

COURT FILE NUMBER

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COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF MANTLE MATERIALS GROUP
LTD. AND RLF CANADA HOLDINGS LTD.

APPLICANT

MANTLE MATERIALS GROUP, LTD.

DOCUMENT

SECOND REPORT OF FTI CONSULTING CANADA
INC., IN ITS CAPACITY AS MONITOR OF MANTLE
MATERIALS GROUP LTD.

September 12, 2024

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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SECOND REPORT OF THE MONITOR

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INTRODUCTION

1. On July 14, 2023 (the "**NOI Filing Date**"), Mantle Materials Group Ltd. ("**Mantle**" or the "**Company**"), a private corporation filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**"). FTI Consulting Canada Inc. ("**FTI**") consented to act as proposal trustee (the "**Proposal Trustee**") in the NOI proceedings of Mantle (the "**Proposal Proceedings**").
2. On August 15, 2023, this Court granted an Order (the "**August 15 Order**") which granted, among other things, the following relief:
 - a. an extension of the stay of proceedings (the "**Stay of Proceedings**") until and including September 27, 2023;
 - b. approval of the interim financing facility in the maximum amount of \$2.2 million (the "**Interim Financing Facility**"); and
 - c. approval of priority charges in favour of (i) the Company's counsel, the Proposal Trustee and the Proposal Trustee's counsel in the amount of \$425,000, (ii) the Interim Financing Facility in the amount of \$2.2 million and (iii) the directors and officers in the amount of \$150,000 (collectively, the "**BIA Charges**").
3. On November 8, 2023, this Court granted, among other things, the following:
 - a. an order (the "**Auction Approval Order**") approving the sale by way of public auction of the majority of Mantle's equipment (the "**Equipment**") by Ritchie Bros. Auctioneers ("**Ritchies**") pursuant to an auction services agreement dated October 31, 2023 (the "**Auction Agreement**") between Mantle and Ritchies; and,
 - b. an order providing for the following relief, among other things:

- i. an extension of the Stay of Proceedings to December 2023, as subsequently extended to January 10, 2024 by an order granted on December 18, 2023; and
 - ii. authorization and direction to Atlas Aggregates Inc. (“**Atlas**”) to provide certain information relating to its shareholders (the “**Shareholder Information**”) to the Proposal Trustee for purpose of the shareholders being included in the solicitation process of Mantle’s shareholdings in Atlas.
4. On January 10, 2024, (the “**Filing Date**”), Mantle (in such capacity, the “**Applicant**”), brought a motion in the Proposal Proceedings before the Court of King’s Bench of Alberta (the “**Court**”) to have the Proposal Proceedings taken up and continued under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).
5. Pursuant to the Court order made on January 10, 2024 (the “**Initial Order**”), and an amended and restated initial order made on January 16, 2024 (the “**ARIO**”), Mantle was granted protection under the CCAA (the “**CCAA Proceedings**”). The ARIO appointed FTI as monitor (in such capacity, the “**Monitor**”) in these CCAA Proceedings and granted certain court priority charges (the “**CCAA Charges**”).
6. On February 13, 2024, this Court granted, amount other things the following:
 - a. an order (the “**Arrow West SAVO**”) approving the share purchase agreement (the “**Arrow West SPA**”) between Mantle, as vendor, and Arrow-West Holdings Ltd. (“**Arrow West**”), as purchaser, for the sale of certain shares of Atlas (the “**Atlas Shares**”);

- b. an order (the “**St. Paul SAVO**”) approving the asset purchase agreement (the “**St. Paul APA**”) between Mantle as vendor and the County of St. Paul 19 (“**St. Paul**”) as purchaser, for the sale of the Freehold Pit Assets (as defined below);
 - c. an order (the “**PEA SAVO**”) approving the asset purchase agreement (the “**PEA APA**”) between Mantle as vendor and PEA Holdings Incorporated (“**PEA**”) as purchaser, for the sale of the Public Pit Assets (as defined below);
 - d. an order (the “**Sealing Order**”) sealing the confidential affidavit of Byron Levkulich dated February 13, 2024 (the “**Confidential Levkulich Affidavit**”) and the confidential supplement to the First Report of the Monitor (the “**Confidential Supplement**”); and
 - e. an extension of the Stay of Proceedings until and including September 30, 2024 (the “**Stay Period**”).
7. On September 11, 2024, the Applicant filed a notice of application returnable on September 20, 2024 (the “**September 20 Application**”) seeking:
- a. an order (the “**Stay Extension and WEPPA Order**”) granting the following:
 - i. an extension of the Stay Period until and including November 15, 2025; and
 - ii. a declaration that pursuant to section 5(5) of the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1 (“**WEPPA**”) the Applicant and their former employees meet the criteria established by section 3.2 of the Wage Earner Protection Program Regulations, SOR/2008-222 (the “**WEPP Regulations**”) as of the date of the granting of the Stay Extension and WEPPA Order; and

- b. an order (the “**Vesting Order**”) vesting all of the right, title and interest of Mantle in and to DML 120032 (as defined below) and the security deposited in respect thereof pursuant to an asset purchase agreement dated September 10, 2024 (the “**DML APA**”) between Mantle and Fleming Cats Inc. (“**Fleming Cats**”).

PURPOSE

8. FTI has reviewed the Court materials filed by Mantle in support of the September 20 Application. The purpose of this report (this “**Report**” or the “**Second Report**”) is to provide the Court and the Applicant’s stakeholders with information and the Monitor’s comments with respect to the following:
 - a. a summary of the activities of the Monitor since the report dated February 16, 2024 (the “**First Report**”) and an update on the status of various ongoing initiatives being undertaken by Mantle during the CCAA Proceedings;
 - b. an update on the status of the various environmental reclamation obligations (the “**Environmental Obligations**”) related to the Company’s aggregate/gravel pits (the “**Aggregate Pits**”), pursuant to environmental protection orders (“**EPOs**”) issued by Alberta Environment and Protected Areas (the “**AEPA**”);
 - c. an update on the status of the St. Paul APA and the PEA APA (collectively, the “**Active Pit Sale Agreements**”) and the Arrow West SPA (collectively, with the Active Pit Sale Agreements, the “**Transaction Agreements**”);
 - d. a summary of the actual cashflow for the period of February 10, 2024 to September 6, 2024 compared to the cash flow forecast filed in these CCAA Proceedings with the Court on February 16, 2023 (the “**Second CCAA Cash Flow Statement**”);

- e. Mantle's third CCAA cash flow statement (the "**Third CCAA Cash Flow Statement**") for the period commencing on September 7, 2024 and ending November 21, 2025; and
- f. the Monitor's recommendation in respect of the Mantle's requested relief at the September 20 Application.

TERMS OF REFERENCE

- 9. In preparing this Second Report, the Monitor relied upon unaudited financial information, other information available and, where appropriate, Mantle's books and records and discussions with various parties (collectively, the "**Information**").
- 10. Except as described in this Second Report:
 - a. the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*;
 - b. the Monitor has not examined or reviewed financial forecasts and projections referred to in this Second Report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*; and
 - c. future oriented financial information reported or relied on in preparing this Second Report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
- 11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

ACTIVITIES OF THE MONITOR

12. Since the date of the First Report, the Monitor has, among other things:
 - a. reviewed Mantle's receipts and disbursements and monitored Mantle's performance relative to the Second CCAA Cash Flow Forecast;
 - b. responded to inquiries from stakeholders, suppliers and creditors who contacted the Monitor and in connection with these CCAA Proceedings;
 - c. consulted with the Applicant on the steps necessary to close the Transaction Agreements and satisfy the Environmental Obligations, including reviewing a potential transaction to dispose of a certain lease agreement;
 - d. prepared, in consultation with the Applicant, a summary of former employees' eligible claims for WEPPA which will be filed in the event the Stay Extension and WEPPA Order is granted; and
 - e. assisted Mantle in developing the Third CCAA Cash Flow Forecast.

STATUS OF TRANSACTION AGREEMENTS

ACTIVE PITS

13. As further described in the First Report, Mantle entered into the Active Pit Sale Agreements which contemplated the disposition of all 12 of Mantle's active Aggregate Pits. The Active Pit Sale Agreements were approved by way of the St. Paul SAVO and PEA SAVO (collectively, the "**Active Pit SAVOs**") which were granted on February 13, 2024.
14. Since the granting of the Active Pit SAVOs, Mantle has been working with the two purchasers to satisfy the AEPA's requirements to close the Active Pit Sale Agreements.

15. All conditions in the St. Paul APA were met and the transaction was closed, including the payment of the purchase price which is currently being held in trust by the Company's counsel. Accordingly, on September 9, 2024, the Monitor filed the closing certificate (the "**St. Paul Closing Certificate**") certifying that the St. Paul APA was closed.
16. Mantle is still in the process of satisfying the AEPA's conditions with respect to the PEA APA. Included in the conditions that were required by the AEPA was the re-posting of security deposits of approximately \$143,000 and payment of unpaid lease rentals in the amount of approximately \$7,000. The re-posting of the security deposits was required after certain cash collateral agreements expired and the amounts were returned to the Company's counsel.
17. Following the payments described above, Mantle is waiting for the AEPA to provide final approval on the transfer of the approval 10 aggregate pits to PEA. The Monitor understands that in order to approve the transfers the AEPA will also need to re-instate SML licenses for 4 of the Aggregate Pits and retract the EPO's that were placed on 5 of the Aggregate Pits.
18. At the date of this Second Report, Mantle believes the AEPA is in its final stages of approvals but does not have an expected timeline as to when the AEPA will fully approve the transfers to PEA. Mantle has advised the Monitor that it will continue to work with PEA to respond to and satisfy the AEPA's requirements.

ARROW WEST SPA

19. On February 13, 2024, this Court approved the Arrow West SPA and granted the Arrow West SAVO, which contemplated the sale of Mantle's holdings in Atlas to Arrow West. With the granting of the Arrow West SAVO, the final condition in the Arrow West SPA was satisfied and it was considered closed. The proceeds are currently being held by the Monitor in trust.

DML APA

20. Since the date of the First Report, Mantle became aware of reclamation obligations that were related to a remote lay down yard which Mantle had an active commercial/ industrial miscellaneous lease referred to as DML 120032 (the “**DML**”). Due to its remote location and limited developed resource the DML has no positive value to Mantle and would require a further use of cash to reclaim if Mantle is not able to transfer the obligation to another party. Accordingly, Mantle entered into discussions with a local business Fleming Cats who had interest in taking over the DML and related environmental obligations.
21. After further negotiations Mantle and Fleming Cats entered into the DML APA in which Fleming Cats would accept the transfer of the DML from Mantle in exchange for consideration of one dollar (\$1.00) and Mantle agreeing to also transfer the associated security deposit posted with the Alberta Forests and Parks (“**AFP**”) into Fleming Cats’ name.
22. As an alternative to the DML APA, Mantle sought a third-party quote to satisfy the reclamation obligations associated with the DML. Upon receiving the quote, Mantle determined that the consideration of transferring the security deposit was materially less than the cost to complete the reclamation work. Mantle further explored the possibility of other local parties being interested in the DML but had no success due to the remote location of the DML and the AEPA’s requirements on parties qualified to hold commercial/ industrial miscellaneous lease agreements with associated reclamation obligations.
23. While reviewing the proposed terms of the DML APA and the proposed cost for Mantle to reclaim the DML itself, the Monitor determined it was in the best interest of Mantle and its stakeholders to proceed to enter into the DML APA based on the following:
 - a. only one party expressed interest in the DML;

- b. the DML has no reserves of gravel or other aggregates;
 - c. it minimizes the cost to Mantle to satisfy the associated reclamation obligations;
and
 - d. it furthers the stated goal of these CCAA proceedings which is for Mantle to satisfy the Environmental Obligations.
24. Based on the foregoing, the Monitor advised Mantle that it did not object to Mantle entering into the DML APA and on September 10, 2024, Mantle and Fleming Cats executed the DML APA.
25. A copy of the DML APA has been attached to as Appendix A.
26. The consideration in the DML APA is below the thresholds set out in paragraph 11 (a) of the ARIO, however the only remaining unsatisfied conditions of the DML APA are in relation to this Court granting the Vesting Order and obtaining final approval from the AFP regarding the transfer of the DML and security deposit. The Monitor understands that the AFP has provided its conditional consent to the DML APA, subject to confirming whether additional security will be required.
27. In the Monitor's view, the Vesting Order should be granted by this Court as the DML has no recoverable value to Mantle. The benefit of the DML APA is a reduction in environmental liabilities that Mantle would otherwise be required to pay to remediate. The Monitor understands that AFP has consented to the assignment of the DML to Fleming Cats, subject to confirming whether any increase to the security deposit will be required.

STATUS OF THE ENVIRONMENTAL OBLIGATIONS

28. During the NOI Proceedings and these CCAA Proceedings, Mantle's operational focus has been to maximize cash receipts as it works to satisfy the Environmental Obligations.
29. Through the Transaction Agreements and DML APA, Mantle has or will have transferred all of its Environmental Obligations associated with active pits to third parties acceptable to the AEPA.
30. Mantle has continued to complete the reclamation work with respect to the eight pits which are inactive and were not capable of being sold (the "**Inactive Pits**"). All eight of the Inactive Pits had EPO's issued against them.
31. Since the date of the First Report, Mantle has completed the reclamation work for two of the Inactive Pits and had the associated EPO's cancelled which signifies that the AEPA has determined the reclamation work to be completed. The reclamation field work on the 6 remaining Inactive Pits with outstanding EPO's has been completed and they are all now in the monitoring/reporting stage of reclamation.
32. At the commencement of the Proposal Proceedings, Mantle had 25 Aggregate Pits associated with its operations with an internal estimated reclamation cost of approximately \$3.6 million.
33. The Monitor notes the following about the reclamation work completed by Mantle since the commencement of the Proposal Proceedings:
 - a. Mantle has satisfied reclamation obligations of \$1.2 million through site remediation and once the Active Pit Sale Agreements are closed and DML APA is completed will have transferred to a third-party another \$1.9 million in obligations;

- b. Mantle estimates the total remaining reclamation work to cost approximately \$110,000 of which approximately \$24,500 is expected to be completed in 2024.
34. Mantle is optimistic that all reclamation work for the 6 remaining Inactive Pits will be completed by the end of 2025 and it will be able to apply for reclamation completion certificates, which Mantle expects would not be issued until early 2026 at the earliest. Once the PEA APA and DML APA are closed, the completion of the reclamation work for the 6 remaining Inactive Pits will represent the last of the Environmental Obligations.

CASH FLOW STATEMENT

VARIANCE ANALYSIS

35. Mantle, in consultation with the Monitor, prepared the Second CCAA Cash Flow Statement which was filed as Appendix A to the Second Report.
36. Mantle's actual cash flows in comparison to those contained in the Second CCAA Cash Flow Statement forecast for the period of February 10, 2024 to September 6, 2024 are summarized below:

30 Week Period Ending Sep 6, 2024			
<i>(CAD\$)</i>	Actual	Forecast	Variance
RECEIPTS			
Operating Receipts	\$ 176,123	\$ 287,165	\$ (111,042)
DISBURSEMENTS			
<i>Operating Disbursements</i>			
Payroll + Source Deductions	188,181	153,512	34,669
Trucking and Fuel	364	100	264
Insurance & Benefits	36,452	16,403	20,050
G&A Expense	194,508	11,372	183,136
EPO Reclamation	78,750	346,833	(268,083)
<i>Total Operating Disbursements</i>	498,255	528,220	(29,965)
Net Operating Cash Flow	\$ (322,133)	\$ (241,055)	\$ (81,077)
<i>Non-Operating Receipts & Disbursements</i>			
Company Counsel	805,870	1,176,713	(370,843)
Monitor & Counsel	110,064	232,608	(122,544)
<i>Total Non-Operating Receipts & Disbursements</i>	915,934	1,409,321	(493,387)
NET CASH FLOWS	\$ (1,238,067)	\$ (1,650,376)	\$ 412,310
CASH			
Beginning Balance	1,805,536	1,805,536	-
<i>Interim Financing (Draw)</i>	-	-	-
Net Cash Inflows / (Outflows)	(1,238,067)	(1,650,376)	412,310
ENDING CASH	\$ 567,469	\$ 155,159	\$ 412,310
INTERIM FINANCING FACILITY			
Opening	2,200,000	2,200,000	-
Draw/ (Repayment)	-	-	-
ENDING INTERIM FINANCING FACILITY	\$ 2,200,000	\$ 2,200,000	\$ -

37. The material variances in actual receipts and disbursements as compared to the Second CCAA Cash Flow Statement are primarily due to timing in the collection of receipts, G&A expense, EPO reclamation costs and timing of payments relating to professional fees. Below is a more detailed description of these variances:

- a. the unfavourable variance in receipts of approximately \$111,000 relates to a receivable from Ledcor Highways Ltd. (“**Ledcor**”) which was being held due to concerns by Ledcor about payments to their subcontractors. Mantle expects to collect the Ledcor receivable in future periods and this receipt is included in the Third Cash Flow Statement. Excluding the Ledcor receivable, the receipts would have had a favourable variance of approximately \$43,000;

- b. the unfavourable variance of approximately \$30,000 in disbursements is primarily comprised of:
 - i. unfavourable variance of approximately \$35,000 for payroll and source deductions related to consulting fees as the Second Cash Flow Statement underestimated the time requirements necessary to manage the completion of the reclamation obligations and the wind-down of Mantle's operations;
 - ii. unfavourable variance of approximately \$20,000 relating insurance D&O and run-off insurance that was not included in the forecast;
 - iii. unfavourable variance of approximately \$183,000 relating to G&A expenses for the completion of tax returns and re-posting of security deposits for pits included in the PEA APA. The re-posting of security deposits will be offset by receipts from the Company's counsel which will be included in the Third Cash Flow Statement; and
 - iv. favourable variance of approximately \$268,000 relating estimates for EPO reclamation due to a mild winter and therefore there being less soil erosion than was estimated; and
 - c. favourable variance for professional fees of approximately \$493,000, of which \$371,000 relates to the Company's counsel and \$122,000 relates to the Monitor and its counsel. This variance is expected to reverse in future periods as amounts have been accrued but not yet paid by the Applicant. The Company's counsel has unbilled work in progress of approximately \$305,000 as of mid August 2024, which is included to be paid in the Third Cash Flow Statement.
38. As at August 23, 2024, the Interim Financing Facility has been fully drawn to \$2.2 million and Mantle is holding approximately \$567,000 in cash on hand.

THIRD CCAA CASH FLOW STATEMENT

39. Management has prepared the Third CCAA Cash Flow Statement to set out Mantle’s liquidity requirements for the 63-week period ending November 21, 2025 (the “**Forecast Period**”). A copy of the Third CCAA Cash Flow Statement is attached as Appendix B.
40. The Third CCAA Cash Flow Statement is summarized as follows:

Weeks Ending (Friday) (CAD)	63-Week Forecast
Forecast Week	Total
RECEIPTS	
Post-Filing Sales	\$ 154,084
Other Receipts	251,999
Total Receipts	406,083
DISBURSEMENTS	
<i>Operating Disbursements</i>	
Payroll + Source Deductions	179,654
G&A Expense	49,786
EPO Reclamation	116,025
<i>Total Operating Disbursements</i>	345,465
Net Operating Cash Flow	\$ 60,618
<i>Non-Operating Receipts & Disbursements</i>	
Company Counsel	446,126
Proposed Monitor & Counsel	155,000
<i>Total Non-Operating Receipts & Disbursements</i>	601,126
NET CASH FLOWS	\$ (540,507)
CASH	
Beginning Balance	\$ 567,469
Interim Financing (Draw)	-
Net Cash Inflows / (Outflows)	(540,507)
ENDING CASH	\$ 26,962
INTERIM FINANCING FACILITY	
Opening	\$ 2,200,000
Draw/ (Repayment)	-
ENDING INTERIM FINANCING FACILITY	\$ 2,200,000

41. The Third CCAA Cash Flow Statement projects Mantle will have negative net cash flow of approximately \$541,000 over the Forecast Period.
42. The Third CCAA Cash Flow projects Mantle will end the Forecast Period with approximately \$27,000 in cash on hand.
43. The Third CCAA Cash Flow Statement contemplates the following:
 - a. Mantle's collection of accounts receivables owed by Ledcor for inventory which was delivered to customers prior to the Forecast Period;
 - b. the return of approximately \$50,000 of funds held in trust by the Company's counsel for as security for vendor's services during the Proposal Proceedings and the return of approximately \$201,000 in security deposits related the expiry of cash collateral agreements and the return of GIC amounts that were in excess of the security deposits that were required for certain of the Aggregate Pits. As described above, deposits of approximately \$143,000 have already been replaced by Mantle in connection with the PEA APA. Mantle does not expect to have to place additional security deposits as it winds down its operations;
 - c. expenses relating to maintenance of Mantle's operations and the coordination of reclamation work by third party vendors, including employee, and miscellaneous G&A expenses;
 - d. expenses relating to the remaining reclamation work for the Inactive Pits;
 - e. professional fees for the Monitor, Monitor's counsel and Mantle's counsel. Estimated professional fees included unpaid invoices, unbilled WIP and forecast run rate to the end of the Forecast Period. The split between accrued expenses and forecasted expense for Mantle's counsel is approximately \$305,000 and \$140,000,

respectively. The split between accrued expenses and forecasted expense for the Monitor and its counsel is approximately \$25,000 and \$130,000, respectively; and

- f. the Third CCAA Cash Flow Forecast only includes operating cash and does not contemplate any sale proceeds, which are being held in trust by the Monitor. The Monitor is currently holding \$2.3 million in its trust account of which \$2.0 million relates to the sale of the Travelers Equipment and \$280,000 relates to the Arrow West APA.
44. The Third CCAA Cash Flow Statement has been prepared by Mantle using probable and hypothetical assumptions set out in the notes to the Third CCAA Cash Flow Statement.
45. The Monitor's review of the Third CCAA Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to the Information supplied to it by Mantle. Since probable and hypothetical assumptions need not be supported, the Monitor's procedures were limited to evaluating whether they were consistent with the purpose of the Third CCAA Cash Flow Statement, and there are no material assumptions contained therein which seem unreasonable in the circumstances.
46. Based on the Monitor's review, as at the date of this Second Report, nothing has come to its attention that causes it to believe that, in all material respects:
- a. the probable and hypothetical assumptions are not consistent with the purpose of the Third CCAA Cash Flow Statement; and
 - b. the probable and hypothetical assumptions developed by Mantle are not supported and consistent with the plan of the Mantle or do not provide a reasonable basis for the Third CCAA Cash Flow Statement.

STAY EXTENSION

47. The Monitor has considered Mantle's request to extend the stay of proceedings to November 15, 2025, and has the following comments:
- a. there will be no material prejudice to the Mantle's creditors and stakeholders as a result of the proposed extension of the stay of proceedings;
 - b. the extension of the stay of proceedings will allow Mantle to close the PEA APA and complete the DML APA which will be to the benefit of all stakeholders;
 - c. the extension of the Stay of Proceedings will allow Mantle to continue to complete the reclamation work with respect to the Inactive Pits and will not prejudice any creditor as it will reduce the Environmental Obligations, which have priority over all assets of the estate used in the gravel business;
 - d. Although the length of the stay extension request is unusually long the remaining reclamation work required to be completed by the Company is almost entirely the monitoring of work that has already been completed. The monitoring period imposed by the AEPA is around two years and the extended length of the Stay of Proceedings will allow for this monitor to be completed while minimizing professional fees associated with applications prior to when Mantle believes all or the majority of the Environmental Obligations will have been satisfied;
 - e. the Third CCAA Cash Flow Statement indicates that Mantle is forecasted to have sufficient liquidity to continue to fund operations and the cost of these CCAA Proceedings to November 15, 2025; and
 - f. Mantle has acted and is continuing to act in good faith and with due diligence.

WEPPA DECLARATION

48. Section 5(1) of the WEPPA provides that an individual is eligible to receive payment under that Act if, among other things, (i) the individual is owed eligible wages by a former employer; (ii) the former employer is subject to proceedings under Division I of Part III of the BIA or under the CCAA; and (iii) a court determines under subsection 5(5) that criteria prescribed by regulation are met.
49. Section 5(5) of WEPPA provides that, on application by any person, a court may, in proceedings under Division I of Part III of the BIA or under the CCAA, determine that a former employee meets criteria prescribed by regulation. Section 3.2 of the WEPP Regulations provides that "for purposes of subsection 5(5) of the WEPPA, a court may determine whether the former employer is the former employer of all of whose employees in Canada have been terminated other than any retained to wind down its business operations."
50. At the commencement of the Proposal Proceedings, the Applicant had approximately ten employees. Throughout the Proposal Proceedings and these CCAA Proceedings, Mantle has been working to wind-down its operations and satisfy the Environmental Obligations. As at the date of this Report, nine employees have been terminated (the "**Terminated Employees**") and Mantle only has one remaining employee who is employed to assist with the satisfaction of the remaining Environmental Obligations and the closing of the Active Pit Sale Agreements.
51. The Monitor is of the view that the Terminated Employees meet the criteria prescribed in the WEPP Regulations. The Monitor supports the Applicant's request for a declaration that Mantle meets the criteria prescribed in relation to section 5(5) of the WEPPA.

52. Labour Program Employment and Social Development Canada is on the Service List for these CCAA Proceedings and was served with the Applicants' materials for the September 20 Application.

CONCLUSIONS AND RECOMMENDATIONS

53. The Monitor respectfully recommends that this Court grant the following:

- a. the Stay Extension and WEPPA Order and
- b. the Vesting Order.

All of which is respectfully submitted this 12th day of September 2024.

FTI Consulting Canada Inc., in its capacity as
the Monitor of
Mantle Materials Group Ltd.
and not in its personal or corporate capacity



Dustin Olver, CA, CPA, CIRP, LIT
Senior Managing Director
FTI Consulting Canada Inc.

Appendix A

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is dated as of September 10, 2024

B E T W E E N :

MANTLE MATERIALS GROUP, LTD. (the “**Vendor**”)

- and -

FLEMING CATS INC. (the “**Purchaser**”)

CONTEXT:

- A. The Vendor carries on the business of extracting, processing and selling gravel and other aggregates from pits that it operates in the Province of Alberta. The Vendor holds a disposition granted to it by the Crown in right of the Province of Alberta identified as DML 120032 (the “**DML**”).
- B. On July 14, 2023, the Vendor filed a notice of intention to make a proposal under section 50.4 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended. The proceedings commenced thereby were taken up and continued under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) pursuant to an initial order of e Honourable ACJ D.B. Nixon pronounced on January 10, 2024 and FTI Consulting Canada Inc. was appointed as monitor (in such capacity, the “**Monitor**”).
- C. The Vendor wishes to sell and the Purchaser wishes to purchase the right, title and interest of the Vendor in and to the DML upon and subject to the terms and conditions of this Agreement.

THEREFORE, the Parties agree as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement the following terms have the following meanings:

- (a) “**AFP**” means Alberta Forestry and Parks, the Governmental Authority responsible for the issuance of dispositions of Crown lands.
- (b) “**Agreement**” means this agreement, as it may be supplemented, amended, restated or replaced from time to time by written agreement between the Parties.
- (c) “**Applicable Law**” means, at any time, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (whether or not having the force of law) all applicable official directives, rules, consents, approvals, by-laws, permits, authorizations, guidelines, orders, codes and policies of any Governmental Authority having authority over that Person, property, transaction or event.
- (d) “**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in the Province of Alberta or any other day on which the principal chartered banks located in the City of Calgary are not open for business during normal banking hours.
- (e) “**CCAA**” is defined in Context paragraph B.

- (f) **“Closing”** means the successful completion of the Transaction.
- (g) **“Closing Date”** means the date which is five (5) Business Days immediately following the satisfaction or waiver of the conditions in 4.
- (h) **“Communication”** means any notice, demand, request, consent, approval or other communication which is required or permitted by this Agreement to be given or made by a Party.
- (i) **“Court”** means the Court of King’s Bench of Alberta.
- (j) **“DML”** is defined in Context paragraph A.
- (k) **“DML Assets”** means the DML, the Security Deposit and any gravel or aggregate located on the DML Lands.
- (l) **“DML Lands”** means the lands subject to the DML.
- (m) **“Environment”** means the ambient air, all layers of the atmosphere, all water including surface water and underground water, all land, all living organisms and the interacting natural systems that include components of air, land, water, living organisms and organic and inorganic matter.
- (n) **“Environmental Laws”** means any Applicable Laws relating to the Environment and protection of the Environment, including the *Environmental Protection and Enhancement Act*, R.S.A. 2000, c. E-12, the *Public Lands Act*, RSA 2000, Chapter P-40 and *Public Lands Administration Regulation*, AR 187/2011, as amended.
- (o) **“Governmental Authority”** means any federal, provincial, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of the foregoing exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory or taxing authority or power of any nature, or any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.
- (p) **“Monitor”** is defined in Context paragraph B.
- (q) **“Parties”** means the Vendor and the Purchaser, collectively, and **“Party”** means either of them.
- (r) **“Person”** means an individual, body corporate, sole proprietorship, partnership or trust or unincorporated association, unincorporated syndicate, unincorporated organization, or another entity, and a natural person, acting in his or her individual capacity or in his or her capacity as executor, trustee, administrator or legal representative, and any Governmental Authority.
- (s) **“Purchase Price”** is defined in Section 2.1(b).
- (t) **“Reclamation Liabilities”** means all liabilities and obligations under the Environmental Laws respectively relating to the DML Lands.

- (u) **“Security Deposit”** means an amount equal to \$17,232 deposited by the Vendor with the AFP pursuant to the *Public Lands Act*, RSA 2000, Chapter P-40 and *Public Lands Administration Regulation*, AR 187/2011, as amended, as security for the Vendor’s reclamation and other obligations under the DML.
- (v) **“Tax”** means all taxes, duties, fees, premiums, assessments, imposts, levies, rates, withholdings, dues, government contributions and other charges of any kind imposed by any Governmental Authority, whether direct or indirect, together with all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof.
- (w) **“Transaction”** means the transaction of purchase and sale contemplated by this Agreement.
- (x) **“Transfer Taxes”** means all Taxes levied on or measured by, or referred to as, goods and services taxes under Part IX of the *Excise Tax Act* (Canada).
- (y) **“Vesting Order”** is defined in Section 4.3(a).

1.2 Certain Rules of Interpretation

In this Agreement, words signifying the singular number 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 Articles and 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 an Article or Section are to be construed as references to an Article or Section of or to this Agreement unless the context requires otherwise.

2. SALE AND PURCHASE AND ASSIGNMENT

2.1 Sale and Purchase of DML and Assumption of DML and Reclamation Liabilities

- (a) Subject to the terms and conditions of this Agreement, effective as of the Closing:
 - (i) the Vendor will assign to the Purchaser all of its right, title and interest in and to the DML Assets; and
 - (ii) the Purchaser will be deemed to have assumed, and shall from and after the Closing perform, the Reclamation Liabilities.
- (b) The purchase price payable by the Purchaser to the Vendor for the DML Assets is one dollar (\$1.00) together with the assumption by the Purchaser of the Reclamation Liabilities.
- (c) The Purchaser will be liable for and will pay all Transfer Taxes properly payable by the Purchaser in connection with the sale and transfer of the DML Assets, and, upon the reasonable request of the Vendor, the Purchaser will furnish proof of the payment of those Transfer Taxes to the appropriate Governmental Authority or provide to the Vendor any applicable exemptions evidencing that no Transfer Taxes are exigible in connection with the Transaction.
- (d) The Purchaser acknowledges that the Vendor is selling its right, title and interest in and to the DML and the Security Deposit pursuant to this Agreement and the Vesting Order.

3. REPRESENTATIONS AND WARRANTIES

3.1 Purchaser's Representations

The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a corporation incorporated and existing under the laws of Alberta;
- (b) the Purchaser has all the necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations and the execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate actions on the part of the Purchaser;
- (c) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms contained in this Agreement;
- (d) the Purchaser has not agreed to pay any agent or broker fees or other commissions on the Purchase Price or otherwise in connection with the Transaction; and
- (e) the Purchaser is not a non-Canadian Person as defined in the *Investment Canada Act*.

3.2 Vendor's Representations

The Vendor represents and warrants to the Purchaser that:

- (a) the Vendor is a corporation duly incorporated and existing under the laws of Alberta;
- (b) the Vendor has the right to enter into this Agreement and, subject to the granting of the Vesting Order by the Court, to complete the Transaction;
- (c) the Vendor is not a non-resident of Canada within the meaning of that term as used in the *Income Tax Act (Canada)*;
- (d) the Vendor has not agreed to pay any agent or broker fees or other commissions on the Purchase Price or otherwise in connection with the Transaction; and
- (e) to the best of the Vendor's knowledge, no actions or proceedings are pending and none have been threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

3.3 "As is, Where is"

The Purchaser acknowledges that, subject to Sections 3.1 and 3.2, the Vendor is selling the DML Assets on an "as is, where is" basis as they exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the DML Assets and that the Purchaser has conducted or will have conducted its own investigation and due diligence of the condition of and title to the DML Assets as it deems appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality, assignability, validity or enforceability, or in respect of any other matter or thing whatsoever concerning the DML Assets or the right of the Vendor to sell them save and except as expressly represented or

warranted in this Agreement. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to Applicable Laws do not apply to this Transaction and have been waived by the Purchaser.

4. CONDITIONS

4.1 Conditions of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the fulfillment of each of the following conditions before the Closing Date (unless otherwise specified, or unless otherwise waived by the Purchaser as it may determine in its sole and unfettered discretion):

- (a) all representations and warranties of the Vendor contained in this Agreement will be true as of the Closing Date with the same effect as though made on and as of that date; and
- (b) the Vendor will have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition may be waived by the Purchaser in whole or in part. Any such waiver will be binding on the Purchaser only if made in writing.

4.2 Conditions of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the fulfillment of each of the following conditions before the Closing Date (unless otherwise specified, or unless otherwise waived by the Vendor in its sole discretion):

- (a) all representations and warranties of the Purchaser contained in this Agreement will be true as of the Closing Date with the same effect as though made on and as of that date; and
- (b) the Purchaser will have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition may be waived by the Vendor in whole or in part. Any such waiver will be binding on the Vendor only if made in writing.

4.3 Mutual Conditions

The obligations of the Vendor and Purchaser to complete the Transaction are subject to the satisfaction of the following conditions precedent at or prior to the Closing:

- (a) the Court shall have made an Order (the "**Vesting Order**") vesting in the Purchaser all the right, title and interest of the Vendor in and to the DML Assets, free and clear of any mortgage, charge, lien, security interest or other encumbrance or interest of any kind whatsoever attaching to or affecting the DML Assets (other than, in the case of the Security Deposit, the Reclamation Obligation);
- (b) the Vesting Order will not have been stayed, varied or vacated and no order will have been issued and no action or proceeding will be pending to restrain or prohibit the completion of the Transaction; and

- (c) the AFP shall have approved the transfer of the DML Assets from the Vendor to the Purchaser.

The Parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser.

4.4 **Satisfaction of Conditions**

- (a) The Purchaser and Vendor will take such commercially reasonable actions as are required to obtain the consent of the AFP to the assignment of the DML and the Security Deposit to the Purchaser.
- (b) The Purchaser agrees to provide to the AFP such financial and other information as is required by the AFP in connection therewith.
- (c) If any condition set out in this Article is not satisfied or performed prior to the time specified therefor, the Party for whose benefit the condition is inserted may in writing:
 - (i) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other Party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
 - (ii) elect by written notice to the other Party delivered on or before the date specified for the condition to terminate this Agreement.

5. **CLOSING**

5.1 **Closing**

The Closing of the Transaction will take place by telephone conference and electronic exchange of documents at 10:00 a.m. Mountain Time on the Closing Date or at such other place and time as the Parties may agree in writing.

5.2 **Purchaser's Deliveries on Closing**

At or before the Closing Date, the Purchaser will execute and deliver to the Vendor the following, each of which will be in form and substance satisfactory to the Vendor's counsel, acting reasonably:

- (a) an Assignment of Disposition Industrial duly executed by the Purchaser; and
- (b) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

5.3 **Vendor's Deliveries on Closing**

At or before the Closing Date, the Vendor will execute and deliver to the Purchaser the following, each of which will be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) an Assignment of Disposition Industrial duly executed by the Vendor; and
- (b) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement.

5.4 Possession of DML Lands and Risk

On Closing, the Purchaser will take possession of the DML Lands as at the Closing Date. The Purchaser acknowledges that the Vendor has no obligation to otherwise deliver physical possession of the DML Assets to the Purchaser. The DML Assets will be and remain at the risk of the Vendor until Closing and at the risk of the Purchaser from and after Closing.

5.5 Termination

- (a) If either the Vendor or the Purchaser validly terminates this Agreement, all the obligations of both the Vendor and Purchaser pursuant to this Agreement will be at an end and neither Party will have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.
- (b) The Parties agree that irreparable damage, for which monetary relief would not be an adequate remedy, would occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached, including if any of the Parties fails to take any action required of it hereunder to consummate the Transaction. It is accordingly agreed that (i) the Parties will be entitled to specific performance or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in the Court without proof of damages or otherwise, this being in addition to any other remedy to which they are entitled under this Agreement, and (ii) the right of specific performance and other equitable relief is an integral part of the Transaction and without that right, neither the Vendor nor the Purchaser would have entered into this Agreement. The remedies available to Vendor pursuant to this Section 5.5(b) will be in addition to any other remedy to which they were entitled at law or in equity, and the election to pursue specific performance will not restrict, impair or otherwise limit any Vendor from seeking to collect or collecting damages.

6. GENERAL

6.1 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered by the Vendor in connection with this Transaction or this Agreement, the provisions of this Agreement will prevail to the extent of such conflict or inconsistency.

6.2 Time of Essence

Time is of the essence of this Agreement.

6.3 Notices

Any Communication must be in writing and either delivered personally or by courier, sent by prepaid registered mail or transmitted by e-mail or functionally equivalent electronic means of transmission, charges (if any) prepaid. Any Communication must be sent to the intended recipient at its address as follows:

- (a) If to the Purchaser:

Fleming Cats Inc.
PO Box 1320
Lac La Biche, AB

Attention: Lavon Fleming
E-mail: fcats@telus.net

(b) If to the Vendor:

Mantle Materials Group, Ltd.
c/o Resource Land Holdings, LLC
1400 16th Street, Suite 320
Denver, CO 80202

Attention: John Stout, Senior Vice President
E-mail: john.stout@rlholdings.com

with a copy to:

Gowling WLG (Canada) LLP
Suite 1600, 421 7th Avenue SW
Calgary AB T2P 4K9

Attention: Tom Cumming
E-mail: tom.cumming@gowlingwlg.com

or at any other address as any Party may at any time advise the other by Communication given or made in accordance with this Section 6.3. Any Communication delivered to the Party to whom it is addressed will be deemed to have been given or made and received on the day it is delivered at that Party's address, provided that if that day is not a Business Day then the Communication will be deemed to have been given or made and received on the next Business Day. Any Communication sent by prepaid registered mail will be deemed to have been given or made and received on the fifth Business Day after which it is mailed. If a strike or lockout of postal employees is then in effect, or generally known to be impending, every Communication must be delivered personally or by courier or transmitted by e-mail or functionally equivalent electronic means of transmission. Any Communication transmitted by e-mail or functionally equivalent electronic means of transmission will be deemed to have been given or made and received on the day on which it is transmitted; but if the Communication is transmitted on a day which is not a Business Day or after 4:00 pm (local time of the recipient), the Communication will be deemed to have been given or made and received on the next Business Day.

6.4 **Governing Law and Attornment**

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Alberta and the laws of Canada applicable in that Province. Each of the Parties hereby irrevocably and unconditionally attorns to the exclusive jurisdiction of the courts of the Province of Alberta.

6.5 **Entire Agreement**

This Agreement, and any other agreements and documents to be delivered under this Agreement, constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or

written, of the Parties, and there are no representations, warranties or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement or in any other agreements and documents delivered under this Agreement. No Party has been induced to enter into this Agreement in reliance on, and there will be no liability assessed, either in tort or contract, with respect to, any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term in this Agreement or in any other agreements and documents delivered under this Agreement.

6.6 Business Day

Whenever any action is to be taken under this Agreement is required to be taken on a day other than a Business Day, the payment is to be made or action taken on the next Business Day following.

6.7 Severability

Each Section of this Agreement is distinct and severable. If any Section of this Agreement, in whole or in part, is or becomes illegal, invalid, void, voidable or unenforceable in any jurisdiction by any court of competent jurisdiction, the illegality, invalidity or unenforceability of that Section, in whole or in part, will not affect the legality, validity or enforceability of the remaining Sections of this Agreement, in whole or in part or the legality, validity or enforceability of that Section, in whole or in part, in any other jurisdiction.

6.8 Submission to Jurisdiction

Each of the Parties irrevocably and unconditionally submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta to determine all issues, whether at law or in equity arising from this Agreement. To the extent permitted by Applicable Law, each of the Parties irrevocably waives any objection, including any claim of inconvenient forum, that it may now or in the future have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of that Province, or that the subject matter of this Agreement may not be enforced in those courts, and irrevocably agrees not to seek, and waives any right to, judicial review by any court which may be called upon to enforce the judgment of the courts referred to in this Section 6.8, of the substantive merits of any suit, action or proceeding.

6.9 Amendment and Waiver

No amendment, discharge, modification, restatement, supplement, termination or waiver of this Agreement or any Section of this Agreement is binding unless it is in writing and executed by the Party to be bound. No waiver of, failure to exercise or delay in exercising, any Section of this Agreement constitutes a waiver of any other Section (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.

6.10 Further Assurances

Each Party will, at the requesting Party's cost and expense, execute and deliver any further agreements and documents and provide any further assurances, undertakings and information as may be reasonably required by the requesting Party to give effect to this Agreement and, without limiting the generality of this Section 6.10.

6.11 Assignment and Enurement

Neither this Agreement nor any right or obligation under this Agreement may be assigned by either Party without the prior written consent of the other Party. This Agreement enures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

6.12 Electronic Signatures and Delivery

This Agreement and any counterpart of it may be signed by manual, digital or other electronic signatures, and delivered or transmitted by any digital, electronic or other intangible means, including by e-mail or other functionally equivalent electronic means of transmission, and that execution, delivery and transmission will be valid and legally effective to create a valid and binding agreement between the Parties.

6.13 Counterparts

This Agreement may be signed and delivered by the Parties in counterparts, with the same effect as if each of the Parties had signed and delivered the same document, and that execution and delivery will be valid and legally effective.

6.14 Costs and Expenses

Except as otherwise specified in this Agreement, all costs and expenses (including the fees and disbursements of accountants, legal counsel and other professional advisers) incurred in connection with this Agreement and the completion of the Transaction are to be paid by the Party incurring those costs and expenses. If this Agreement is terminated, the obligation of each Party to pay its own costs and expenses is subject to each Party's respective rights arising from a breach or termination.

Signing page follows

Each of the Parties has executed and delivered this Agreement as of the date noted at the beginning of this Agreement.

MANTLE MATERIALS GROUP, LTD.

Per:

DocuSigned by:

Byron Levkulich

DA7FAEE6A770400...

Name: Byron Levkulich

Title: Authorized Representative

FLEMING CATS INC.

Per:

Name:

Title:

Each of the Parties has executed and delivered this Agreement as of the date noted at the beginning of this Agreement.

MANTLE MATERIALS GROUP, LTD.

Per:

Name:

Title:

FLEMING CATS INC.

Per:



Name: *Laverne Fleming*
Title: *President*

Appendix B

Mantle Materials Group Ltd.
Third CCAA Cash Flow Statement

Weeks Ending (Friday) (CAD)	13-Sep-24	20-Sep-24	27-Sep-24	4-Oct-24	11-Oct-24	18-Oct-24	25-Oct-24	1-Nov-24	8-Nov-24	15-Nov-24	22-Nov-24	29-Nov-24	6-Dec-24	13-Dec-24	20-Dec-24	27-Dec-24	3-Jan-25	10-Jan-25	17-Jan-25	24-Jan-25	31-Jan-25	7-Feb-25	
Forecast Week	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
	Wk 1	Wk 2	Wk 3	Wk 4	Wk 5	Wk 6	Wk 7	Wk 8	Wk 9	Wk 10	Wk 11	Wk 12	Wk 13	Wk 14	Wk 15	Wk 16	Wk 17	Wk 18	Wk 19	Wk 20	Wk 21	Wk 22	
RECEIPTS																							
Post-Filing Sales	[1]	\$ -	\$ -	\$ 154,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Receipts	[2]	-	-	-	-	-	-	251,999	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Receipts		-	-	154,084	-	-	-	251,999	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
DISBURSEMENTS																							
<i>Operating Disbursements</i>																							
Payroll + Source Deductions	[3]	-	11,731	-	11,731	-	11,731	-	11,731	-	11,731	-	11,731	-	11,731	-	11,731	-	3,731	-	3,731	-	3,731
G&A Expense	[4]	500	500	1,749	500	500	1,749	500	500	500	1,749	500	500	500	1,749	500	500	500	500	500	2,549	500	
EPO Reclamation	[5]	-	-	-	6,431	6,431	6,431	6,431	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Operating Disbursements		500	12,231	1,749	18,662	6,931	18,662	8,180	12,231	500	12,231	500	13,480	500	12,231	500	13,480	500	4,231	500	4,231	2,549	4,231
Net Operating Cash Flow		\$ (500)	\$ (12,231)	\$ 152,335	\$ (18,662)	\$ (6,931)	\$ (18,662)	\$ (8,180)	\$ 239,768	\$ (500)	\$ (12,231)	\$ (500)	\$ (13,480)	\$ (500)	\$ (12,231)	\$ (500)	\$ (13,480)	\$ (500)	\$ (4,231)	\$ (500)	\$ (4,231)	\$ (2,549)	\$ (4,231)
<i>Non-Operating Receipts & Disbursements</i>																							
Company Counsel	[6]	5,000	-	-	323,126	-	-	2,000	-	-	-	-	17,000	-	-	-	2,000	-	-	-	-	3,000	
Proposed Monitor & Counsel	[6]	30,500	-	-	25,500	-	-	3,000	-	-	-	-	3,000	-	-	-	3,000	-	-	-	-	3,000	
Total Non-Operating Receipts & Disbursements		35,500	-	-	348,626	-	-	5,000	-	-	-	-	20,000	-	-	-	5,000	-	-	-	-	6,000	
NET CASH FLOWS		\$ (36,000)	\$ (12,231)	\$ 152,335	\$ (367,288)	\$ (6,931)	\$ (18,662)	\$ (8,180)	\$ 234,768	\$ (500)	\$ (12,231)	\$ (500)	\$ (13,480)	\$ (20,500)	\$ (12,231)	\$ (500)	\$ (13,480)	\$ (5,500)	\$ (4,231)	\$ (500)	\$ (4,231)	\$ (2,549)	\$ (10,231)
CASH																							
Beginning Balance		\$ 567,469	\$ 531,469	\$ 519,238	\$ 671,574	\$ 304,286	\$ 297,355	\$ 278,693	\$ 270,512	\$ 505,280	\$ 504,780	\$ 492,550	\$ 492,050	\$ 478,570	\$ 458,070	\$ 445,839	\$ 445,339	\$ 431,859	\$ 426,359	\$ 422,128	\$ 421,628	\$ 417,398	\$ 414,849
Interim Financing (Draw)	[7]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Cash Inflows / (Outflows)		(36,000)	(12,231)	152,335	(367,288)	(6,931)	(18,662)	(8,180)	234,768	(500)	(12,231)	(500)	(13,480)	(20,500)	(12,231)	(500)	(13,480)	(5,500)	(4,231)	(500)	(4,231)	(2,549)	(10,231)
ENDING CASH		\$ 531,469	\$ 519,238	\$ 671,574	\$ 304,286	\$ 297,355	\$ 278,693	\$ 270,512	\$ 505,280	\$ 504,780	\$ 492,550	\$ 492,050	\$ 478,570	\$ 458,070	\$ 445,839	\$ 445,339	\$ 431,859	\$ 426,359	\$ 422,128	\$ 421,628	\$ 417,398	\$ 414,849	\$ 404,618
INTERIM FINANCING FACILITY																							
Opening		\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	
Draw (Repayment)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ENDING INTERIM FINANCING FACILITY		\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	


Mantle Materials Group Ltd.
Byron Levkulich, Director

Mantle Materials Group Ltd.
Third CCAA Cash Flow Statement

Weeks Ending (Friday) (CAD)	14-Feb-25 Forecast	21-Feb-25 Forecast	28-Feb-25 Forecast	7-Mar-25 Forecast	14-Mar-25 Forecast	21-Mar-25 Forecast	28-Mar-25 Forecast	4-Apr-25 Forecast	11-Apr-25 Forecast	18-Apr-25 Forecast	25-Apr-25 Forecast	2-May-25 Forecast	9-May-25 Forecast	16-May-25 Forecast	23-May-25 Forecast	30-May-25 Forecast	6-Jun-25 Forecast	13-Jun-25 Forecast	20-Jun-25 Forecast	27-Jun-25 Forecast	4-Jul-25 Forecast	11-Jul-25 Forecast	18-Jul-25 Forecast
Forecast Week	Wk 23	Wk 24	Wk 25	Wk 26	Wk 27	Wk 28	Wk 29	Wk 30	Wk 31	Wk 32	Wk 33	Wk 34	Wk 35	Wk 36	Wk 37	Wk 38	Wk 39	Wk 40	Wk 41	Wk 42	Wk 43	Wk 44	Wk 45
RECEIPTS																							
Post-Filing Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DISBURSEMENTS																							
<i>Operating Disbursements</i>																							
Payroll + Source Deductions	-	3,731	-	3,731	-	3,731	-	3,731	-	3,731	-	3,731	-	3,731	-	3,731	-	3,731	-	3,731	-	3,731	-
G&A Expense	500	500	1,749	500	500	500	1,749	500	500	1,749	500	500	500	500	500	1,749	500	500	500	1,749	500	500	500
EPO Reclamation	-	-	-	-	-	-	-	16,931	16,931	16,931	16,931	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Disbursements	500	4,231	1,749	4,231	500	4,231	1,749	21,162	17,431	21,162	18,680	4,231	500	4,231	500	5,480	500	4,231	500	5,480	500	4,231	500
Net Operating Cash Flow	\$ (500)	\$ (4,231)	\$ (1,749)	\$ (4,231)	\$ (500)	\$ (4,231)	\$ (1,749)	\$ (21,162)	\$ (17,431)	\$ (21,162)	\$ (18,680)	\$ (4,231)	\$ (500)	\$ (4,231)	\$ (500)	\$ (5,480)	\$ (500)	\$ (4,231)	\$ (500)	\$ (5,480)	\$ (500)	\$ (4,231)	\$ (500)
<i>Non-Operating Receipts & Disbursements</i>																							
Company Counsel	-	-	-	2,000	-	-	-	2,000	-	-	-	2,000	-	-	-	-	2,000	-	-	-	2,000	-	-
Proposed Monitor & Counsel	-	-	-	3,000	-	-	-	3,000	-	-	-	3,000	-	-	-	3,000	-	-	-	3,000	-	-	-
Total Non-Operating Receipts & Disbursements	-	-	-	5,000	-	-	-	5,000	-	-	-	5,000	-	-	-	5,000	-	-	-	5,000	-	-	-
NET CASH FLOWS	\$ (500)	\$ (4,231)	\$ (1,749)	\$ (9,231)	\$ (500)	\$ (4,231)	\$ (1,749)	\$ (26,162)	\$ (17,431)	\$ (21,162)	\$ (18,680)	\$ (9,231)	\$ (500)	\$ (4,231)	\$ (500)	\$ (5,480)	\$ (5,500)	\$ (4,231)	\$ (500)	\$ (5,480)	\$ (5,500)	\$ (4,231)	\$ (500)
CASH																							
Beginning Balance	\$ 404,618	\$ 404,118	\$ 399,887	\$ 398,138	\$ 388,907	\$ 388,407	\$ 384,177	\$ 382,428	\$ 356,266	\$ 338,834	\$ 317,672	\$ 298,992	\$ 289,761	\$ 289,261	\$ 285,031	\$ 284,531	\$ 279,051	\$ 273,551	\$ 269,320	\$ 268,820	\$ 263,340	\$ 257,840	\$ 253,609
Interim Financing (Draw)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Inflows / (Outflows)	(500)	(4,231)	(1,749)	(9,231)	(500)	(4,231)	(1,749)	(26,162)	(17,431)	(21,162)	(18,680)	(9,231)	(500)	(4,231)	(500)	(5,480)	(5,500)	(4,231)	(500)	(5,480)	(5,500)	(4,231)	(500)
ENDING CASH	\$ 404,118	\$ 399,887	\$ 398,138	\$ 388,907	\$ 388,407	\$ 384,177	\$ 382,428	\$ 356,266	\$ 338,834	\$ 317,672	\$ 298,992	\$ 289,761	\$ 289,261	\$ 285,031	\$ 284,531	\$ 279,051	\$ 273,551	\$ 269,320	\$ 268,820	\$ 263,340	\$ 257,840	\$ 253,609	\$ 253,109
INTERIM FINANCING FACILITY																							
Opening	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000
Draws / (Repayment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ENDING INTERIM FINANCING FACILITY	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000

Byron Levkulich
Mantle Materials Group Ltd.
Byron Levkulich, Director

Mantle Materials Group Ltd.
Third CCAA Cash Flow Statement

Weeks Ending (Friday) (CAD)	25-Jul-25 Forecast	1-Aug-25 Forecast	8-Aug-25 Forecast	15-Aug-25 Forecast	22-Aug-25 Forecast	29-Aug-25 Forecast	5-Sep-25 Forecast	12-Sep-25 Forecast	19-Sep-25 Forecast	26-Sep-25 Forecast	3-Oct-25 Forecast	10-Oct-25 Forecast	17-Oct-25 Forecast	24-Oct-25 Forecast	31-Oct-25 Forecast	7-Nov-25 Forecast	14-Nov-25 Forecast	21-Nov-25 Forecast	63-Week Forecast	
Forecast Week	Wk 46	Wk 47	Wk 48	Wk 49	Wk 50	Wk 51	Wk 52	Wk 53	Wk 54	Wk 55	Wk 56	Wk 57	Wk 58	Wk 59	Wk 60	Wk 61	Wk 62	Wk 63	Total	
RECEIPTS																				
Post-Filing Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,084
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	251,999
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	406,083
DISBURSEMENTS																				
<i>Operating Disbursements</i>																				
Payroll + Source Deductions	3,731	-	3,731	-	3,731	-	3,731	-	3,731	-	3,731	-	3,731	-	3,731	-	3,731	-	3,731	179,654
G&A Expense	1,749	500	500	500	500	1,749	500	500	500	1,749	500	500	500	500	1,749	500	500	500	500	49,786
EPO Reclamation	-	-	-	-	-	-	-	-	-	-	5,644	5,644	5,644	5,644	-	-	-	-	-	116,025
<i>Total Operating Disbursements</i>	5,480	500	4,231	500	4,231	1,749	4,231	500	4,231	1,749	9,875	6,144	9,875	6,144	5,480	500	4,231	500	345,465	
Net Operating Cash Flow	\$ (5,480)	\$ (500)	\$ (4,231)	\$ (500)	\$ (4,231)	\$ (1,749)	\$ (4,231)	\$ (500)	\$ (4,231)	\$ (1,749)	\$ (9,875)	\$ (6,144)	\$ (9,875)	\$ (6,144)	\$ (5,480)	\$ (500)	\$ (4,231)	\$ (500)	\$ 60,618	
<i>Non-Operating Receipts & Disbursements</i>																				
Company Counsel	-	2,000	-	-	-	-	3,000	-	-	-	2,000	-	-	-	-	77,000	-	-	-	446,126
Proposed Monitor & Counsel	-	3,000	-	-	-	-	3,000	-	-	-	3,000	-	-	-	15,000	48,000	-	-	-	155,000
<i>Total Non-Operating Receipts & Disbursements</i>	-	5,000	-	-	-	-	6,000	-	-	-	5,000	-	-	-	15,000	125,000	-	-	-	601,126
NET CASH FLOWS	\$ (5,480)	\$ (5,000)	\$ (4,231)	\$ (500)	\$ (4,231)	\$ (1,749)	\$ (10,231)	\$ (500)	\$ (4,231)	\$ (1,749)	\$ (14,875)	\$ (6,144)	\$ (9,875)	\$ (6,144)	\$ (20,480)	\$ (125,500)	\$ (4,231)	\$ (500)	\$ (540,507)	
CASH																				
Beginning Balance	\$ 253,109	\$ 247,630	\$ 242,130	\$ 237,899	\$ 237,399	\$ 233,168	\$ 231,419	\$ 221,188	\$ 220,688	\$ 216,458	\$ 214,709	\$ 199,834	\$ 193,690	\$ 183,816	\$ 177,672	\$ 157,192	\$ 31,692	\$ 27,462	\$ 567,469	
Interim Financing (Draw)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Inflows / (Outflows)	(5,480)	(5,500)	(4,231)	(500)	(4,231)	(1,749)	(10,231)	(500)	(4,231)	(1,749)	(14,875)	(6,144)	(9,875)	(6,144)	(20,480)	(125,500)	(4,231)	(500)	(540,507)	
ENDING CASH	\$ 247,630	\$ 242,130	\$ 237,899	\$ 237,399	\$ 233,168	\$ 231,419	\$ 221,188	\$ 220,688	\$ 216,458	\$ 214,709	\$ 199,834	\$ 193,690	\$ 183,816	\$ 177,672	\$ 157,192	\$ 31,692	\$ 27,462	\$ 26,962	\$ 26,962	
INTERIM FINANCING FACILITY																				
Opening	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000
Draw / (Repayment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ENDING INTERIM FINANCING FACILITY	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000

Byron Levkulich
Mantle Materials Group Ltd.
Byron Levkulich, Director

Notes:

Management of Mantle Materials Group Ltd. ("Mantle") has prepared this Projected Cash Flow Statement solely for the purposes of determining the liquidity requirements of Mantle during the period of September 7, 2024 to November 21, 2025. This Projected Cash Flow Statement is based on probable and hypothetical assumptions detailed in the notes below. Consequently, actual results will likely vary from actual performance and such variances may be material.

- [1] Operational receipts relate to the estimated collections from customers for work completed and invoiced after the NOI Filing Date as well as collection of pre-filing customer accounts receivable.
- [2] Other receipts includes return of amounts held in trust by Mantle's counsel relating to cash collateral that was returned by the AEPA and as security for work which was requested of vendors during the Proposal Proceedings.
- [3] Payroll and source deductions represent payments to employees for wages and vacation pay and consulting fees for former employees who have been retained on consulting agreements.
- [4] General and administrative expenses are forecasted based on current run rates and includes occupancy expense, third party accounting expenses, and other miscellaneous costs.
- [5] Budget based quotes provided by third party environmental consultants for pending and/or approved work plans set forth with AEPA to satisfy the Environmental Obligations.
- [6] Professional fees relate to the Company's legal counsel, the Monitor and Monitor's legal counsel. Fees include the payment of unpaid invoices and unbilled WIP from prior to the Forecast Period as well as fees forecasted to be incurred in future weeks.
- [7] The Interim Financing represents advances for interim funding provided by Interim Financing lender during the NOI proceedings and through the CCAA Proceedings.