



COURT FILE NUMBER 25-2965622
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, C B-3, AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF MANTLE MATERIALS GROUP LTD.
DOCUMENT SECOND REPORT OF FTI CONSULTING CANADA INC., IN ITS CAPACITY AS PROPOSAL TRUSTEE OF MANTLE MATERIALS GROUP LTD.

September 18, 2023

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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SECOND REPORT OF THE PROPOSAL TRUSTEE

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INTRODUCTION

1. On July 14, 2023 (the "**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**"). Attached as Appendix "A" hereto is the Certificate of Filing of a Notice of Intention to Make a Proposal issued by the Office of the Superintendent of Bankruptcy.
2. FTI Consulting Canada Inc. ("**FTI**") consented to act as proposal trustee (the "**Proposal Trustee**") in the NOI proceedings of Mantle (the "**Proposal Proceedings**").
3. On August 15, 2023, this Honourable Court granted an Order (the "**Stay Extension 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 and (iii) the directors and officers in the amount of \$150,000 (collectively, the "**BIA Charges**").
4. This second report of the Proposal Trustee (the "**Second Report**") is being delivered in connection with the Company's application currently scheduled to be heard on September 22, 2023 (the "**September 22 Application**"), seeking an Order from the Court of King's Bench of Alberta (the "**Court**"), among other things extending the stay of proceedings for Mantle to November 13, 2023 (the "**Stay Period**").

5. Electronic copies of all materials filed by the Company in connection with the September 22 Application and other statutory materials are available on the Proposal Trustee's website at: <http://cfcanada.fticonsulting.com/mantle/>.

PURPOSE

6. FTI, in its capacity as Proposal Trustee, has reviewed the Court materials filed by the Company in support of the September 22 Application. The purpose of this Second Report is to provide information and analysis to this Honourable Court pertaining to:
 - a. the status of the these Proposal Proceedings;
 - b. an update on the status of the various environmental reclamation obligations (the “**Environmental Reclamation Obligations**”) on the Company’s inactive aggregate/gravel pits pursuant to environmental protection orders issued (“**EPOs**”) by Alberta Environment and Parks (the “**AEP**”);
 - c. a summary of the actual cashflow for the period of August 5 to September 15, 2023, compared to the cash flow forecast filed with this Honourable Court on August 11, 2023 (the “**Third Cash Flow Statement**”);
 - d. the Company's revised cash flow statement (the "**Fourth Cash Flow Statement**") for the period commencing on September 16, 2023 ending December 29, 2023;
 - e. the Company's requested relief including:
 - i. an extension to the Stay Period;
 - f. the Proposal Trustee's conclusions and recommendations.

TERMS OF REFERENCE

7. In preparing this Second Report, the Proposal Trustee has relied upon unaudited financial information, other information available to the Proposal Trustee and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").
8. Except as described in this Second Report:
 - a. the Proposal Trustee 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 Proposal Trustee has not examined or reviewed financial forecasts and projections referred to in this 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 report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

ACTIVITIES OF THE PROPOSAL TRUSTEE

10. Since the date of the First Report, the Proposal Trustee has, among other things:

- a. reviewed the Company's receipts and disbursements and monitor the Company's performance relative to its cash flow forecast;
- b. responded to inquiries from stakeholders, suppliers and creditors who contacted the Proposal Trustee;
- c. attended and supported Company's application for the BIA Charges;
- d. assisted the Company in developing plans for the marketing and selling certain equipment and the active pits; and
- e. assisted the Company in developing the Fourth Cash Flow Forecast.

STATUS OF THESE PROPOSAL PROCEEDINGS

11. The Company has continued operations and the sale of gravel, sand and other aggregates from its pits. The Company is focused on the sale of its existing inventory and at this time has paused the production of any additional inventory.
12. The Company has a number of contracts in place to sell inventory as is reflected in the cash flow forecast. The sale and transportation of inventory to customer sites is highly weather dependant and the Company has been forced to delay the start of certain contacts due to weather conditions.
13. With inventory production being halted, the Company has surplus crushing equipment that is no longer necessary (the "**Surplus Equipment**"). The Company has reached out to a number of auction companies for proposals. The Company intends to bring a subsequent application for approval to sell the Surplus Equipment to maximize recoveries to the estate.

14. The Company has also begun to prepare to market and sell its active pits (the “**Active Aggregate Pits**”). The Company, with assistance from the Proposal Trustee, is in the process of preparing marketing materials and developing a sale process timeline for the Active Aggregate Pits. The Company intends to run a sales process itself with the Proposal Trustee acting as a third party to oversee the process and ensure its transparency and that the Active Aggregate Pits are fully exposed to the market to identify options that could optimize recoveries to the Company’s stakeholders. The Company is expecting to launch the sale process in the coming weeks.
15. The Proposal Trustee will provide a summary of the sale process once completed and the Company intends to seek approval from this Honourable Court for any sales which result prior to any sale being closed.
16. On August 28, 2023, Justice Feasby issued his reasons for decision (the “**Reasons for Decision**”) on the contested matter of the priority of Travelers Capital Corp (“**Travelers**”) security interest of over certain equipment in relation to the BIA Charges. The Reasons for Decision concluded that Travelers security interest is subordinated to the BIA Charges.
17. Travelers filed a Notice of Appeal and corresponding application for a declaration that leave to appeal is not required and, alternatively, for leave to appeal on September 7, 2023. The application by Travelers for an order has been scheduled, subject to confirmation from the case management officer, for October 18, 2023.

STATUS OF THE ENVIRONMENTAL RECLAMATION OBLIGATIONS

18. The Company has continued with its objective of satisfying the Environmental Reclamation Obligations. The Company currently has eight pits where EPOs have been issued. The reclamation process is completed in two stages: (i) initial reclamation work which includes dewatering, earth moving, seeding and various other work to return the pit to its original state (the “**Initial Reclamation**”); and (ii) monitoring work to ensure the site maintains its reclamation state and specifically includes monitoring plant growth and

for potential erosion issues (the “**Monitoring**”). The majority of the reclamation costs are incurred in the Initial Reclamation stage. The costs of Monitoring being relatively minor in comparison.

19. The Company has experienced some delays in completing the Environmental Reclamation Obligations, mostly relating to delays in permitting, weather and re-mobilization.
20. Since the date of the First Report, the Company has completed the Initial Reclamation for two pits. With this work being completed, the Company now has five pits in the Monitoring stage and is still completing the Initial Reclamation for the other 3 pits under the EPOs.

CASH FLOW STATEMENT

VARIANCE ANALYSIS

21. The Company, in consultation with the Proposal Trustee, prepared the Third Cash Flow Statement which was filed as Appendix “A” to the Supplemental Report.
22. The Company’s actual cash flows in comparison to those contained in the Third Cash Flow Statement forecast for the period of August 5 to September 15, 2023 are summarized below:

6 Week Period Ending Sep 15, 2023			
<i>(CAD\$)</i>	Actual	Forecast	Variance
RECEIPTS			
Receipts	\$ 511,928	\$ 852,946	\$ (341,018)
DISBURSEMENTS			
<i>Operating Disbursements</i>			
Payroll + Source Deductions	206,811	205,494	1,316
Royalties	-	13,475	(13,475)
Trucking and Fuel	273,105	1,400,405	(1,127,300)
Repair & Maintenance	11,740	6,000	5,740
Equipment Lease Payments	39,560	75,676	(36,116)
Insurance & Benefits	26,834	45,824	(18,991)
G&A Expense	38,076	28,588	9,488
EPO Reclamation	216,686	616,360	(399,674)
Emergency Payments	-	85,515	(85,515)
<i>Total Operating Disbursements</i>	812,813	2,477,339	(1,664,526)
Net Operating Cash Flow	\$ (300,885)	\$ (1,624,393)	\$ 1,323,508
<i>Non-Operating Receipts & Disbursements</i>			
<i>Professional Fees</i>	29,978	242,500	(212,522)
<i>Total Non-Operating Receipts & Disbursements</i>	29,978	242,500	(212,522)
NET CASH FLOWS	\$ (330,863)	\$ (1,866,893)	\$ 1,536,030
CASH			
Beginning Balance	16,034	16,034	-
<i>Interim Financing (Draw)</i>	335,000	1,925,000	(1,590,000)
Net Cash Inflows / (Outflows)	(330,863)	(1,866,893)	1,536,030
ENDING CASH	\$ 20,171	\$ 74,141	\$ (53,970)
INTERIM FINANCING FACILITY			
Opening	-	-	-
Draw/ (Repayment)	335,000	1,925,000	1,590,000
ENDING INTERIM FINANCING FACILITY	\$ 335,000	\$ 1,925,000	\$ 1,590,000

23. The material variances in actual receipts and disbursements as compared to the Third Cash Flow Statement are primarily due to delays in timing of the sales of its current inventory, which reduced its operating disbursements as well as the Company's need to draw on the Interim Financing Facility. Below is a more detailed description of these variances:
- a. the unfavourable variance in receipts of approximately \$340,000 results from timing variances on the collection of receivables. This includes pre-filing accounts receivable collections and collections relating to post filing inventory sales which

have been delayed. These uncollected amounts are expected to be collected in future periods;

- b. the favourable variance of approximately \$1.7 million in disbursements is primarily comprised of the following:
 - i. favourable variance of approximately \$1.1 million for trucking and fuel relating to the delays in the sale of inventory due to weather. This is a timing variance that will reverse if/when the work is completed;
 - ii. favorable variance of approximately \$400,000 for EPO reclamation relating to the delay in the start of reclamation work as a result of delays in re-engaging and mobilization of the Company's reclamation vendor after the approval of the Interim Financing Facility as well as permitting delays with the Government of Alberta; and
 - iii. favourable variance of approximately \$85,000 for Emergency payments which have not been made. The Company expects to make these payments in the coming weeks as is reflected in the Fourth Cash Flow Statement.
 - c. favourable variance in draws against the Interim Financing Facility of approximately \$1.6 million stemming from the Company not requiring funds when previously expected due to delays in trucking costs being incurred; and
 - d. favourable variance in professional fees of approximately \$210,000 which relates to timing for the payment of invoices and expected to be paid in future periods.
24. As at September 15, 2023, the Interim Financing Facility has been drawn to \$335,000 and the Company has an ending cash balance of approximately \$20,000.

FOURTH CASH FLOW STATEMENT

25. Management has prepared the Fourth Cash Flow Statement to set out the Company's liquidity requirements for the 15 week period ending December 29, 2023 (the "Forecast Period"). A copy of the Fourth Cash Flow Statement is attached as Appendix A.
26. The Fourth Cash Flow Statement is summarized as follows:

Weeks Ending (Friday) (CAD)	Jul 28 to Sep 15	Sep 16 to Dec 29	Total
	Actual	Forecast	
RECEIPTS			
Receipts	599,208	4,056,199	4,655,407
DISBURSEMENTS			
<i>Operating Disbursements</i>			
Payroll + Source Deductions	293,415	365,197	658,612
Royalties	-	372,368	372,368
Trucking and Fuel	283,649	1,261,447	1,545,096
Repair & Maintenance	11,740	15,000	26,740
Equipment Lease Payments	39,560	89,227	128,788
Insurance & Benefits	28,516	57,451	85,967
G&A Expense	38,413	92,836	131,249
EPO Reclamation	216,686	1,353,369	1,570,056
Emergency Payments	-	109,472	109,472
<i>Total Operating Disbursements</i>	911,981	3,716,367	4,628,347
Net Operating Cash Flow	\$ (312,773)	\$ 339,832	\$ 27,059
<i>Non-Operating Receipts & Disbursements</i>			
Professional Fees	29,978	917,196	947,175
<i>Total Non-Operating Receipts & Disbursements</i>	29,978	917,196	947,175
NET CASH FLOWS	\$ (342,751)	\$ (577,364)	\$ (920,115)
CASH			
Beginning Balance	\$ 27,922	\$ 20,171	\$ 27,922
Interim Financing (Draw)	335,000	1,860,000	2,195,000
Net Cash Inflows / (Outflows)	(342,751)	(577,364)	(920,115)
ENDING CASH	\$ 20,171	\$ 1,302,806	\$ 1,302,806
INTERIM FINANCING FACILITY			
Opening	\$ -	\$ 335,000	\$ -
Draw/ (Repayment)	335,000	1,860,000	2,195,000
ENDING INTERIM FINANCING FACILITY	\$ 335,000	\$ 2,195,000	\$ 2,195,000

27. The Fourth Cash Flow Statement projects the Company will have positive net operating cash flow of approximately \$1.3 million over the Forecast Period, including:
 - a. total receipts of approximately \$4.1 million, primarily relating to the collection of revenue generated from the sale of inventory during the Forecast Period; and
 - b. operating disbursements of approximately \$3.7 million, primarily relating to employee expenses, royalties on sale of inventory, trucking and fuel and EPO reclamation expenses.

28. The Fourth Cash Flow Statement forecasts a total draw against the Interim Financing Facility as at December 29, 2023, of \$2.2 million.

29. The Fourth Cash Flow Statement contemplates the following:
 - a. the Company's collection of accounts receivable for the pre-filing period as well as receivables from the sale of the Company's current inventory;
 - b. expenses relating to the sale of and transportation of the Company's inventory;
 - c. the Company continuing to complete the reclamation work required by the EPOs. As further described above the Fourth Cash Flow Statement includes costs for reclamation work totaling \$1.4 million, however similar to its previous cash flow forecasts, the Company has advised the Proposal Trustee that reclamation work beyond the Forecast Period will be required; and
 - d. the costs included in the EPO Reclamation line include payment of amounts owed from prior to the Filing Date to the vendor the Company has contracted to complete its reclamation work. The Company concluded, in consultation with the Proposal Trustee, that the payment of these pre-filing amounts was the most cost and time efficient manner in which to complete the Environmental Reclamation Obligations,

as the costs to engage negotiate with and mobilize a new vendor would greatly exceed the amounts owed to the Company's current vendor. Additionally the timing delays in order to engage a new vendor would likely result in the a large portion of the reclamation work being pushed into 2024, putting the Company in breach of the EPOs.

30. The Fourth Cash Flow Statement has been prepared by the Company using probable and hypothetical assumptions set out in the notes to the Fourth Cash Flow Statement, including assumptions that goods and services incurred after the Filing Date are paid when incurred and only Emergency Payments are made to critical vendors for pre-filing amounts.
31. The Proposal Trustee's review of the Fourth Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to the Information supplied to it by the Company. Since probable and hypothetical assumptions need not be supported, the Proposal Trustee's procedures were limited to evaluating whether they were consistent with the purpose of the Fourth Cash Flow Statement, and there are no material assumptions contained therein which seem unreasonable in the circumstances.
32. Based on the Proposal Trustee's review, as at the date of this Second Report, nothing has comes 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 Fourth Cash Flow Statement; and
 - b. the probable and hypothetical assumptions developed by the Company are not supported and consistent with the plan of the Company or do not provide a reasonable basis for the Fourth Cash Flow Statement.

STAY EXTENSION

33. The stay of proceedings and time within which the Applicant is required to file a proposal expires on September 27, 2023. At the September 22 Application, the Company is requesting an extension to November 13, 2023.
34. The Proposal Trustee is of the view that the requested extension is appropriate pursuant to section 50.4(9) of the *BIA* for the following reasons:
 - a. the Company and its management are acting in good faith and with due diligence in taking steps to continue the operations of the business;
 - b. the extension of the Stay Period should allow sufficient time for the Company to continue to work towards the satisfaction of the Environmental Reclamation Obligations;
 - c. the extension of the Stay Period will allow the Company to market and sell the Surplus Equipment as well as begin the sale process for the Active Pits, both of which be to the benefit of all stakeholders and provide additional funding for these Proposal Proceedings;
 - d. the Fourth Cash Flow Statement indicates that the Company will have sufficient liquidity to continue to fund operations and the cost of the Proposal Proceedings to December 29, 2023; and
 - e. the continuation of the Company's reclamation work is for the benefit of and will not materially prejudice any creditor as it will reduce the Environmental Reclamation Obligations, which has priority over all assets of the estate used in the gravel business.

PROPOSAL TRUSTEE'S RECOMMENDATIONS

35. The Proposal Trustee respectfully recommends that this Honourable Court grant the Company's request for:
- a. extension of the Stay Period to November 13, 2023.

All of which is respectfully submitted this 18th day of September 2023.

FTI Consulting Canada Inc., in its capacity as
the Proposal Trustee 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

Mantle Materials Group Ltd.
 Projected Cash Flow Statement for the period of September 15, 2023 to December 29, 2023

Projected Cash Flow Statement (C\$ 000s)	Week 1 22-Sep	Week 2 29-Sep	Week 3 6-Oct	Week 4 13-Oct	Week 5 20-Oct	Week 6 27-Oct	Week 7 3-Nov	Week 8 10-Nov	Week 9 17-Nov	Week 10 24-Nov	Week 11 1-Dec	Week 12 8-Dec	Week 13 15-Dec	Week 14 22-Dec	Week 15 29-Dec	Total	Notes	
Cash Receipts																		
Post-Filing Sales	\$ -	\$ 246,682	\$ 974,664	\$ 17,590	\$ 25,579	\$ 226,207	\$ 57,723	\$ 505,621	\$ 854,851	\$ 1,039,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,948,016	1
Collection of Pre-filing AR	-	108,183	-	-	-	-	-	-	-	-	-	-	-	-	-	-	108,183	2
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
Total - Cash Receipts	\$ -	\$ 354,864	\$ 974,664	\$ 17,590	\$ 25,579	\$ 226,207	\$ 57,723	\$ 505,621	\$ 854,851	\$ 1,039,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,056,199	
Operating Disbursements																		
Payroll + Source Deductions	57,376	-	52,005	-	52,005	-	52,005	-	46,709	-	46,709	-	29,194	-	29,194	-	365,197	4
Royalties	-	121,470	-	-	-	-	-	80,543	63,250	57,750	-	-	20,480	-	28,875	-	372,368	5
Trucking and Fuel	105,486	2,820	289,461	442,220	401,420	2,820	2,820	2,520	2,520	2,520	1,080	1,080	1,080	1,080	1,080	-	1,261,447	6
Repair & Maintenance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	15,000	7
Equipment Lease Payments	26,274	41,255	9,682	11,199	-	-	409	-	-	-	409	-	-	-	-	-	89,227	8
Insurance & Benefits	4,408	-	13,804	-	408	-	6,408	7,397	4,408	-	6,408	7,397	408	-	6,408	-	57,451	9
G&A Expense	18,382	11,107	14,073	2,391	2,163	1,000	12,573	1,000	1,000	1,000	12,573	1,000	1,000	1,000	12,573	-	92,836	10
EPO Reclamation	236,521	38,200	176,898	175,129	224,814	224,849	5,461	130,346	55,404	55,404	6,236	6,236	6,236	6,236	(43,765)	-	1,353,369	11
Emergency Payments	109,472	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	109,472	12
Total - Operating Disbursements	\$ 558,918	\$ 215,852	\$ 556,923	\$ 631,938	\$ 681,809	\$ 229,669	\$ 80,676	\$ 222,805	\$ 174,291	\$ 117,674	\$ 125,023	\$ 16,712	\$ 59,397	\$ 9,316	\$ 35,365	-	\$ 3,716,367	
Net Operating Cash Flow	\$ (558,918)	\$ 139,013	\$ 417,741	\$ (614,349)	\$ (656,230)	\$ (3,462)	\$ (22,952)	\$ 282,816	\$ 680,560	\$ 921,427	\$ (125,023)	\$ (16,712)	\$ (59,397)	\$ (9,316)	\$ (35,365)	-	\$ 339,832	
Non-Operating Receipts & Disbursements																		
Professional Fees	107,483	298,463	137,500	-	-	-	-	95,000	-	-	137,500	-	-	-	141,250	-	917,196	13
Total - Non-Operating Receipts & Disbursements	\$ 107,483	\$ 298,463	\$ 137,500	\$ -	\$ -	\$ -	\$ -	\$ 95,000	\$ -	\$ -	\$ 137,500	\$ -	\$ -	\$ -	\$ 141,250	-	\$ 917,196	
NET CASH FLOWS	\$ (666,401)	\$ (159,451)	\$ 280,241	\$ (614,349)	\$ (656,230)	\$ (3,462)	\$ (22,952)	\$ 187,816	\$ 680,560	\$ 921,427	\$ (262,523)	\$ (16,712)	\$ (59,397)	\$ (9,316)	\$ (176,615)	-	\$ (577,364)	
CASH																		
Opening Cash	\$ 20,171	\$ 3,769	\$ 54,319	\$ 334,559	\$ 720,211	\$ 63,981	\$ 60,519	\$ 37,566	\$ 225,382	\$ 905,942	\$ 1,827,369	\$ 1,564,846	\$ 1,548,134	\$ 1,488,737	\$ 1,479,421	-	20,171	
Interim Financing (Draw)	650,000	210,000	-	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	1,860,000	14
Change in Cash	(666,401)	(159,451)	280,241	(614,349)	(656,230)	(3,462)	(22,952)	187,816	680,560	921,427	(262,523)	(16,712)	(59,397)	(9,316)	(176,615)	-	(577,364)	
ENDING CASH	\$ 3,769	\$ 54,319	\$ 334,559	\$ 720,211	\$ 63,981	\$ 60,519	\$ 37,566	\$ 225,382	\$ 905,942	\$ 1,827,369	\$ 1,564,846	\$ 1,548,134	\$ 1,488,737	\$ 1,479,421	\$ 1,302,806	-	\$ 1,302,806	
INTERIM FINANCING FACILITY																		
Opening	\$ 335,000	\$ 985,000	\$ 1,195,000	\$ 1,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	-	335,000	
Draw/ (Repayment)	650,000	210,000	-	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	1,860,000	
ENDING INTERIM FINANCING FACILITY	\$ 985,000	\$ 1,195,000	\$ 1,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	\$ 2,195,000	-	\$ 2,195,000	

DocuSigned by:

Byron J Levkulich

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Mantle Materials Group Ltd.
Byron Levkulich, Director

FTI CONSULTING CANADA INC., TRUSTEE UNDER THE NOTICE
OF INTENTION TO MAKE A PROPOSAL
Dustin Olver, LIT

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 Septmeber 16, 2023 to December 29, 2023. This Projected Cash Flow Statement is based on probable and hypothetical assumptions detailed in Notes 1-14. Consequently, actual results will likely vary from actual performance and such variances may be material.

- 1** Post-filing amounts are estimated collections from customers for work completed and invoiced after the NOI filing.
- 2** Collection of pre-filing customer accounts receivable.
- 3** Other Receipts includes amounts forward by RLF Lender for funding of critical payments and other miscellaneous collections.
- 4** Payroll and source deductions represent payments to employees for wages and vacation pay.
- 5** Royalties represent private and public land aggregate royalty payments and land rental costs.
- 6** Trucking expenses to deliver sold material. Fuel related to company vehicles and crushing operations.
- 7** R&M related to historical run rates for costs relating to crushing equipment and loader necessary to complete the permitted sales contracts.
- 8** Forecasted based on current run rates and expected requirements to complete on-going contracts.
- 9** Insurance & Benefits represent recurring payments based on current run rates.
- 10** General and administrative expenses are forecasted based on current run rates and includes occupancy expense, third party accounting expenses, and other miscellaneous costs
- 11** Internal budget based on pending and/or approved work plans set forth with AEP.
- 12** Emergency Payments relate to amounts which arose prior to the Filing Date and deemed critical to operations by the Company.
- 13** Professional fees relate to the Company's legal counsel, the Trustee and Trustee's legal counsel.
- 14** The Interim Financing represents advances for interim funding provided by Interim Financing lender during the NOI proceedings.