

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

THE HONOURABLE MADAM	)	FRIDAY, THE 25 <sup>TH</sup>
	)	
JUSTICE J. DIETRICH	)	DAY OF APRIL, 2024

**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**

**ORDER  
(Stay Extension, Administration Charge, and DIP Facility)**

**THIS MOTION**, made by Shaw-Almex Industries Limited (the “**Company**”) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the “**BIA**”) for an order, among other things: (i) extending the time to file a proposal pursuant to s. 50.4(9) of the BIA up to and including May 9, 2025; (ii) granting an Administration Charge (as defined herein); and (iii) approving the DIP Facility (as defined herein) and granting a DIP Lender’s Charge (as defined herein), was heard on the 25<sup>th</sup> day of April, 2025.

**ON READING** the affidavit of Timothy Shaw, sworn April 24, 2025, and the exhibits thereto, and the First Report of FTI Consulting Canada Inc. dated April 24, 2025 (the “**First Report**”) in its capacity as proposal trustee of the Company (the “**Proposal Trustee**”).

**ON HEARING** the submissions of counsel for the Company, the Proposal Trustee, and such other counsel that were present, no one else appearing for any other person although duly served:

## **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Company's Notice of Motion returnable April 25, 2025 and Motion Record dated April 24, 2025, is abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

## **STAY OF PROCEEDINGS**

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Company to file a proposal with the Official Receiver be and is hereby extended to and including May 13, 2025 (the "**Stay Period**").

## **ADMINISTRATION CHARGE**

3. **THIS COURT ORDERS** that the Proposal Trustee, counsel to Proposal Trustee and counsel to the Company shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Company as part of the costs of these proceedings. The Company is hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel for the Proposal Trustee and counsel for the Company as such accounts are rendered. The Proposal Trustee and its counsel shall be authorized to immediately apply any such payments made by the Company to their fees and disbursements and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

4. **THIS COURT ORDERS** that, pursuant to Section 64.2 of the BIA, the Proposal Trustee, counsel to the Proposal Trustee, the Company's counsel, and in the event of a bankruptcy, the trustee in bankruptcy and its counsel, shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on all of the Company's current and future assets, undertakings and properties of every nature and kind whatsoever and wherever situate including all proceeds thereof, (the "**Property**"), which charge shall not exceed an aggregate amount of \$350,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee, any trustee in bankruptcy, and such counsel, 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 11 and 13 hereof.

## **DIP FINANCING**

5. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to obtain and borrow under a credit facility (the “**DIP Facility**”) from the DIP Lender in order to finance the Company’s working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under the DIP Facility shall not exceed \$1,000,000 unless permitted by further order of this Court.

6. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Company and the DIP Lender dated April 24, 2025 (the “**Commitment Letter**”), which is found at master number E281 on Case Center.

7. **THIS COURT ORDERS** that the Company is 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 contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Company is hereby authorized and directed to pay and perform all of its 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.

8. **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 11 and 13 herein.

9. **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 Commitment Letter or the Definitive Documents, the DIP Lender, upon 5 days’ notice to the Company and the Proposal Trustee, may cease making advances to the Company and set off and/or consolidate any amounts owing by the DIP Lender to the Company against

the obligations of the Company 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 Company and for the appointment of a trustee in bankruptcy of the Company; and

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

10. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any proposal filed by the Company under the BIA with respect to any advances made under the Definitive Documents.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

11. **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:

- a) First – Administration Charge (to the maximum amount of \$350,000); and
- b) Second – DIP Lender's Charge (to the maximum principal amount of \$1,000,000).

12. **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.

13. **THIS COURT ORDERS** that, subject to paragraph 14 of this Order, each of the Charges shall constitute a charge on the Property and 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 individual, firm, corporation, governmental agency, or any other entities (each and any, a "**Person**").

14. **THIS COURT ORDERS** that notwithstanding any other provision of this Order, any amounts owing under the DIP Facility and any fees and costs incurred by the Proposal Trustee,

its counsel and the Company's counsel (to date and going forward) as secured by the Charges shall not rank in priority to any secured creditor of the Company other than BDC Capital Inc., including 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 Company located at 17 Shaw Almex Road, Parry Sound, Ontario (the "**BDC Mortgage**"), provided that the rights of beneficiaries of the Charges to seek priority of the Charges over the any secured creditor of the Company other than BDC Capital Inc. and the BDC Mortgage is specifically reserved and may be argued at the hearing scheduled pursuant to paragraph 22, below, including with respect to any funds advanced under the DIP Facility between the date of this Order and that further hearing.

15. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Company obtains the prior written consent of the Proposal Trustee, the DIP Lender and the beneficiaries of the Charges, or further Order of this Court.

16. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (the "**Chargees**") shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications or any deemed bankruptcy; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Company, and notwithstanding any provision to the contrary in any Agreement:

- a) the creation of the Charges shall not create or be deemed to constitute a breach by the Company 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 creation of the Charges; and
- c) the payments made by the Company pursuant to this Order, and the granting of

the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

17. **THIS COURT ORDERS** that the Charges created by this Order over leases of real property in Canada shall only be a charge in the Company's interests in such real property leases.

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

- a) determines the issue of how any 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.

#### **GENERAL**

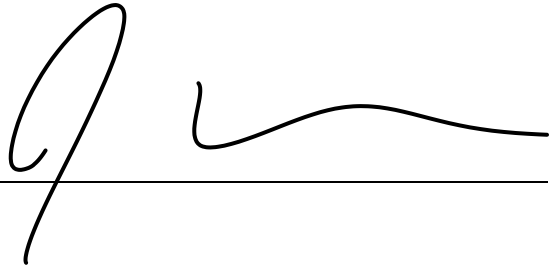
19. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada and as against all Persons against whom it may otherwise be enforced.

20. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or in any other foreign jurisdiction to give effect to this Order and to assist the Company, the Proposal Trustee 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 Company and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to recognize and give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order.

21. **THIS COURT ORDERS** that each of the Company and the Proposal Trustee be at liberty and is 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.

22. **THIS COURT ORDERS** that the portion of the Company's motion seeking an order continuing this proceeding under the *Companies Creditors Arrangement Act* is adjourned to May 13, 2025 at 10:00 am.

23. **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.



---

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a wavy line, is positioned above a horizontal line.

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

Bankruptcy Court File No. BK-25-03205249-0031

AND IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF SHAW-ALMEX INDUSTRIES LIMITED OF  
THE CITY OF PARRY SOUND IN THE PROVINCE OF ONTARIO

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

Proceedings commenced at *TORONTO*

**ORDER  
(Stay Extension, Administration Charge and DIP  
Facility)**

**RECONSTRUCT LLP**  
80 Richmond Street West  
Suite 1700  
Toronto, ON M5H 2A4

**R. Brendan Bissell** LSO No. 40354V  
[bbissell@reconllp.com](mailto:bbissell@reconllp.com)  
Tel: 416.613.0066

**Caitlin Fell** LSO No. 60091H  
[cfell@reconllp.com](mailto:cfell@reconllp.com)  
Tel: 416.613.8282

**Jessica Wuthmann** LSO No. 72442W  
[jwuthmann@reconllp.com](mailto:jwuthmann@reconllp.com)  
Tel: 416.613.8288

**Simran Joshi** LSO No. 89775A  
[sjoshi@reconllp.com](mailto:sjoshi@reconllp.com)  
Tel: 416.613.6589

**Lawyers for Shaw-Almex Industries Limited**