monnex and Corpay that it is no longer able to meet any margin calls. Those companies hold no security for the margin and loan positions taken by SAIL prior to the NOI Proceeding.

B. The Applicants' Sale and Refinancing Efforts

88. As a result of the increasing financial strain on the Applicants, they began canvassing options for a possible sale or refinancing of its operations. Through these efforts, I am advised by Tim Shaw that the Applicants negotiated a potential sale transaction with the Former CFO of SAIL in which he would purchase substantially all of the Applicants' assets.

89. Unfortunately, in September of 2024, the potential sale transaction with the Former CFO fell apart as the Former CFO had secured no funding to consummate the transaction. Although the Applicants were able to temporarily sustain their continued operations, their financial situation continued to deteriorate. It became evident that a long-term solution to their liquidity constraints and financial challenges was necessary.

90. Based on the foregoing, in the early part of 2025, the Applicants engaged the assistance of several advisors to canvass the market for possible refinancing and sale transactions. Through that sale process, the Applicants engaged with numerous parties that were interested in a transaction with the Applicants.

91. During that time, RBC began taking increased enforcement steps that culminated in RBC serving a demand and notice of intention to enforce its security on March 19, 2025. A copy of RBC's demand is attached as **Exhibit "Z"**.

92. Similarly, on March 28, 2025, BDC sent a demand and Notice of Intention to Enforce Security. A copy of BDC's demand is attached as **Exhibit "AA"**.

93. In order to preserve SAIL's value and its ongoing operations, SAIL filed the NOI on March 29, 2025.

C. The Applicants are Insolvent

94. As described in this affidavit, due to their deteriorating financial condition, the Applicants liabilities significantly exceed their assets. The Applicants also have insufficient cash to meet their obligations as they become due. Among other things, the Applicants' pre-filing current account liabilities exceed their cash on hand by approximately \$3 million.

95. The Applicants' key assets, including their equipment, real estate, and accounts receivable, are not liquid and cannot be easily monetized without significant diminishment of value and disruption to the Applicants and their stakeholders. Further, the value of certain key assets such as future contracts and accounts receivable are likely to be significantly impaired or have no value if the Applicants are unable to maintain a going concern.

96. If the relief is not granted, the Applicants will be unable to meet their obligations as they become due and need to immediately cease operations for the detriment of their stakeholders.

D. Purpose of the CCAA Proceeding

97. After considering the various options available to the Applicants, the Applicants determined that a restructuring under the CCAA is in the best interests of the Applicants and their stakeholders.

98. The purpose of the proposed CCAA proceeding is to restructure the Applicants' balance sheet while maintaining going concern operations to preserve employment and maximize recovery for stakeholders.

99. The Applicants believe that relief under the CCAA is in the best interests of the Applicants, their creditors, and their stakeholders for the following reasons, among others:

- (a) the Applicants are insolvent and are unable to meet their obligations as they become due;
- (b) the Applicants require the protection of the CCAA and the assistance of restructuring professionals to develop a strategic restructuring solution and implement the SISP, as well as the breathing room to do so;
- (c) without the protections of the CCAA, the Applicants' creditors are likely to take enforcement steps against the Applicants, which will disrupt the operation of the Business;
- (d) the Applicants require interim financing, which financing would not otherwise be available on reasonable terms and in a timely manner without the accompanying Court-ordered Charges that are available under the CCAA; and
- (e) the involvement of a Court-appointed monitor under the CCAA will lend stability and assurance to the Applicants' stakeholders, including their suppliers, customers, lenders, and employees.

100. If the requested relief is granted under the CCAA, the Applicants intend to work with the Monitor to implement a comprehensive operational and financial restructuring plan with appropriate milestones for such restructuring. This restructuring plan will include the

implementation of the SISP as further described below.

E. Cash Flow Forecast

101. With the assistance of the Monitor, the Applicants have conducted a cash flow analysis to determine the amount required to finance their ordinary course business operations, assuming the Initial Order is granted, over the three week period from the week ending May 16, 2025 to 31, 2025 (the “**Cash Flow Forecast**”). I understand that the Cash Flow Forecast will be attached to the Pre-Filing Report of the Monitor.

102. The Cash Flow Forecast demonstrates that the Applicants require a further approximate \$1.8 million in interim financing throughout the Stay of Proceedings.

103. The Cash Flow Forecast demonstrates that if the relief sought under the Initial Order is granted, the Applicants will have sufficient liquidity to meet their ordinary course obligations throughout the Stay of Proceedings.

VI. RELIEF BEING SOUGHT

104. At the initial hearing, the Applicants will seek the minimum relief necessary to continue their operations through the Stay of Proceedings.

A. Conversion to CCAA Proceeding

105. The Applicants are seeking to convert the NOI Proceeding to a CCAA proceeding. Given the complicated factual and legal issues currently facing the Applicants, I believe that the CCAA is a better forum to restructure the Applicants due to its flexible nature. In addition, the Applicants wish to preserve the optionality of filing recognition proceedings in the United States, if the Applicants and the Monitor deem it appropriate.

106. I am advised by Jeffrey Rosenberg of FTI that the Monitor supports the Applicants' motion to continue the NOI Proceeding under the CCAA.

107. I am not aware of any creditors who would be prejudiced by the conversion of the NOI Proceeding into a CCAA proceeding.

B. Stay of Proceedings

108. The Applicants require a Stay of Proceedings, including in respect of secured parties, to prevent creditors from taking enforcement steps. The intention of the Stay of Proceedings is to provide the Applicants with the necessary breathing room to preserve the *status quo* and pursue a viable restructuring plan.

109. The Stay of Proceedings is also critical to maximizing the realization of the Business for creditors and stakeholders and avoiding the destruction of value that would result from a shut-down of operations. If the Business is forced to shut down, the Applicants would immediately suffer an irreparable loss in asset value given that certain of their assets—their goodwill and reputation, client relationships, and accounts receivable—require an operating Business to retain value.

110. The Cash Flow Forecast demonstrates that the Applicants will have sufficient cash to operate through the Stay of Proceedings with the availability of the DIP Facility. In the meantime, the Applicants continue to work with due diligence and in good faith to complete a restructuring.

C. Appointment of FTI as Monitor

111. The Applicants seek the appointment of FTI as Monitor. FTI is currently the Proposal Trustee and is well versed in the operations and financial challenges of the Business. FTI has also already commenced certain marketing steps and undertaken discussions with interested

parties in anticipation of the SISP.

112. FTI has consented to act as Monitor, subject to this Court's approval. I understand the consent of FTI will be attached to the report of the Monitor.

113. I am advised by Jeffrey Rosenberg that FTI is a licensed insolvency trustee within the meaning of section 2 of the BIA and is not precluded from acting as Monitor as a result of any restrictions under subsection 11.7(2) of the CCAA.

D. Charges

114. The Applicants seeks the following Charges in the proposed Initial Order: an Administration Charge and a DIP Lender's Charge. The Applicants propose that each of the Charges constitute a charge on all of the Applicants' Property. The Applicants further propose that the Charges rank in priority to all other Encumbrances (as defined in the Initial Order) except that the DIP Lender's Charge shall rank subordinate to the mortgage of BDC registered on the Parry Sound Property.

115. The Applicants propose that the priority of the Charges, as among them, be as follows:

- (a) first, the Administration Charge (to the maximum amount of \$350,000); and
- (b) second, the DIP Lender's Charge (to the maximum amount of \$1,800,000).

116. The proposed quantum of the Charges is limited to relief that is reasonably necessary for the continued operations of the Applicants in the ordinary course of business during the Stay of Proceedings.

E. Approval of the Administration Charge

117. The Stay Extension Order granted SAIL an Administration Charge in the maximum

amount of \$350,000.

118. The Applicants seek to continue the Court-ordered Administration Charge over their Property, up to a maximum amount of \$350,000, to secure the fees and disbursements incurred by the Monitor, counsel to the Monitor, and counsel to the Applicants in connection with the CCAA proceeding.

119. The Applicants request that the Administration Charge rank in priority to all other Encumbrances (as that term is defined in the Initial Order) and Charges.

120. The Applicants have relied heavily upon each of the restructuring professionals that are the beneficiaries of the Administration Charge during the NOI Proceeding and the preparation of this CCAA proceeding. Each of these professionals have contributed, and will continue to contribute, significant value to the advancement of the CCAA proceeding and the completion of a successful restructuring.

121. The Administration Charge is necessary to ensure that the Applicants have the continued expertise, knowledge and participation of the restructuring professionals during the Stay of Proceedings, including to effectively liaise with creditors, assist with restructuring initiatives, and implement the SISF. Each of the restructuring professionals who are the beneficiaries of the Administration Charge have a critical and discrete role in the restructuring of the Applicants.

122. The Applicants worked with the Monitor to estimate the quantum of the Administration Charge. Based on those discussions, I believe that the quantum of the Administration Charge is fair and reasonable in the circumstances as it is commensurate with the expected complexity of the Applicants' Business and anticipated restructuring.

F. Approval of the DIP Facility and DIP Lender's Charge

123. The Stay Extension Order approved a DIP Facility from RBC and a corresponding DIP Lender's Charge in the maximum amount of \$1,000,000.

124. The Applicants seek to increase the maximum borrowings under the DIP Facility and the DIP Lender's Charge to the maximum amount of \$1,800,000. Specifically, the Cash Flow Forecast demonstrates that the Applicants require this amount in interim financing to meet their ordinary course of business expenses and to fund the CCAA proceeding during the Initial Stay Period.

125. The DIP Lender is providing the additional financing pursuant to the Amended DIP Term Sheet. A copy of the Amended DIP Term Sheet will be attached to the Pre-Filing Report of the Monitor.

126. The Amended DIP Term Sheet represents the best available interim financing arrangement that could be arranged by the Applicants within the time frame needed to meet the Applicants' cash flow needs particularly given it is provided by the Applicants' senior secured lender and it is unlikely any other party would provide interim financing.

127. Based on the drafts currently under discussion, the key terms and conditions of the Amended DIP Term Sheet are as follows:

- (a) the DIP Lender is the Applicants' senior secured creditor, RBC;
- (b) a maximum loan amount of \$1,800,000;
- (c) interest accruing at a rate of 10%; and
- (d) a maturity date of the earlier of: (a) a date concurrent with the current Stay Period, unless extended by the DIP Lender; (b) the sale of all or substantially all of the Property of SAIL; (c) the date on which the stay of proceedings expires without being extended; and (d) an Event of Default. The maturity date can be extended

subject to the consent of the DIP Lender and the Monitor.

128. The DIP Facility is expected to provide sufficient liquidity to allow the Applicants to operate and meet their obligations during the pendency of the Stay of Proceedings.

129. The DIP Lender requires all obligations under the Amended DIP Term Sheet to be secured by a Court-ordered priority charge, namely the DIP Lender's Charge. The DIP Lender's Charge will secure all the funds advanced to the Applicants under the DIP Facility. The DIP Lender's Charge will not secure any obligations incurred prior to the filing of the NOI.

130. The DIP Lender's Charge is proposed to rank in priority to all Encumbrances except BDC's mortgage on the Parry Sound Property.

131. The amount of the DIP Lender's Charge requested is necessary and limited to what is reasonably necessary for the continued operations of the Business in the ordinary course of business during the CCAA proceeding. Without the DIP Lender's Charge, the DIP Lender will not provide the DIP Facility resulting in the Applicants' inability to finance their operations leading to bankruptcy, which would be detrimental to the Applicants' stakeholders.

132. The Monitor has advised that it is supportive of the approval of the Amended DIP Term Sheet and the corresponding DIP Lender's Charge.

G. Payment of Pre-Filing Amounts

133. The Applicants are seeking authorization to pay, with the written approval of the Monitor, up to \$250,000 on account of amounts owing to their suppliers for critical goods or services actually supplied to the Applicants prior to the Filing Date if, in the opinion of the Applicants and the Monitor and with the consent of the DIP Lender, such payment is necessary to maintain the uninterrupted operations of the Business. The Applicants have reflected these payments in their

Cash Flow Forecast.

134. The Applicants rely heavily on suppliers who provide specialized materials and equipment. These contactors are necessary to the uninterrupted operation of the Business.

135. Given the technical and specialized nature of the Applicants' operations, there are few vendors who can supply the specific services that the Applicants requires at a reasonable cost and in a timely manner.

136. Due to the Applicants' cash-flow pressures, the Applicants have failed to pay some of their critical suppliers for services provided prior to the filing of the NOI Proceeding. On review of these amounts with the Monitor, the Applicants believe it is necessary to pay the pre-filing amounts owed to the critical suppliers to maintain their services notwithstanding the Stay of Proceedings.

137. If these critical suppliers are not paid their pre-filing arrears, they will abruptly stop providing services, which will result in the Applicants facing a material risk to their Business given that these suppliers are critical and cannot easily be replaced.

H. Approval of the SISP

138. One of the purposes of the intended CCAA proceeding is for the Applicants to explore sale, refinancing and investment opportunities under the protection of a Stay of Proceedings, and with the assistance of restructuring professionals.

139. To meet this objective and to complement the Applicants' ongoing operational restructuring efforts, the Applicants determined that it is critical that it conduct a sale and investment solicitation process. Accordingly, the Applicants developed the SISP, in consultation with the Monitor and the DIP Lender. A copy of the SISP is attached as **Exhibit "BB"**.

140. I believe that the SISP is the best available option to maximize value for the Applicants'

stakeholders. Specifically, the SISP is intended to widely expose the Applicants' Business and Property to the market and to provide a structured and orderly process for interested parties to perform due diligence and submit offers for a broad range of potential transactions (including a sale or recapitalization). The Applicants will continue to operate in the normal course during the SISP in order to preserve and maximize going concern value of the Business.

141. I understand that the Monitor supports the approval of the SISP, recognizing that the SISP is fair and reasonable in the circumstances, and is in the best interest of creditors. I also understand from Brendan Bissell, counsel for the Applicants, that RBC, which is the DIP Lender and the Applicants' senior secured lender, is supportive of the SISP.

(i) Overview of the SISP

142. The SISP contemplates a two-phase sale process that will be administered by the Monitor over approximately six weeks. The SISP is designed to culminate in the closing of a transaction by no later than July 4, 2025.

143. Phase 1 of the SISP ("**Phase 1**") calls for non-binding letters of interest ("**LOIs**"). The Monitor, in consultation with the Applicants and the DIP Lender, will assess the LOIs to determine which bidders are a "**Qualified Bidder**" and who can then participate in the second phase of the SISP ("**Phase 2**").

144. In the event that there is no Qualified Bidder, or the Applicants and the Monitor, in consultation with the DIP Lender, have determined it will not be in the best interests of the Applicants to continue with the SISP, the SISP will not proceed to Phase 2 and the Monitor may instead pursue a transaction for the sale of all or some of the assets of the Applicants, subject to Court approval.

145. If there is at least one Qualified Bidder, the SISP shall proceed to Phase 2.

146. Phase 2 of the SISP permits Qualified Bidders to conduct further due diligence and submit an unconditional binding offer ("**Binding Offer**") that complies with the terms specified in the SISP.

147. The SISP contemplates the following key milestones and deadlines:

Milestone	Deadline
Commencement of the SISP	May 2, 2025
Deadline for the submission of LOIs (the " LOI Deadline ")	No later than 5:00 p.m. (Toronto Time) on May 22, 2025
Monitor to advise parties if they are a Qualified Bidder	No later than 5:00 p.m. (Toronto Time) on May 26, 2025
Deadline for the submission of Binding Offers (the " Bid Deadline ")	No later than 5:00 p.m. (Toronto Time) on June 12, 2025
Closing of transaction(s) arising from the SISP (" Target Closing Date ")	No later than July 4, 2025

148. I believe the above milestones provide sufficient time for the Applicants to broadly canvass the market for a value-maximizing transaction. In particular, the above timeline of the SISP appropriately balances the Applicants' need for sufficient time to comprehensively market their Business with the limitations of the Applicants' financial position and available interim financing.

149. The SISP provides that the Monitor may extend the above deadlines, in consultation with the Applicants and with the consent of the DIP Lender, without Court approval. The ability to extend deadlines provides the Monitor with the necessary flexibility to maximize the Applicants' success in the SISP.

150. Each of the key milestones of the SISP are described in greater detail below.

(ii) **Solicitation of Interest and Notice of the SISP**

151. The SISP prescribes that the Monitor, in consultation with the Applicants, shall take the following steps to commence the SISP:

- (a) compile a list of known prospective purchasers and investors ("**Prospective Bidders**");
- (b) publish a copy of the SISP and SISP Approval Order on the Monitor's Website;
- (c) prepare a solicitation letter summarizing the acquisition and investment opportunity with respect to the Business and Property (the "**Teaser Letter**") and a form of non-disclosure agreement ("**NDA**");
- (d) prepare a virtual data room ("**VDR**") containing due diligence information and documentation in relation to the Applicants;
- (e) send to each Prospective Bidder the Teaser Letter; and
- (f) prepare the form of template asset purchase agreement ("**Template APA**") for those bidders that may submit a proposal for the purchase of the Business or its assets (a "**Sale Proposal**").

152. I understand that the Monitor has already commenced the SISP by completing the above-noted steps. Specifically, I understand that the Monitor has:

- (a) prepared a list of approximately 70 Prospective Bidders;
- (b) sent the Teaser Letter to the Prospective Bidders;
- (c) developed the VDR; and

- (d) sent the NDA to any Prospective Bidder that requested access to the VDR.

(iii) Phase 1: Non-Binding LOIs

153. In order to participate in Phase 1 of the SISP, an interested party must deliver an executed NDA to the Monitor, and written acknowledgement of receipt of the SISP wherein such Prospective Bidder agrees to accept and be bound by the provisions of the SISP. Thereafter, the Monitor will grant the interested party access to the VDR to perform its due diligence.

154. Any party who wishes to submit a non-binding LOI must do so by the LOI Deadline, being May 22, 2025. A bidder that submits a LOI will only be considered a Qualified Bidder where it complies with certain minimum criteria including that it, among other things:

- (a) specifies whether the Prospective Bidder anticipates submitting a Sale Proposal or an offer for a broad range of executable transaction alternatives (restructuring, recapitalization, and/or refinancing) involving an investment in the Applicants (**"Investment Proposal"**);
- (b) provides a detailed description of any remaining due diligence required by the Prospective Bidder to be completed;
- (c) describes any internal, regulatory or other approvals and any form of consent, agreement or other document required from a government body, stakeholder or other third party, and an estimate of the anticipated timeframe and any anticipated impediments for obtaining such conditions, along with information sufficient for the Monitor, in consultation with the Applicants, to determine that these conditions are reasonable in relation to the Prospective Bidder;
- (d) provides written evidence, satisfactory to the Monitor, in consultation with the Applicants, of the Prospective Bidder's ability to consummate the transaction within

the timeframe contemplated by the SISP and to satisfy any obligations or liabilities to be assumed on closing of the transaction, including, without limitation, a specific indication of the sources of capital and, to the extent that the Prospective Bidder expects to finance any portion of the purchase price, the identity of the financing source;

- (e) confirms that the Prospective Bidder will be responsible for its own costs incurred in connection with its investigation of the Applicants and any transaction, including those of its advisors, attorneys, and agents;
- (f) agrees to the proposed Target Closing Date and a timeline to closing with critical milestones;
- (g) provides such other information reasonably requested by the Monitor in consultation with the Applicants and the DIP Lender;
- (h) if it is a Sale Proposal, includes, among other things:
 - (i) a detailed listing and description of the Property to be included in the Sale Proposal and a detailed listing of the Property to be excluded from the Sale Proposal;
 - (ii) the low and high range of the proposed purchase price;
 - (iii) a list of the key material contracts and leases, if any, the Prospective Bidder wishes to acquire and the Prospective Bidder's proposed treatment of any related "cure costs"; and
 - (iv) whether the proposed transaction is to be implemented by way of a "approval and vesting order" or a "reverse vesting order"; and

- (i) if it is an Investment Proposal, includes, among other things:
 - (i) a description of the structure of the Investment Proposal;
 - (ii) a description of the type and amount of consideration to be allocated to secured creditors, unsecured creditors and shareholders of the Applicants;
and
 - (iii) the proposed treatment of the Applicants' stakeholders.

155. Following the LOI Deadline, the Monitor and the Applicants, in consultation with the DIP Lender, shall assess the LOIs. If the Monitor determines that there is at least one Qualified Bidder, the SISP will proceed to Phase 2. Only the Qualified Bidders will be permitted to participate in Phase 2 of the SISP.

(iv) Phase 2 – Binding Offers

156. Phase 2 of the SISP affords the Qualified Bidders the opportunity to perform further due diligence and submit a formal Binding Offer.

157. Any Qualified Bidder that wishes to make a formal offer with respect to the Applicants' Business must submit a Binding Offer by the Bid Deadline, being June 12, 2025.

158. A Sale Proposal will only be considered to be a **"Qualified Purchase Bid"** where it complies with certain criteria identified in the SISP including, among other things:

- (a) it includes a letter stating that the Sale Proposal is irrevocable until 45 Business Days following the Bid Deadline;
- (b) it includes a duly authorized and executed purchase and sale agreement, together with a markup outlining and highlighting all proposed changes from the Template

APA, and specifying the purchase price;

- (c) it contains a detailed listing a description of the Property to be included in the Sale Proposal or a detailed listing of the Property to be excluded from the Sale Proposal;
- (d) it does not include any request or entitlement to any break-fee, expense reimbursement or similar type of payment;
- (e) it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed transaction, or other evidence satisfactory to the Monitor in its sole discretion, to allow the Monitor to make a reasonable determination as to the Qualified Bidder's financial, technical, operational and other capabilities to consummate the transaction contemplated by the Sale Proposal;
- (f) it is not conditional on (i) the outcome of unperformed due diligence by the Qualified Bidder and/or (ii) obtaining any financing capital and includes an acknowledgement and representation that the Qualified Bidder has had an opportunity to conduct any and all required due diligence prior to making its Sale Proposal;
- (g) it is accompanied by a refundable deposit (the "**Deposit**") in an amount equal to 10% of the proposed gross purchase price, to be held and dealt with in accordance with the SISP;
- (h) it includes an acknowledgement and representation that the Qualified Bidder will assume the obligations of the Applicants under executory contracts, unexpired leases, and licenses proposed to be assigned;

- (i) it includes the proposed treatment of stakeholders;
- (j) it provides for the closing of the Qualified Purchase Bid by no later than the Target Closing Date; and
- (k) it contains other information reasonably requested by the Monitor in consultation with the Applicants and the DIP Lender.

159. An Investment Proposal will only be considered to be a “**Qualified Investment Bid**” where it complies with certain criteria identified in the SISP including, among other things:

- (a) it includes a letter stating that the Investment Proposal is irrevocable for a period of 45 Business Days following the Bid Deadline;
- (b) it includes duly authorized and executed binding definitive documentation setting out the terms and conditions of the proposed transaction, including the aggregate amount of the proposed equity and/or debt investment and details regarding the proposed equity and/or debt structure of the Applicants, if applicable, following completion of the proposed transaction;
- (c) it includes a description of the type and amount of consideration, including equity, if any, to be allocated to secured creditors, unsecured creditors and shareholders of the Applicants;
- (d) it does not include a request or entitlement to a break-fee, expense reimbursement or any other similar type of payment;
- (e) it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed transaction, or other evidence satisfactory to the

Monitor in its sole discretion, to allow the Monitor to make a reasonable determination as to the Qualified Bidder's financial, technical, operational and other capabilities to consummate the transaction contemplated by the Investment Proposal;

- (f) it is not conditional on (i) the outcome of unperformed due diligence by the Qualified Bidder and/or (ii) obtaining any financing capital and includes an acknowledgement and representation that the Qualified Bidder has had an opportunity to conduct any and all required due diligence prior to making its Investment Proposal;
- (g) it is accompanied by a Deposit in an amount equal to 10% of the total proposed investment, to be held and dealt with in accordance with the SISP;
- (h) it provides for closing of the Qualified Investment Bid by no later than the Target Closing Date; and
- (i) it contains other information reasonably requested by the Monitor

(v) Selection, Approval and Closing of the Successful Bid(s)

160. At the conclusion of Phase 2 of the SISP, the Monitor and the Applicants will review and evaluate each offer received in consultation with the DIP Lender. If no Qualified Investment Bid or Qualified Purchase Bid is received, the SISP will be deemed concluded.

161. If a Qualified Investment Bid or Qualified Purchase Bid is received, the Monitor and the Applicants, in consultation with the DIP Lender, will review and assess the bids based on the criteria identified in the SISP. The Monitor, in consultation with the Applicants and the DIP Lender, will then either:

- (a) select the bid or bids that are in the best interest of the Applicants' stakeholders (the "**Successful Bid**"); or
- (b) direct the Monitor to conduct an auction wherein the highest bid at the auction will be selected as the Successful Bid.

162. After the selection of a Successful Bid, the SISP contemplates:

- (a) **granting of an Approval Order:** the Applicants shall apply to the Court for one or more orders approving such Successful Bid, vesting title to the purchased assets in the name of the successful bidder, and/or vesting unwanted liabilities out of the Applicants (the "**Approval Order**"); and
- (b) **closing of the transaction by the Target Closing Date:** the parties will close the transaction contemplated in the Successful Bid by the Target Closing Date, being July 4, 2025.

163. On the closing of the transaction contemplated in the Successful Bid, all bids other than the Successful Bid will be deemed rejected.

I. Discharge Order

164. The Proposal Trustee seeks this Court's approval of its activities as described in the First Report, its fees and the fees of its legal counsel, as set out in the Pre-Filing Report and other related relief.

165. The proposed Discharge Order provides for a release of the Proposal Trustee, counsel to the Proposal Trustee, counsel to SAIL and each of their respective affiliates, officers, directors, partners, current and former employees, legal counsel and agents (collectively, the "**Released Parties**") from all claims from all claims, liabilities and obligations of any kind based in whole or

in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the date of the proposed Discharge Order in any way relating to this NOI Proceeding or with respect to their conduct in the NOI Proceeding, other than any claim or liability arising out of gross negligence or wilful misconduct on the part of the Released Parties.

166. It is my opinion that the Released Parties have made substantial contributions to the NOI Proceeding, including by assisting SAIL to stabilize its obligations and implementing the SISP.

J. Enhanced Powers of the Monitor

167. I am advised by Brendan Bissell, counsel to the Applicants, that the DIP Lender requires the Monitor to have certain enhanced powers as a term of the Amended DIP Term Sheet and a requirement of advancing further funds under the DIP Facility. I understand that the Monitor is agreeable to being appointed with these enhanced powers as set out in the proposed Initial Order.

168. I am further advised by Mr. Bissell that the Company and Timothy Shaw are prepared to agree to the Monitor's enhanced powers in order to obtain the financing under the Amended DIP Term Sheet and to try to protect stakeholders as much as possible.

VII. CONCLUSION

169. I swear this affidavit in support of the Applicants’ requested relief and for no other or improper purpose.

SWORN REMOTELY BY ANDREW)
HUSTRULID stated as being located in)
Bonita Springs, Florida, before me at)
Toronto, Ontario, this 8th day of May, 2025,)
in accordance with O. Reg 431/20,)
Administering Oath or Declaration)
Remotely.)
)

Jessica Wuthmann

A Commissioner for taking Affidavits.
Jessica Wuthmann

Andrew Hustrulid
Andrew Hustrulid (May 8, 2025 21:33 EDT)

ANDREW HUSTRULID

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

Court File No. CV-25-00743136-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF SHAW-ALMEX INDUSTRIES LIMITED AND SHAW ALMEX FUSION, LLC**

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

Proceedings commenced at TORONTO

AFFIDAVIT OF ANDREW HUSTRULID
(sworn May 27, 2025)

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Lawyers for the Applicants

TAB 3

Court File No. CV-25-00743136-00CL

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

THE HONOURABLE)	FRIDAY, THE 30TH
)	
JUSTICE J. DIETRICH)	DAY OF MAY, 2025

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 SHAW-ALMEX INDUSTRIES LIMITED
AND SHAW ALMEX FUSION, LLC

Applicants

STAY EXTENSION ORDER

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an order, among other things: (i) extending the stay of proceedings up to and including July 18, 2025; and (ii) approving the Amended DIP Facility (as defined herein) was heard this day by videoconference.

ON READING the Affidavit of Andrew Hustrulid sworn May 27, 2025 and the exhibits thereto (the "**Hustrulid Affidavit**"), the first report of FTI Consulting Canada Inc., in its capacity as monitor of the Applicants (in such capacity, the "**Monitor**"), dated May 27, 2025 (the "**First Report**"), and on being advised that the secured creditors were given notice, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for the Royal Bank of Canada ("**RBC**"), and such other parties as listed on the participant information form, with no one

appearing for any other person although duly served as appears from the affidavit of service of ●
dated May ●, 2025, filed,

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Initial Order in these proceedings dated May 13, 2025 (the “Initial Order”).

STAY OF PROCEEDINGS

3. **THIS COURT ORDERS** that the Stay Period (as defined in paragraph 15 of the Initial Order) is hereby extended up to and including July 18, 2025.

AMENDED DIP FACILITY

4. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under the amended credit facility (the “**Amended DIP Facility**”) from RBC (the “**DIP Lender**”) and the Applicants are hereby authorized and empowered to borrow up to an additional \$790,500 (\$2,626,500 in the aggregate) under the Amended DIP Facility.
5. **THIS COURT ORDERS** that the Amended DIP Facility shall be on the terms and subject to the conditions set forth in the First Amendment to the Amended and Restated DIP Facility Loan Agreement made between the Applicants and the DIP Lender dated as of May ●, 2025 attached as Appendix “●” to the First Report (the “**First Amendment**”).

6. **THIS COURT ORDERS** that: (a) paragraphs 23 and 36 of the Initial Order shall apply to the DIP Facility (as amended by the Amended DIP Facility) and all references to the DIP Facility contained in the Initial Order shall be deemed to be references to the DIP Facility (as amended by the Amended DIP Facility); (b) the DIP Lender's Charge shall secure all amounts owing by the Applicants to the DIP Lender under the DIP Facility (as amended by the Amended DIP Facility) and the applicable Definitive Documents; and (c) for greater certainty, paragraphs 36 and 42 is hereby amended to replace the reference to "\$1,836,000" with "\$2,626,500".

7. **THIS COURT ORDERS** that paragraphs 37-38, 40, and 47 of the Initial Order shall apply to the Commitment Letter (as amended by the First Amendment) and all references to the Commitment Letter contained in the Initial Order shall be deemed to be references to the Commitment Letter (as amended by the First Amendment).

GENERAL

8. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

9. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

11. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Time on the date of this Order without any need for entry and filing.

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

Court File No. CV-25-00743136-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SHAW-
ALMEX INDUSTRIES LIMITED AND SHAW ALMEX FUSION, LLC

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

Proceedings commenced at *Toronto*

STAY EXTENSION ORDER

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THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SHAW-ALMEX INDUSTRIES LIMITED AND SHAW
ALMEX FUSION, LLC

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

Proceedings commenced at Toronto

**MOTION RECORD OF THE APPLICANTS
(returnable May 30, 2025)**

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