

**Court File No. BK-25-03205249-0031
Estate No. 31-3205249
District of Ontario
Division No. 14 - Parry Sound**

**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**

**SUPPLEMENT TO THE
SECOND REPORT OF FTI CONSULTING CANADA INC., AS PROPOSAL TRUSTEE**

- AND -

**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**

**SUPPLEMENT TO THE
PRE-FILING REPORT OF FTI CONSULTING CANADA INC.
AS PROPOSED MONITOR OF SHAW-ALMEX INDUSTRIES LIMITED
AND SHAW ALMEX FUSION, LLC**

May 12, 2025

Contents

Section	Page
A. Introduction.....	1
B. Purpose of this Report.....	2
C. Terms of Reference.....	2
D. The Amended DIP Agreement.....	2
E. Conclusion	3

Appendix “A” Amended DIP Term Sheet

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IN ITS CAPACITY AS PROPOSED MONITOR**

A. INTRODUCTION

1. On March 29, 2025, Shaw-Almex Industries Limited (“**SAIL**”) filed a notice of intention to make a proposal (“**NOI**”) pursuant to the provisions of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) with the Office of the Superintendent of Bankruptcy. FTI Consulting Canada Inc. (“**FTI**”) consented to act as the proposal trustee (the “**Proposal Trustee**”) of SAIL’s estate.

2. On May 8, 2025, SAIL and Shaw Almex Fusion, LLC (“**Fusion**”, and together with SAIL, the “**Applicants**”) brought a motion returnable May 13, 2025, seeking, amongst other things, an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36 (the “**CCAA**”) continuing the NOI proceeding commenced by SAIL under the purview of the CCAA and appointing FTI as the Court-appointed monitor of the Applicants (in this capacity, the “**Monitor**”) with enhanced powers. The Proposal Trustee and the proposed Monitor served a report (the “**Second Report**”) on May 11, 2025, in connection with that motion.

B. PURPOSE OF THIS REPORT

3. The purpose of this report (the “**Supplemental Report**”) is to supplement the Second Report. It should be read in conjunction with the Second Report. The Second Report and other materials filed in connection with the NOI proceeding are posted periodically on the website established by the Proposal Trustee at <http://cfcanada.fticonsulting.com/ShawAlmex> (the “**Proposal Trustee’s Website**”). If the Initial Order is granted and FTI is appointed as Monitor in the CCAA proceedings, FTI, in such capacity, intends to maintain this website and provide updates thereon on the CCAA proceedings.

C. TERMS OF REFERENCE

4. This Supplemental Report adopts the same terms of reference as set out in the Second Report.

D. THE AMENDED DIP AGREEMENT

5. As noted in the Second Report, the Applicants are seeking, as part of the proposed Initial Order, to amend the debtor-in-possession credit facility (the “**DIP Facility**”) from Royal Bank of Canada (“**RBC**”, and in its capacity as DIP Facility Lender, the “**DIP Lender**”). At the time the Second Report was served, the amended and restated interim financing term sheet (the “**Amended DIP Term Sheet**”) was not signed and therefore not appended to the Second Report.

6. The Amended DIP Term Sheet was signed by the Applicants and the DIP Lender on May 12, 2025. A copy is attached to this Second Report as **Appendix “A”**.
7. The Proposal Trustee and proposed Monitor reported in the Second Report that the DIP Facility had a corresponding charge (the “**DIP Charge**”) that was proposed to rank in priority to all other security interests, trusts, liens, charges and encumbrances in favour of any person other than an administration charge (the “**Administration Charge**”) as security for payment of professional fees and disbursements. The Applicants are now seeking to have the DIP Charge rank in priority to all other encumbrances and charges other than (a) the interests of the Business Development Bank of Canada in a mortgage against the real property owned by SAIL located at 17 Shaw Almex Road, Parry Sound; and (b) the Administration Charge. The Proposal Trustee and proposed Monitor is supportive of this change.

E. CONCLUSION

8. Based on the foregoing, the Proposal Trustee and proposed Monitor respectfully recommends that this Court grant the relief set out in paragraph 3 of the Second Report, as supplemented by the contents of this Supplemental Report.

All of which is respectfully submitted this 12th day of May, 2025.

FTI Consulting Canada Inc.
solely in its capacity as Proposal Trustee of
Shaw-Almex Industries Limited and not in its
personal or corporate capacity



Jeffrey Rosenberg
Senior Managing Director

FTI Consulting Canada Inc.
solely in its capacity as proposed Monitor of
Shaw-Almex Industries Limited and Shaw
Almex Fusion, LLC and not in its personal or
corporate capacity



Jeffrey Rosenberg
Senior Managing Director

APPENDIX “A”

[ATTACHED]

**AMENDED AND RESTATED DIP FACILITY LOAN AGREEMENT
DATED AS OF MAY 9, 2025**

WHEREAS the Borrower (as defined below) has previously requested that the DIP Lender (as defined below) provide financing to fund certain of the Borrower's additional cash requirements during the pendency of the restructuring proceedings (the "**Restructuring Proceedings**") of the Obligors (as defined below) under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") commenced by filing a notice of intention to make a proposal pursuant to the BIA on March 29, 2025, having Court and Estate No. 31-3205249 (the "**NOI Proceeding**"), in accordance with the terms and conditions set out herein.

AND WHEREAS the Borrower and DIP Lender entered into a DIP Facility Loan Agreement dated as of April 25, 2025, (the "**Previous DIP Facility Loan Agreement**").

AND WHEREAS the Borrower intends on filing a motion with the Court to be heard on May 13, 2025, whereby the Borrower will seek to have the NOI Proceeding continued under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") and will therefore seek to have the Court grant an initial order pursuant to the CCAA (the "**Initial Order**") which, among other things: (i) grants CCAA protection (the "**CCAA Proceedings**") to the Borrower, among others; (ii) terminates the NOI Proceeding provided that, notwithstanding the conversion of the NOI Proceeding, the approval of the DIP Facility and DIP Charge pursuant to the Approval Order, together with all other Orders, would continue to apply in the CCAA Proceedings; (iii) appoints FTI as monitor in the CCAA Proceedings (in such capacity, the "**Monitor**"); (iv) approves this Amended and Restated DIP Facility Loan Agreement, together with an increase to the DIP Charge in the amount of \$1,836,000; and (v) approves enhanced powers and duties to the Monitor to preserve, protect and exercise control over the Borrower's business and property.

AND WHEREAS the DIP Lender has agreed to continue to provide the DIP Facility (as defined below) and the parties have agreed to amend and restate the Previous DIP Facility Loan Agreement in accordance with the terms and subject to the conditions set out herein.

NOW THEREFORE, in consideration of the foregoing and their respective covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

1. **Defined Terms:** Capitalized terms that are not defined in the body of this Agreement have the meanings ascribed to them in Schedule A.
2. **Currency:** Unless otherwise stated, all monetary denominations shall be in lawful currency of Canada.

3. **Borrower:** Shaw-Almex Industries Limited (the “**Borrower**”).
4. **Guarantors:** Almex Peru S.A.C., Almex de Fusion Mexico S. de R.L. de C.V., Shaw Almex Pacific Pty Ltd., Shaw Almex Africa Pty Ltd., PT. Shaw Almex Indonesia, Shaw Almex Deutschland GmbH, Almex Holdings, Inc., Shaw Almex Fusion, LLC, Shaw Almex Europe B.V., Shaw Almex Zambia Limited, Shaw Almex Mine Equip (Tianjin) Co. Ltd, Shaw Almex Chile SpA (formerly known as Shaw Almex Chile S.A), Shaw-Almex Brazil Holdings Inc., Almex Industria do Brasil Limitada, and Fonmar Group, S.L. (collectively, the “**Guarantors**”, and any reference to the Guarantors shall be deemed to mean, the Guarantors or any one of them; and collectively with the Borrower, the “**Obligors**”).
5. **DIP Lender:** Royal Bank of Canada (the “**DIP Lender**”)
6. **DIP Facility and Maximum Loan Amount:** Subject to the terms and conditions hereof, the DIP Lender agrees to provide the Borrower with a debtor-in-possession super-priority revolving credit facility (the “**DIP Facility**”) in a principal amount (excluding accrued interest and fees that are added to principal) up to \$1,836,000 (the “**Maximum Loan Amount**”). The DIP Facility is a revolving credit facility. The principal amount of any Advance that is repaid may be re-borrowed, subject to the terms and conditions hereof, provided that the aggregate outstanding Advances shall at no time exceed the Maximum Loan Amount.
7. **DIP Advances:** Advances under the DIP Facility (each, an “**Advance**”) require a written notice to be delivered by the Borrower to the DIP Lender (an “**Advance Notice**”), substantially in the form attached at Schedule B hereto, which Advance Notice has been approved by the Monitor and executed by an officer of the Borrower, setting out:
 - (a) the proposed amount of the requested Advance;
 - (b) the date the Advance is requested;
 - (c) a certification that the use of the Advance is in accordance with the DIP Budget;
 - (d) certification that the representations and warranties contained herein are true and correct in all material respects as of such date, except to the extent that such representations and warranties relate specifically to an earlier date; and
 - (e) certification that no Default or Event of Default has occurred or will occur after giving effect to the Advance.

Each Advance Notice shall be delivered by the Borrower to the DIP Lender before 11:30 a.m. (Toronto time) on the same Business Day of the requested Advance. Each Advance shall be in the minimum amount of \$100,000, or as otherwise agreed upon. Subject to the terms and conditions hereof, the DIP Lender shall credit to the Borrower's Account the proceeds of each Advance.

8. **Use of Proceeds:** The proceeds of the DIP Facility shall be used by the Borrower solely in accordance with, and subject to the DIP Budget and the Court Orders, to fund the ordinary course working capital and other general corporate purposes of the Borrower for the successful implementation of the SISP, including to pay the reasonable and documented fees and expenses of counsel to the Obligors, the Monitor and counsel to the Monitor incurred in connection with the Restructuring Proceedings and the CCAA Proceedings. No proceeds may be used for any other purpose, except with the prior written approval of the DIP Lender, in its sole discretion.
9. **Evidence of Indebtedness:** The DIP Lender's records shall constitute *prima facie* evidence, absent manifest error, of the DIP Obligations; provided that the failure of the DIP Lender to record the same shall not affect the obligations of the Borrower to pay such amounts to the DIP Lender.
10. **Interest:**
 - (a) The outstanding principal amount of all Advances shall bear interest at a rate per annum equal to ten percent (10%).
 - (b) The Borrower shall pay interest on the Advances by adding such accrued interest to the principal amount of the DIP Obligations on the last Business Day of each calendar month. Amounts representing the interest payable hereunder that are added to the principal amount of the DIP Obligations shall thereafter constitute principal and bear interest in accordance with this Section 10. Notwithstanding the foregoing, at the sole option of the Borrower, any interest under this Agreement may be paid in cash monthly, in arrears, on the last Business Day of any month.
 - (c) Interest on each Advance shall accrue daily from and after the date of advance of such Advance to the Borrower to, but excluding, the date of repayment, as well as before and after maturity, demand and default and before and after judgment, and shall be calculated and compounded on a daily basis on the principal amount of such Advance and any overdue interest remaining unpaid from time to time and on the basis of the actual number of days elapsed in a year of 365 or 366 days, as the case may be.

- (d) For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or fee to be paid under this Agreement is to be calculated on the basis of a period that is less than a calendar year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the period that is less than a calendar year.
 - (e) If any provision of this Agreement or any other DIP Loan Document would obligate any Obligor to make any payment of interest or other amount payable in an amount or calculated at a rate which would be prohibited by Law or would result in receipt by the DIP Lender of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)) then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Law or so result in receipt by the DIP Lender of interest at a criminal rate and any such amounts actually paid by such Obligor in excess of the adjusted amount shall be refunded to such Obligor.
11. **Fees:** The Borrower shall pay to the DIP Lender a commitment fee (the "**Commitment Fee**") as compensation for making the DIP Facility available in an amount equal to 2% of the Maximum Loan Amount (being \$36,000). The Commitment Fee shall be fully-earned and payable upon execution and delivery of this Agreement to the DIP Lender and Court approval of this Agreement. The Commitment Fee, once earned and payable, shall be non-refundable under all circumstances and shall be paid by adding the amount of such fee to the principal amount of DIP Obligations on the date this Agreement. Amounts representing the Commitment Fee that are added to the principal amount of the DIP Obligations shall thereafter constitute principal and bear interest in accordance with Section 10.
12. **Recoverable Expenses:** The Borrower shall pay all reasonable costs and expenses of the DIP Lender (including all reasonable fees, expenses and disbursements of outside counsel and any financial advisor) in connection with the preparation, registration and ongoing administration of the DIP Facility, including the preparation of the DIP Loan Documents, the administration of the DIP Facility, the enforcement of any of the DIP Lender's rights and remedies hereunder and under the other DIP Loan Documents, and any and all reasonable fees and expenses incurred by the DIP Lender in connection with the Restructuring Proceedings and the CCAA Proceedings, including but not limited to, all court appearances and preparation for same.
13. **DIP Budget:** Attached as Schedule 'C' is a 4 - week detailed cash flow forecast (the "**DIP Budget**") that has been approved by the DIP Lender and will be filed with the Court in

support of a motion returnable on May 13, 2025. The Obligors may, in consultation with the Monitor, propose amendments to the DIP Budget to the DIP Lender. If the DIP Lender, in its sole discretion, approves such amendments, the DIP Budget, as amended by such amendments, shall be deemed to be the effective DIP Budget.

14. **Conditions Precedent to Initial Advance:** The initial Advance under the Previous DIP Facility Loan Agreement was made on or about April 28, 2025, upon satisfaction of the following conditions precedent:
- (a) The DIP Lender shall have had a reasonable opportunity to review advance copies of, and shall be reasonably satisfied with, all materials to be filed in respect of the Restructuring Proceedings;
 - (b) This Agreement and the other DIP Loan Documents shall have been executed and delivered by the parties hereto and thereto and shall be in full force and effect, unamended;
 - (c) The DIP Lender shall be satisfied that service has been effected on a list of Persons acceptable to the DIP Lender;
 - (d) The Court shall have issued the Approval Order in form and substance satisfactory to the DIP Lender, in its sole discretion, that, among other things, approves this Agreement and the other DIP Loan Documents, and grants the DIP Charge;
 - (e) No appeal, motion for leave to appeal, motion to amend, vary or stay the Approval Order shall have been made or threatened in a manner adverse to the DIP Lender, as determined by the DIP Lender, in its sole discretion;
 - (f) The stay of proceedings provided by the Approval Order shall remain in effect pursuant to stay extension orders that are in form and substance satisfactory to the DIP Lender, in its sole discretion;
 - (g) The DIP Lender shall have received an Advance Notice in accordance with the terms hereof, which requested Advance shall not result in the Maximum Loan Amount being exceeded;
 - (h) All representations and warranties contained in this Agreement and the other DIP Loan Documents shall be true and correct in all material respects on the date of such requested Advance with the same effect as if made on and as of such date, except to the extent that such representations and warranties relate specifically to an earlier date;

- (i) No Default or Event of Default shall have occurred or will occur as a result of the requested Advance;
- (j) No Material Adverse Effect has occurred, as determined by the DIP Lender, in its sole discretion; and
- (k) The DIP Lender shall have received such additional information and documents as it may reasonably require.

The conditions stated in this Section 14 are inserted for the sole benefit of the DIP Lender and may only be waived by the DIP Lender, and any such waiver may be made in whole or in part, with or without terms or conditions, without affecting the right of the DIP Lender to assert terms and conditions in whole or in part in respect of any other future Advance.

15. **Conditions Precedent to Subsequent Advances:** The DIP Lender's agreement to make each subsequent Advance under the DIP Facility (after the initial Advance) is subject to the satisfaction of the following conditions precedent:

- (a) This Agreement and the other DIP Loan Documents shall remain in full force and effect, unamended, except as approved by the DIP Lender;
- (b) The Approval Order shall not have been amended, restated, modified, varied, vacated, stayed or set aside, without the prior written consent of the DIP Lender, in its sole discretion;
- (c) No appeal, motion for leave to appeal, or motion to amend, vary, stay or set aside any Court Order made in the CCAA Proceedings shall have been made or threatened in a manner adverse to the DIP Lender, as determined by the DIP Lender, in its sole discretion;
- (d) The stay of proceedings provided by the Initial Order shall remain in effect pursuant to stay extension orders that are in form and substance satisfactory to the DIP Lender, in its sole discretion;
- (e) The DIP Lender shall have received an Advance Notice in accordance with the terms hereof, which requested Advance shall not result in the Maximum Loan Amount being exceeded;
- (f) All representations and warranties contained in this Agreement and the other DIP Loan Documents shall be true and correct in all material respects on the date of such requested Advance with the same effect as if made on and as of such date,

except to the extent that such representations and warranties relate specifically to an earlier date;

- (g) No Default or Event of Default shall have occurred or will occur as a result of the requested Advance;
- (h) No Material Adverse Effect has occurred, as determined by the DIP Lender, in its sole discretion;
- (i) The DIP Lender shall have received such additional information and documents as it may reasonably require;
- (j) The Court shall have issued the Initial Order and Sale Process Order, in form and substance satisfactory to the DIP Lender;
- (k) The Initial Order and Sale Process Order shall not have been amended, restated, modified, varied, vacated, stayed or set aside, without the prior written consent of the DIP Lender, in its sole discretion; and
- (l) EDC shall have delivered its consent to this Agreement.

The conditions stated in this Section 15 are inserted for the sole benefit of the DIP Lender and may only be waived by the DIP Lender, and any such waiver may be made in whole or in part, with or without terms or conditions, without affecting the right of the DIP Lender to assert terms and conditions in whole or in part in respect of any other future Advance.

- 16. **DIP Charge:** All indebtedness, liabilities and obligations of the Obligors under or in connection with the DIP Facility, this Agreement, and the other DIP Loan Documents, including without limitation, all principal, interest, fees, expenses and other amounts owing in respect of fees and expenses of the DIP Lender (collectively, the “**DIP Obligations**”) shall be secured by a Court-ordered super-priority charge on the Collateral in favour of the DIP Lender (the “**DIP Charge**”). The DIP Charge shall be effective by Court Order and without the need for any further documentation, registrations or filings, including in any personal property security registration system, any real property registration system or otherwise.
- 17. **Priorities of DIP Charge:** The DIP Charge shall rank ahead of any and all Encumbrances on the Collateral, other than the Administration Charge and the BDC Mortgage.
- 18. **Repayment and Maturity Date:** All DIP Obligations owing to the DIP Lender shall be due and payable on the earliest of the following:

- (a) May 30, 2025, or such later date as determined by the DIP Lender, in its sole discretion;
- (b) the sale of all or substantially all of the assets, property and undertaking of Shaw-Almex Industries Limited (or of any other Obligor or their divisions) or all of the equity interests of Shaw-Almex Industries Limited (or of any other Obligor) in an amount sufficient to pay the DIP Obligations in full;
- (c) the date on which the stay of proceedings expires without being extended or on which the CCAA Proceedings are terminated or dismissed; and
- (d) an Event of Default in respect of which the DIP Lender has elected to accelerate the DIP Obligations;

(such earliest date, the “**Maturity Date**”).

Unless otherwise expired pursuant to this Agreement, the DIP Lender’s commitment to make Advances under the DIP Facility, subject to the terms and conditions hereof, shall expire on the Maturity Date and all then outstanding DIP Obligations shall become due and payable on the Maturity Date, without the DIP Lender being required to make demand upon the Borrower or to give notice that the DIP Facility has expired or that the DIP Obligations are due and payable.

19. **Mandatory Payments:** The Borrower shall apply each of the following amounts towards payment of the DIP Obligations, in the order determined by the DIP Lender, in its sole discretion:
- (a) the Net Proceeds from the sale of any of the Collateral other than in the ordinary course of business;
 - (b) the Net Proceeds from the sale of any equity interests of an Obligor;
 - (c) the net cash proceeds received from the incurrence by an Obligor of any Indebtedness (except as permitted hereunder); and
 - (d) insurance proceeds (net of deductibles) or expropriation awards received by an Obligor.

Each such payment shall be accompanied by the amount of accrued interest on the amount paid.

20. **Optional Prepayment:** The Borrower may voluntarily prepay the DIP Obligations at any time prior to the Maturity Date in minimum amounts of \$100,000 and increments of \$100,000 in excess thereof, without premium or penalty. Each such prepayment shall be accompanied by the amount of accrued interest on the amount prepaid.
21. **Payments:**
- (a) All payments hereunder shall be made for value in the full amount due at or before 1:00 pm (Toronto time) on the day such amount is due by deposit or transfer thereof to an account designated by the DIP Lender. Payments received after such time shall be deemed to have been made on the next following Business Day. If any payment is due on a day which is not a Business Day, such payment shall be due on the next following Business Day and interest shall accrue until but excluding the actual date of payment.
 - (b) Each payment to be made by the Borrower shall be made in full without deduction, set-off or counterclaim of any kind or for any reason. All payments required hereunder shall be made in lawful currency of Canada.
22. **Representations and Warranties:** Each Obligor represents and warrants to the DIP Lender, upon which the DIP Lender relies in entering into this Agreement and the other DIP Loan Documents, that:
- (a) The transactions contemplated by this Agreement and the other DIP Loan Documents have been duly authorized, executed and delivered by or on behalf of the Obligors, and upon the granting of the Approval Order and the Initial Order:
 - (i) are within the powers of the Obligors;
 - (ii) constitute legal, valid and binding obligations of the Obligors, subject only to any limitation under applicable Laws relating to (A) bankruptcy, insolvency, arrangement or creditors' rights generally and (B) the discretion that a court may exercise in the granting of equitable remedies;
 - (iii) do not require any consent or approval under, result in a breach or violation of, or conflict with, any of the terms or provisions of its constating documents or by-laws or any contracts or instruments to which it is a party or pursuant to which any of its assets and property may be affected, other than breaches that are stayed by the Approval Order and the Initial Order;

- (iv) there is no requirement for the Obligors to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, Authorization, consent or approval of any Governmental Authority as a condition to the execution, delivery and performance by the Obligors of the transactions contemplated by this Agreement, other than such as has been obtained;
- (b) The businesses of the Obligors are conducted in material compliance with applicable Law of each jurisdiction in which the businesses are carried on, subject to the provisions of each Court Order made after the Filing Date;
- (c) The Obligors have obtained all Authorizations necessary for the operation of their businesses, which Authorizations are in full force and effect, and no proceedings have been commenced to revoke or amend any such Authorizations, except where the failure to possess or maintain in good standing and in full force and effect such Authorizations, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect;
- (d) The Obligors have (i) good and legal title to (in the case of fee interests in real property), (ii) valid leasehold interests in (in the case of leasehold interests in real or personal property), (iii) valid licensed rights in (in the case of licensed interests in intellectual property) and (iv) good title to (in the case of all other personal property), the Collateral. The Collateral is free and clear of Encumbrances other than Permitted Encumbrances;
- (e) No Default or Event of Default has occurred and is continuing;
- (f) The DIP Budget is based upon good faith estimates and assumptions made by the management of the Borrower and, notwithstanding that such projections are not to be viewed as facts and that actual results during the period covered by such projections may differ from such projections, as of the date of the then effective DIP Budget, the Borrower believe the assumptions made in such projections are reasonable and that such projections are attainable; and
- (g) All factual information provided by or on behalf of the Obligors to the DIP Lender for the purposes of or in connection with this Agreement or any transaction contemplated herein is true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided.

The representations and warranties in this Agreement and in any certificates or documents delivered to the DIP Lender shall not merge and shall survive and continue in full force and effect so long as any amounts are owing by the Obligors to the DIP Lender under this Agreement or the other DIP Loan Documents. The representations and warranties made in Section 22 shall be deemed to be repeated upon each Advance, and as of the last day of each calendar month, as if made on and as of each such date, unless specifically made as of a certain date.

23. **Affirmative Covenants:** Each Obligor agrees and covenants to perform and do each of the following:

- (a) Pay when due all principal interest, fees and other amounts payable by the Obligors under this Agreement and the other DIP Loan Documents;
- (b) Comply, in all material respects, with the requirements of all applicable Laws, judgments, orders (including all Court Orders), decisions and awards;
- (c) Provide the DIP Lender with a weekly status update regarding the status of the CCAA Proceedings;
- (d) Keep the DIP Lender apprised on a timely basis of all material developments with respect to the businesses and affairs of the Obligors;
- (e) Promptly notify the DIP Lender of the occurrence of any Default or Event of Default;
- (f) Promptly after the same is available, but in no event later than two (2) days prior to the date on which the same is to be served, provide draft copies to the DIP Lender of all pleadings, motion records, application records, orders, financial information and other documents to be filed by or on behalf of the Obligors in the CCAA Proceedings;
- (g) Allow the DIP Lender, its directors, officers, employees, agents, advisors and representatives full access to the Obligors' premises and all information and documentation of the Obligors and their Affiliates on reasonable notice and during normal business hours and cause management thereof to fully cooperate with any such directors, officers, employees, agents, advisors and representatives;
- (h) Preserve, renew, maintain and keep in full force and effect its corporate existence (subject to a Sale) and its Authorizations required in respect of the businesses of the Obligors or any of the Collateral;

- (i) Maintain in full force all policies of insurance that are now in effect (or renewals thereof) under which the Obligors, their businesses or any of the Collateral is insured;
 - (j) Except as otherwise provided by Court Order in the Restructuring Proceedings and the CCAA Proceedings in respect of amounts due prior to the Filing Date, pay when due all applicable Taxes and other amounts that are Priority Payables, permitting and licences fees and other amounts necessary to avoid any Encumbrance on the Collateral that is not a Permitted Encumbrance and any Encumbrance securing a Priority Payable ranking in priority to the DIP Charge;
 - (k) Deliver to the DIP Lender reporting and other information from time to time as is reasonably requested by the DIP Lender; and
 - (l) Take all steps necessary to implement the SISP strictly in accordance with the Sale Process Order.
24. **Negative Covenants:** Each Obligor covenants and agrees not to do the following, other than with the prior written consent of the DIP Lender, in its sole discretion:
- (a) Utilize any Advance except in accordance with the permitted uses hereunder and the DIP Budget;
 - (b) Except as contemplated by this Agreement, the DIP Budget or any Court Order, make any payment of any Indebtedness or obligations existing as at the Filing Date (the “**Pre-Existing Debt**”);
 - (c) Create, incur or permit to exist any Indebtedness other than Pre-Existing Debt, Advances and accounts payable in the ordinary course of business in accordance with the DIP Budget;
 - (d) Except for Permitted Encumbrances, create or permit to exist any Encumbrance or provide or seek or support a motion by another Person to provide any Encumbrance upon any of the Collateral;
 - (e) Except as resulting from the Sale, sell, exchange, lease, release, abandon or otherwise dispose of any Collateral other than in the ordinary course of business;
 - (f) Purchase or acquire, or make any commitment to purchase or acquire, any shares, capital stock, equity interest, or any obligations or other securities of, or any interest in, any Person;

- (g) Make or commit to make any acquisition of assets (other than in the ordinary course of business in accordance with the DIP Budget) or of any business or part thereof;
- (h) Make any investments in or loans to or guarantee (or provide any other financial assistance with respect to) the Indebtedness or obligations of any other Person or permit its Affiliates to do so;
- (i) Make or permit any dividends, distributions, or other payments (in cash, property or obligations) on, or other payments or distributions on account of, any portion of any direct or indirect ownership interest in the Obligor or other rights to acquire any such ownership interest, or otherwise make or permit any payments to be made to any holder of any such direct or indirect ownership interest or any rights to acquire such direct or indirect ownership interest;
- (j) Make any payment to any director, officer or related party of any Obligor or any Affiliate other than in accordance with the DIP Budget;
- (k) Change its jurisdiction of incorporation, chief executive office or registered office;
- (l) Change its name, fiscal year end or accounting policies or amalgamate, consolidate with, or, subject to the Sale, wind-up, liquidate, dissolve or enter into any similar transaction with any other Person, except with the prior written consent of the DIP Lender;
- (m) Except as resulting from a Sale, make any material change in the nature of the businesses of the Obligor;
- (n) Create or acquire any new subsidiary;
- (o) (i) Cancel or terminate any Material Contract; (ii) waive any default or breach under any Material Contract; (iii) amend or otherwise modify any Material Contract; or (iv) take any other action in connection with any Material Contract; that would, in each case, reasonably be expected to have a Material Adverse Effect; or
- (p) Enter into any contract, arrangement or transaction with any Affiliate or Associate, except: (i) as expressly permitted by this Agreement; or (ii) agreements in the ordinary course of, and pursuant to the reasonable requirements of, the applicable business and at prices and on terms substantially the same as those that the Obligor would reasonably expect to receive in a comparable arm's length transaction with another Person (excluding any requirement for security that might otherwise be required from an arm's length party).

25. **Events of Default:** The occurrence of any one or more of the following events shall constitute an event of default (each, an “**Event of Default**”) under this Agreement:

- (a) Failure of the Borrower to pay any amounts to the DIP Lender when due and owing hereunder or otherwise;
- (b) Except as otherwise set forth in this Section 25, failure of the Obligors to perform or comply with any term or covenant of this Agreement or any other DIP Loan Document and, if capable of being remedied, such failure remains unremedied for five (5) days;
- (c) Any representation or warranty made or given hereunder or under any other DIP Loan Document by the Obligors is incorrect in any material respect or misleading when made or deemed to be made;
- (d) An Obligor fails to pay or remit any amount with respect to a Priority Payable when due;
- (e) The Initial Order is amended, restated or otherwise varied without the consent of the DIP Lender, or any Court Order is issued, dismissed, stayed, reversed, vacated, amended or restated in a way that adversely affects or would reasonably be expected to adversely affect the interests of the DIP Lender, including any Court Order:
 - (i) terminating, lifting or amending the stay imposed by the Initial Order;
 - (ii) appealing or granting leave to appeal the Initial Order;
 - (iii) granting any other claim or Encumbrance of equal or priority ranking to that of the DIP Charge, except the Administration Charge; or
 - (iv) staying, reversing, vacating or otherwise modifying the DIP Loan Documents, the DIP Charge or prejudicially affecting the DIP Lender or the Collateral;
- (f) The appointment of a receiver and manager, receiver, interim receiver or similar official or any process of any court becomes enforceable against an Obligor, or any of its property is seized or levied upon, or a creditor takes possession of any property of an Obligor;
- (g) An Obligor is adjudged a bankrupt and a trustee-in-bankruptcy is appointed to take possession of any property of such Obligor;

- (h) Except relating to a Sale, an order is made or a resolution is passed for the winding-up, dissolution or liquidation of an Obligor, or if any process is filed or other process taken for the winding-up, dissolution or liquidation of an Obligor;
- (i) The filing of a motion by an Obligor seeking approval of a plan of arrangement or the entry of an order sanctioning a plan of arrangement that does not require repayment in full in cash of all DIP Obligations and all indebtedness, liabilities and obligations under the RBC Credit Agreement on the date of a final approval in the CCAA Proceedings, without the consent of the DIP Lender;
- (j) Any violation or breach of any Court Order by any Obligor;
- (k) Subject to any Court Order or the prior written consent of the DIP Lender, any Obligor, except Shaw-Almex Industries Limited as a result of a Sale, ceases to carry on or maintain its business or its assets and property in the ordinary course of its business or any court order enjoins, restrains, or prevents any Obligor from conducting any material part of its business;
- (l) Any proceeding, motion or application is commenced or filed by an Obligor, or if commenced by another Person, supported or otherwise consented to by an Obligor, seeking the invalidation, subordination or other challenge of the terms of the DIP Facility, the DIP Charge, this Agreement, any other DIP Loan Document, the RBC Credit Agreement or the RBC Security;
- (m) The DIP Charge ceases to rank ahead of any and all Encumbrances on the Collateral other than the Administration Charge and BDC Mortgage;
- (n) The DIP Lender determines, acting reasonably, that a Material Adverse Effect has occurred and such determination is supported by the Monitor or an order of the Court in the CCAA Proceedings;
- (o) The denial or repudiation by any Obligor of the legality, validity, binding nature or enforceability of this Agreement or any of the other DIP Loan Documents;
- (p) The acceptance of any offer for the sale of all or substantially all of the assets, property and undertaking of Shaw-Almex Industries Limited or all of the equity interests of Shaw-Almex Industries Limited. or the filing of a motion seeking approval of the Court to accept any such offer, without the consent of the DIP Lender;

- (q) FTI Consulting Canada Inc. ceases to be the Monitor of the Obligors, without the DIP Lender's prior written consent;
- (r) Except as a result of a Sale, a Change of Control occurs; or
- (s) Any Authorization required for any Obligor to conduct its business substantially in the manner presently conducted or to perform its obligations under this Agreement or any other DIP Loan Document is not obtained or is withdrawn or ceases to be in full force and effect and (i) in the DIP Lender's opinion, it is not possible for such Obligor to obtain such Authorization within twenty (20) days after the date on which such Authorization was required or withdrawn, as applicable or (ii) in the DIP Lender's opinion, it is possible for such Obligor to obtain such Authorization within twenty (20) days after the date on which such Authorization was required or withdrawn, as applicable, but such Authorization is not obtained within such twenty (20) day period;
- (t) After the date that this Agreement and the Approval Order are approved by the Court, an Obligor defaults in the performance, observance or fulfillment of any of its obligations, covenants or conditions contained in any Contractual Obligations, or any condition exists which, with the giving of notice or the lapse of time or both, could constitute such a default thereunder, where the consequences, directly or indirectly, of such default could reasonably be expected to have a Material Adverse Effect; or
- (u) The Obligors fail to complete any action or step required to be completed by the milestone dates set forth below, with the ability to extend subject to the consent of the Monitor and the DIP Lender, in consultation with the Borrower:
 - (i) the Court shall have issued the Initial Order and Sale Process Order, on or before May 13, 2025;
 - (ii) the Borrower shall have commenced the SISP in accordance with the Sale Process Order, on or before May 14, 2025; and
 - (iii) the DIP Lender shall have received satisfactory LOI(s) (as such term is defined in the SISP), as determined by the DIP Lender in its sole discretion, prior to the designated submission deadline established by the SISP.

26. **Remedies:** Upon the occurrence of an Event of Default, the DIP Lender may, in its sole discretion, elect to terminate the DIP Lender's commitment to make further Advances to

the Borrower, and set-off, consolidate or accelerate the DIP Obligations, including all amounts outstanding under the DIP Facility and any DIP Loan Documents, and declare such amounts to be immediately due and payable without any periods of grace. Upon the occurrence of an Event of Default, the DIP Lender may, subject to the terms of the Initial Order and any other orders of the Court granted in the CCAA Proceedings, upon three (5) Business Days' notice to the Borrower and the Monitor:

- (a) apply to the Court for the appointment of a receiver, an interim receiver or a receiver
- (b) and manager over the Collateral;
- (c) apply for a Court Order, on terms satisfactory to the Monitor and the DIP Lender, providing the Monitor with the power, in the name of and on behalf of the Obligors, to take all necessary steps in the CCAA Proceedings to realize on the Collateral;
- (d) exercise the powers and rights of a secured creditor; and/or
- (e) exercise all such other rights and remedies available to the DIP Lender under this Agreement, the other DIP Loan Documents, the Court Orders and applicable Law.

Nothing shall prevent the DIP Lender from applying to the Court for such relief as the DIP Lender may determine is necessary or appropriate at any time. The rights, powers and remedies under this Agreement, the other DIP Loan Documents and the DIP Charge are cumulative and are in addition to and not in substitution for any other rights, powers and remedies available at Law or in equity or otherwise. No single or partial exercise by the DIP Lender of any right, power or remedy precludes or otherwise affects the exercise of any other right, power or remedy to which the DIP Lender may be entitled.

- 27. **Further Assurances:** The Obligors shall, at their own expense, from time to time do, execute and deliver, or cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) as the DIP Lender may reasonably request for the purpose of giving effect to this Agreement and the other DIP Loan Documents.
- 28. **Joint & Several Liability:** Each Borrower shall be jointly and severally liable for all DIP Obligations regardless of which Borrower actually receives Advances under the DIP Facility or the amount of any such Advance received or the manner in which the DIP Lender accounts for such Advances on its books and records.
- 29. **RBC Credit Agreement:**

- (a) Each Obligor that is party to the RBC Credit Agreement and the Loan Documents (as defined in the RBC Credit Agreement), including the RBC Security, hereby acknowledges, confirms and agrees that the RBC Credit Agreement and the Loan Documents (as defined in the RBC Credit Agreement), including the RBC Security, each as amended to the date hereof, delivered by such Obligor in favour of Royal Bank of Canada remain in full force and effect in accordance with their respective terms. For greater certainty, each Obligor that has previously executed and delivered any RBC Security hereby acknowledges and confirms that each such RBC Security secures the obligations of such Obligor under and in connection with the RBC Credit Agreement and all other relevant Loan Documents (as defined in the RBC Credit Agreement).
 - (b) Notwithstanding the foregoing, the parties hereto confirm that, upon approval by the Court of the Approval Order, Royal Bank of Canada shall have no further obligation to provide advances or any other credit accommodations under or in connection with the RBC Credit Agreement.
30. **Indemnity:** Each Obligor shall indemnify and hold harmless the DIP Lender, and its Affiliates and the officers, directors, employees, representatives, advisors, managers, solicitors and agents of the DIP Lender and its Affiliates (collectively, the “**Indemnified Persons**”) from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or suited against or involve any of the Indemnified Persons as a result of, in connection with or in any way related to the DIP Facility, the proposed or actual use of the Advances, this Agreement or the other DIP Loan Documents. Notwithstanding the foregoing, the Obligors shall not have any obligation to indemnify any Indemnified Person against such loss, liability, cost or expense to the extent that they are found by final judgment of a court of competent jurisdiction to arise from the gross negligence or willful misconduct of such Indemnified Person. No Indemnified Person shall be responsible or liable to the Obligors or any other Person for any indirect, consequential special or punitive damages.
31. **Judgement Currency:** If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under any other DIP Loan Documents in Canadian dollars into another currency, the parties hereto agree, to the fullest extent permitted by Law, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the DIP Lender could purchase Canadian dollars with such other currency at the buying spot rate of exchange on the Business Day immediately preceding that on which any such judgment, or any relevant part thereof, is given. The obligations of the Obligors in respect of any sum due to the DIP Lender hereunder and

under the other DIP Loan Documents shall, notwithstanding any judgment in a currency other than Canadian dollars, be discharged only to the extent that on the Business Day following receipt by the DIP Lender of any sum adjudged to be so due in such other currency, the DIP Lender may, in accordance with normal banking procedures, purchase Canadian dollars with such other currency. If the amount of Canadian dollars so purchased is less than the sum originally due to the DIP Lender in Canadian dollars, the Obligors agree, to the fullest extent that they may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify the DIP Lender against such loss.

32. **Withholdings and Tax Indemnity:** Any and all payments by or on account of any obligation of the Obligors hereunder or under any other DIP Loan Document shall be made free and clear of and without deduction or withholding for any Taxes; provided that, if any Obligor is required by applicable Law to deduct or withhold any Taxes from such payments, then:

- (a) if such tax is an Indemnified Tax, the amount payable by the Obligors shall be increased so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional amounts payable under this Section 32), the DIP Lender receives an amount equal to the amount it would have received had no such deductions or withholdings been made; and
- (b) the Obligors shall make such deductions and timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable Law.

In addition, the Obligors shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law, subject in all respects to Orders issued in the Restructuring Proceedings and the CCAA Proceedings. The Borrower shall indemnify the DIP Lender, within ten days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed on or attributable to amounts payable hereunder or under any other DIP Loan Document) paid by the DIP Lender on or with respect to an amount payable by the Obligors under or in respect of this Agreement or under any other DIP Loan Document, together with any penalties, interest and expenses arising in connection therewith and with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate from the DIP Lender as to the amount of such payment or liability delivered to the Borrower shall be conclusive absent manifest error. Promptly after any payment of Indemnified Taxes or Other Taxes by the Obligors to a Governmental Authority (but in any event within 30 days after the date of such payment), the Obligors shall deliver to the DIP Lender the original or certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of

the relevant return reporting such payment or other evidence of such payment reasonably satisfactory to the DIP Lender.

33. **Amendment and Restatement:** This Agreement amends and restates the Previous DIP Facility Loan Agreement.
34. **Amendments and Waivers:** No waiver, failure or delay on the part of the DIP Lender in exercising any right, remedy or privilege hereunder or under any other DIP Loan Document or at Law shall operate as a waiver hereof or thereof unless made in writing and delivered in accordance with the terms of this Agreement. A waiver, amendment, release or modification of this Agreement or any other DIP Loan Document shall not be established by conduct, custom or course of dealing and shall occur, if applicable, solely by an instrument in writing duly executed by the DIP Lender, in the case of a waiver or release, and by the parties hereto, in the case of an amendment or other modification.
35. **Enurement:** This Agreement shall be binding upon and enure to the benefit of the Obligors and the DIP Lender and their respective successors and permitted assigns.
36. **Assignment:** The DIP Lender may assign this Agreement and its rights and obligations hereunder and under the other DIP Loan Documents (and grant participation herein and therein), in whole or in part, to any Person acceptable to the DIP Lender, in its sole discretion. The Obligors shall not be permitted to assign this Agreement or any other DIP Loan Documents nor any right and obligation hereunder or thereunder without the prior written consent of the DIP Lender, in its sole discretion.
37. **Severability:** Any provision in this Agreement or any other DIP Loan Documents which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or effecting the validity of enforceability of such provision in any other jurisdiction.
38. **No Third-Party Beneficiary:** No Person, other than the Obligors and the DIP Lender, are entitled to rely upon this Agreement, and the parties expressly agree that this Agreement does not confer any rights upon any Person not a signatory hereto.
39. **Press Releases:** The Obligors shall not issue any press release naming the DIP Lender without its prior approval unless the Obligors are required to do so by applicable Law.
40. **Counterparts:** This Agreement may be executed in any number of counterparts and delivered by e-mail, including in PDF format, each of which when executed and delivered

shall be deemed to be an original, and all of which when taken together, shall constitute one and the same instrument.

41. **Notices:** Any notice, direction or other communication given under this Agreement shall be in writing and given by delivering it or sending it as indicated below to:

- (a) the Obligors at:

Shaw-Almex Industries Limited
323 Glover Road
Stoney Creek, ON L8E 5M2

Attention: Timothy Shaw
Email: tim.shaw@almex.com

With a copy (which shall not constitute notice) to:

Reconstruct LLP
80 Richmond Street West, Suite 1700
Toronto, ON M5H 2A3

Attention: R. Brendan Bissell
Email: bbisell@reconllp.com

- (b) the DIP Lender at:

Royal Bank of Canada
20 King Street, Suite 200
Toronto, ON M5H 1C4

Attention: Andrew O'Coin
Email: andrew.ocoin@rbc.com

With a copy (which shall not constitute notice) to:

Dentons Canada LLP
77 King Street West, Suite 400
Toronto, ON M5K 0A1

Attention: Dennis Wiebe and Robert Kennedy
Email: dennis.wiebe@dentons.com and robert.kennedy@dentons.com

Any such communication shall be deemed to have been validly and effectively given (i) if personally delivered, when received; or (ii) if transmitted by facsimile, email or similar

means of recorded communication on the date of such transmission if such date is a Business Day and such transmission was made prior to 4:00 p.m. (local time in the place of receipt) and otherwise on the Business Day following the date of transmission. Any party may change its address for service from time to time by notice given in accordance with the foregoing, and any subsequent notice shall be sent to such party at its changed address.

42. **Interpretation:** In this Agreement, words signifying the singular include the plural and vice versa, and words signifying gender include all genders. Every use of the word “including” in this Agreement is to be construed as meaning “including, without limitation”. The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. References in this Agreement to a Section or Schedule are to be construed as references to a Section or Schedule of or to this Agreement unless the context requires otherwise. Subject to any limitations set forth herein, references to contracts, agreements or instruments are deemed to include all amendments, supplements, restatements or replacements to or of such contracts, agreements or instruments. References to a Person includes that Person’s successors and permitted assigns. Unless otherwise specified, reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended, re-enacted or replaced. Unless otherwise specified, all dollar amounts stated herein refer to lawful money of Canada.
43. **Governing Law and Jurisdiction:** This Agreement shall be governed by, and construed in accordance with, the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. The parties hereby attorn and submit to the non-exclusive jurisdiction of the Court.

[remainder of page left intentionally blank; signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

ROYAL BANK OF CANADA, as DIP Lender

By: 
 Signed by: Andrew O'Coin
 BB665F4CC02248F...
 Name: Andrew O'Coin
 Title: Senior Director

SHAW-ALMEX INDUSTRIES LIMITED, as Borrower

By: _____
 Name: _____
 Title: _____

By: _____
 Name: _____
 Title: _____

Each of the undersigned hereby jointly and severally guarantees payment in full to the DIP Lender of all amounts owing under the DIP Facility, including, without limitation, the Commitment Fee:

ALMEX DE FUSION MEXICO S. DE R.L. DE C.V. , as a Guarantor Title: **ALMEX PERU S.A.C., as a Guarantor**

By: _____
 Name: _____

By: _____

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**ROYAL BANK OF CANADA, as DIP
Lender**

By: _____
Name:

Title:

**SHAW-ALMEX INDUSTRIES LIMITED,
as Borrower**

By: _____
Name: Tim Shaw

Title: President

DocuSigned by:
Timothy Shaw
EB87F7DD931745C...

By: _____
Name:

Title:

Each of the undersigned hereby jointly and severally guarantees payment in full to the DIP Lender of all amounts owing under the DIP Facility, including, without limitation, the Commitment Fee:

**ALMEX DE FUSION MEXICO S. DE
R.L. DE C.V. , as a Guarantor**

By: _____
Name: Tim Shaw

Title: Director

DocuSigned by:
Timothy Shaw
EB87F7DD931745C...

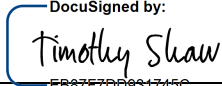
ALMEX PERU S.A.C., as a Guarantor

By: _____
Name: Tim Shaw

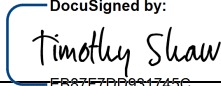
Title: Director

DocuSigned by:
Timothy Shaw
EB87F7DD931745C...

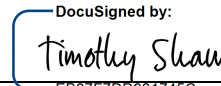
**SHAW ALMEX PACIFIC PTY LTD. as a
Guarantor**

DocuSigned by:

Name: Tim Shaw
Title: Managing Director

**SHAW ALMEX DEUTSCHLAND
GMBH , as a Guarantor**

By: 
Name: Tim Shaw
Title: Director

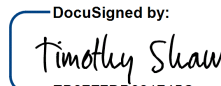
**SHAW ALMEX AFRICA PTY LTD., as a
Guarantor**

By: 
Name: Tim Shaw
Title: Director

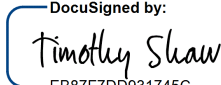
**PT. SHAW ALMEX INDONESIA, as a
Guarantor**

By: 
Name: Tim Shaw
Title: Director


**ALMEX HOLDINGS, INC., as a
Guarantor**

By: 
Name: Tim Shaw
Title: President

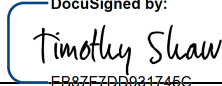
**SHAW ALMEX EUROPE B.V., as a
Guarantor**

By: 
Name: Tim Shaw
Title: Director

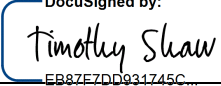
**Shaw Almex Zambia Limited LLC, AS A
GUARANTOR**

By: 
Name: Tim Shaw
Title: Director

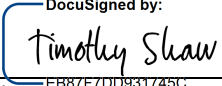
**SHAW ALMEX MINE EQUIP
(TIANJIN) CO. LTD, as a Guarantor**

By:  DocuSigned by:
EB87F7DD931745C...
Name: Tim Shaw
Title: Legal Representative

**SHAW ALMEX CHILE SPA, as a
Guarantor**

By:  DocuSigned by:
EB87F7DD931745C...
Name: Tim Shaw
Title: Director

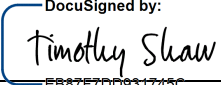
**SHAW-ALMEX BRAZIL HOLDINGS
INC., as a Guarantor**

By:  DocuSigned by:
EB87F7DD931745C...
Name: Tim Shaw
Title: Director

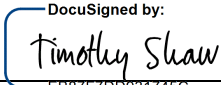
**ALMEX INDUSTRIA DO BRASIL
LIMITADA, as a Guarantor**

By:  DocuSigned by:
EB87F7DD931745C...
Name: Tim Shaw
Title: Director

**FONMAR GROUP, S.L., as a
Guarantor**

By:  DocuSigned by:
EB87F7DD931745C...
Name: Tim Shaw
Title: Director

**SHAW ALMEX FUSION, LLC, as a
Guarantor**

By:  DocuSigned by:
EB87F7DD931745C...
Name: Tim Shaw
Title: President

SCHEDULE A DEFINITIONS

“Administration Charge” means the super-priority charge to be granted by the Court in an amount not exceeding \$350,000 securing the fees and expenses of: (a) the Obligors’ counsel; (b) the Trustee and its counsel; and (c) the Monitor and its counsel;

“Advance” has the meaning given to that term in Section 7;

“Advance Notice” has the meaning given to that term in Section 7;

“Affiliate” of any Person means, at the time such determination is made, any other Person controlling, controlled by or under common control with such first Person, where “control” means the possession, directly or indirectly, of the power to direct the management and policies of such Person, whether through the ownership of voting securities or otherwise;

“Agreement” means this DIP Facility Loan Agreement, including all Schedules, as it may be modified, amended, restated, replaced, supplemented or otherwise changed from time to time and at any time hereafter;

“Approval Order” means the order of the Court issued on April 25, 2025, in the Restructuring Proceedings, approving, *inter alia*, the Previous DIP Facility Loan Agreement, the DIP Facility, the other DIP Loan Documents, and the DIP Charge, and extending the stay of proceedings to May 13, 2025;

“Associate” has the meaning given to such term in the *Business Corporations Act* (Ontario), as in effect on the date hereof;

“Authorization” means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Authority related to the Obligors, the Collateral or their businesses;

“BDC Mortgage” means the mortgage registered in favour of the 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 municipally described as 17 Shaw Almex Road, Parry Sound, Ontario;

“Borrower’s Account” means the disbursement account of the Borrower maintained at any branch of the DIP Lender;

Borrower” has the meaning given to that term in Section 3;

“Business Day” means any day of the year, other than a Saturday, Sunday or any day on which major commercial banks are closed in Toronto, Ontario;

“CCAA Proceedings” has the meaning given to that term in the recitals;

“Change of Control” means any event or circumstance whereby (i) Timothy Shaw shall cease to beneficially own and control directly and/or indirectly at least seventy percent (70%) (on a fully diluted basis) of the economic and voting equity interests of the Borrower, (ii) other than Timothy Shaw, no one Person shall beneficially own directly or indirectly 30% or more of the economic and voting equity interests of the Borrower or (iii) Timothy Shaw shall for any reason cease to be actively engaged in the day-to-day management of the Borrower, unless an interim or permanent successor of such Person that is acceptable to the DIP Lender, acting reasonably, has been appointed;

“Charges” means the Administration Charge;

“Collateral” means all present and after-acquired assets and property of the Obligors, real and personal, tangible and intangible, and all proceeds therefrom, but excluding consumer goods and the last day of the term of any lease or agreement to lease;

“Commitment Fee” has the meaning given to that term in Section 11(a);

“Contractual Obligation” means, with respect to any Person, any provision of any indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument (including any equity interest issued by such Person) to which such Person is a party or by which, whether in writing or orally, such Person or any of its assets is bound or to which such Person or any of its assets is subject;

“Court” means the Superior Court of Justice (Commercial List);

“Court Order” means an order of the Court;

“Default” means any event, circumstance or omission that constitutes an Event of Default or that, after the giving of notice, the passage of time or the failure to remedy such event, circumstance or omission within a period of time, would constitute an Event of Default;

“DIP Budget” has the meaning given to that term in Section 13;

“DIP Charge” has the meaning given to that term in Section 16;

“DIP Facility” has the meaning given to that term in Section 6;

“DIP Lender” has the meaning given to that term in Section 5;

“DIP Loan Documents” means this Agreement and any other agreements, instruments or other documents in respect of the DIP Facility contemplated by this Agreement or required by the DIP Lender;

“DIP Obligations” has the meaning given to that term in Section 16;

“EDC” means Export Development Canada;

“Encumbrance” means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, encroachment, servitude, restriction on use, right of occupation, any matter capable of registration against title, option, right of first offer or refusal or similar right, restriction on voting (in the case of any voting or equity interest), right of pre-emption or privilege or any contract to create any of the foregoing;

“Event of Default” has the meaning given to that term in Section 25;

“Excluded Taxes” means any of the following Taxes imposed on or with respect to the DIP Lender or any other recipient of any payment to be made by or on account of any DIP Obligations, or required to be withheld or deducted from a payment to any such recipient, (a) income, net profits, or capital taxes imposed on or measured by net income, and franchise taxes imposed (i) by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or conducts business, in which its principal office is located or in which its applicable lending office is located, but not including Taxes payable by the DIP Lender as a result of any deemed receipt of interest notwithstanding that no such interest was paid to the DIP Lender or (ii) that are Other Connection Taxes and (b) any branch profits taxes or any similar tax imposed by the jurisdiction where an Obligor is located;

“Filing Date” means March 29, 2025;

“Governmental Authority” means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, body, board, tribunal or dispute settlement panel or other law or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

“Guarantors” has the meaning given to that term in Section 4;

“Indebtedness” of any Person means, at any date, without duplication, (a) all obligations of such Person for borrowed money, including by way of overdraft and drafts or orders accepted as representing extensions of credit, (b) all obligations of such Person evidenced by bonds, debentures, the face amount of all bankers’ acceptances, letters of credit, letters of guarantee and similar instruments, notes, letters of credit or other similar instruments, including obligations under any arrangement providing for the leasing of any property, which property has been or is to be sold or transferred in contemplation of such leasing, (c) all obligations of such Person to pay the deferred purchase price of property or services, (d) all obligations of such Person as lessee which are capitalized in accordance with generally accepted accounting principles (or other applicable accounting standards) consistently applied in Canada, (e) all indebtedness, liabilities and obligations secured by an Encumbrance on any asset of such Person, whether or not the same is otherwise indebtedness, liabilities or obligations of such Person, which, for greater certainty will not include rent paid or payable by such Person in the ordinary course, (f) all indebtedness, liabilities and obligations of others which is, directly or indirectly, guaranteed by such Person or which such Person has agreed (contingently or otherwise) to purchase or otherwise acquire, (g) all indebtedness, liabilities and obligations in respect of financial instruments which are classified as a liability on the balance sheet of such Person, (h) all obligations of such Person to otherwise assure a creditor against loss, (i) all hedging obligations and (j) all obligations of such Person for trade accounts and contracts;

“Indemnified Persons” has the meaning given to that term in Section 30;

“Indemnified Taxes” means (a) Taxes other than Excluded Taxes and (b) to the extent not otherwise described in (a), Other Taxes;

“Initial Order” has the meaning given to that term in the recitals;

“Law” means any federal, provincial, county, territorial, district, municipal, local, foreign, supranational or international. law, statute, ordinance, regulation, by-law, rule, code, treaty or rule of common law or otherwise of, or any order, judgment, injunction, decree or similar authority enacted, issued, promulgated, enforced or entered by, any Governmental Authority;

“Material Adverse Effect” means a material adverse effect on the business, operations, results of operations, assets, liabilities or financial condition of the Obligors or their ability to comply with their obligations under this Agreement, any other DIP Loan Document or any Court Order;

“Material Contract” means, with respect to any particular Person, any contract, licence or other agreement to which such Person is a party or by which it is bound that is material to such Person’s business, operations, properties, assets or prospects, having regard to the subject matter thereof or the potential consequences of a breach or termination thereof

“Maturity Date” has the meaning given to that term in Section 18;

“Maximum Loan Amount” has the meaning given to that term in Section 6;

“Monitor” means FTI Consulting Canada Inc., in its capacity as Monitor in the CCAA Proceedings;

“Net Proceeds” means the applicable gross sale price, less applicable Taxes, customary closing adjustments, reasonable legal fees and expenses and other expenses incurred in respect of the relevant sale, all subject to DIP Lender approval;

“Obligors” has the meaning given to that term in Section 4;

“Other Connection Taxes” means, with respect to the DIP Lender and any other recipient of any payment to be made by or on account of any DIP Obligations, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing the Tax (other than a connection arising from the execution, delivery, enforcement of, or performance under, or receipt of payments under any DIP Loan Document, or from the sale or assignment of an interest in any Advance or DIP Loan Document);

“Other Taxes” means any and all present or future stamp, recording, filing, documentary or similar taxes or any other excise or property taxes, charges or similar levies arising from any payment (or deemed payment) made hereunder or under any other DIP Loan Document or from the execution, delivery or enforcement of, or performance under or otherwise with respect to this Agreement or any other DIP Loan Document (other than Excluded Taxes and Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 36));

“Permitted Encumbrance” means liens, encumbrances or other rights permitted by the Bank in writing (as defined in the RBC Credit Agreement) that existed on the Filing Date, the RBC Security and the Charges;

“Person” means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, corporation, Governmental Authority, and where the context requires, any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

“Pre-Existing Debt” has the meaning given to that term in Section 24(b);

“Previous DIP Facility Loan Agreement” has the meaning given to that term in the recitals;

“Priority Payables” means harmonized sales tax, sales Tax and any amount payable or accrued by the Obligors which is secured by an Encumbrance (other than the Administration Charge) which ranks or is capable of ranking prior to or *pari passu* with the DIP Charge, including amounts accrued or owing for wages, vacation pay, termination pay (only where it is a priority payable), employee deductions, or Taxes, and other statutory or other claims that have or may have priority over, or rank *pari passu* with, the DIP Charge;

“RBC Credit Agreement” means the sixth amended and restated credit agreement dated as of January 27, 2023, as amended by a first amendment agreement dated March 26, 2024, among Shaw-Almex Industries Limited, as borrower, Timothy Shaw and certain Affiliates of Shaw-Almex Industries Limited as guarantors, and Royal Bank of Canada, as lender, as amended, restated or otherwise modified;

“RBC Security” means the Encumbrances on the applicable Collateral pursuant to security documents in favour of Royal Bank of Canada and such security documents;

“Sale” means a sale of all or substantially all of the assets, property and undertaking of Shaw-Almex Industries Limited or all of the equity interests of Shaw-Almex Industries Limited, to the extent approved by the DIP Lender, in its sole discretion;

“Sale Approval Order” has the meaning given to that term in Section 25(u);

“Sale Process Order” means the order of the Court approving a SISP with respect to a Sale;

“SISP” means the sale and investment solicitation process to solicit proposals to purchase or invest in some or all of the assets and/or the business of Shaw-Almex Industries Limited;

“Tax” and **“Taxes”** means any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, excise, withholding, business, franchising, property, development, occupancy, payroll, health, social services, education, employment and all social security taxes, all surtaxes, all customs, duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance and health insurance, and other government pension plan premiums or contributions; and

“Trustee” means FTI Consulting Canada Inc., in its capacity as proposal trustee in the Restructuring Proceedings.

**SCHEDULE B
ADVANCE NOTICE**

To: Royal Bank of Canada
20 King Street West, Suite 200
Toronto, ON M5H 1C4

This Advance Notice is delivered pursuant to the Amended and Restated DIP Facility Loan Agreement dated May [•], 2025 made among Shaw-Almex Industries Limited, as borrower (the “**Borrower**”) and Royal Bank of Canada, as DIP Lender (as further amended, restated or otherwise modified from time to time, the “**DIP Loan Agreement**”). All terms used herein as defined terms and not otherwise defined shall have the respective meanings ascribed thereto in the DIP Loan Agreement.

1. The Borrower hereby requests an Advance as follows:

Date of Advance: May ,2025

Amount of Advance: \$ _____

Borrower:

2. The Borrower hereby certifies that as at the date of this Advance Notice and the date of the Advance requested hereby:

- (a) the proposed use of the proceeds of the proposed Advance is in accordance with the DIP Budget;
- (b) the representations and warranties contained in the DIP Loan Agreement are true and correct in all material respects (except for any such representations and warranties which are specifically expressed to have been given only as at the date of the DIP Loan Agreement); and
- (c) no Default or Event of Default has occurred or will occur after giving effect to the Advance.

[signature page follows]

-2-

Dated this _____ day of _____, 2025 .

SHAW-ALMEX INDUSTRIES LIMITED

By:

Name:

Title:

Approved this _____ day of _____, 2025.

FTI CONSULTING CANADA INC.,
solely in its capacity as Monitor of Shaw-
Almex Industries Limited, and not in its
personal capacity

By:

Name:

Title:

**SCHEDULE C
DIP BUDGET**

See attached

Shaw-Almex Industries Limited - Consolidated Weekly

Projected Cash Flow Statement for the Period of May 3, 2025 to May 30, 2025

(\$CAD in Thousands)

Forecast Week Ending	09-May-25	16-May-25	23-May-25	30-May-25	4-Weeks
Forecast Week	1	2	3	4	Total
Receipts	956	728	845	1,502	4,031
Operating Disbursements					
Payroll	(244)	(382)	(254)	(719)	(1,598)
Material Purchases	(583)	(572)	(711)	(248)	(2,114)
Debt	(37)	(1)	-	(2)	(41)
Freight & Duties	(60)	(26)	(180)	(14)	(280)
Equipment Leases	(21)	(12)	(6)	(49)	(89)
Rent & Utilities	(30)	(29)	(41)	(58)	(159)
IT Expenses	(1)	(1)	(2)	(54)	(59)
Insurance	(0)	(2)	(0)	(84)	(87)
Travel Expenses	(12)	(14)	(14)	(13)	(53)
Vehicles Expenses	(4)	(6)	(2)	(5)	(17)
Taxes	(3)	(86)	(20)	(14)	(123)
Other Disbursements	(76)	(112)	(321)	(98)	(608)
Contingency	(25)	(25)	(25)	(25)	(100)
Operating Disbursements	(1,098)	(1,269)	(1,576)	(1,385)	(5,329)
Net Cash From Operations	(142)	(542)	(731)	117	(1,297)
Intercompany					
Funding from Related Parties	340	80	255	110	785
Funding for Related Parties	(340)	(80)	(255)	(110)	(785)
Total Intercompany	-	-	-	-	-
Restructuring Disbursements					
Professional Fees	(100)	(375)	(100)	(100)	(675)
Net Cash before Financing	(242)	(917)	(831)	17	(1,972)
Financing Requirements					
Proposal Trustee Account Funds	-	760	-	-	760
DIP Financing	-	-	400	400	800
Total Financing Requirements	-	760	400	400	1,560
Net Cash Flows	(242)	(157)	(431)	417	(413)
Cash in Almex Group Accounts					
Beginning Cash	2,546	2,304	2,147	1,716	2,546
Net Receipts/(Disbursements)	(242)	(157)	(431)	417	(413)
Ending Cash in Almex Group's Accounts	2,304	2,147	1,716	2,133	2,133
Cash in Proposal Trustee's Account					
Beginning Cash	760	760	-	-	760
Advances to Almex Group	-	(760)	-	-	(760)
Ending Cash in Proposal Trustee's Account	760	-	-	-	-
DIP Loan					
Beginning DIP Balance	(1,000)	(1,000)	(1,000)	(1,400)	(1,000)
DIP Financing Advances	-	-	(400)	(400)	(800)
Ending DIP Loan Balance	(1,000)	(1,000)	(1,400)	(1,800)	(1,800)

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 - AND -

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

Court File No: BK-25-03205249-0031

Estate No. 31-3205249

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

SUPPLEMENT TO THE SECOND
REPORT OF THE PROPOSAL
TRUSTEE - AND -
PRE-FILING REPORT OF THE
PROPOSED MONITOR
(May 12, 2025)

STIKEMAN ELLIOTT LLP

Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

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**Lawyers for the Proposal Trustee &
Proposed Monitor**