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**CANADA**

**SUPERIOR COURT**

**PROVINCE OF QUÉBEC**

**Commercial Division**

**DISTRICT OF MONTRÉAL**

**COURT N<sup>o</sup>: 500-11-066105-251**

**ESTATE NUMBER: 41-345257**

**IN THE MATTER OF THE RECEIVERSHIP OF:**

**Canadoil Forge Ltd**

Debtor

-and-

**FTI CONSULTING CANADA INC.**

Receiver

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**FIFTH REPORT TO THE COURT  
SUBMITTED BY FTI CONSULTING CANADA INC.,  
IN ITS CAPACITY AS RECEIVER**

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**INTRODUCTION**

1. Canadoil Forge Ltd ("**Canadoil**") operates in the sector of manufacturing and supply of customized steel pipes and fittings, with its primary markets being located in the United States and Canada.
2. CFC Canadoil, Inc. ("**CFC**") is an entity related to Canadoil whose primary purpose is to serve as a liaison between Canadoil, a Canadian-based company, and its clients in the United States.
3. On August 17, 2025, Royal Bank of Canada ("**RBC**") filed a motion ("**First RBC Motion**") for the issuance of an interim receivership order in respect of Canadoil and CFC and the appointment of FTI Consulting Canada Inc. ("**FTI**") as interim receiver. The First RBC Motion was dismissed by the Court, notably on the ground that it was presented on an *ex parte* basis.
4. On August 21, 2025, RBC filed a second motion ("**Second RBC Motion**") for the issuance of an interim receivership order in respect of Canadoil.

5. On August 27, 2025, Fiera Private Debt Fund VI LP and Fiera Private Debt Fund VII LP (collectively, “**Fiera**”) also filed a motion for the issuance of an interim receivership order in respect of Canadoil and the appointment of Raymond Chabot Inc. as interim receiver (“**Fiera Motion**”).
6. On August 29, 2025, as a result of the Second RBC Motion and the Fiera Motion, the Québec Superior Court (Commercial Division) (the “**Court**”) issued an order (the “**Interim Receivership Order**”) appointing FTI (in this capacity, the “**Interim Receiver**”) as interim receiver of Canadoil.
7. On September 4, 2025, a motion for approval of an interim financing was filed by Fiera (the “**Interim Financing Motion**”).
8. On September 9, 2025, the Court issued an order authorizing the interim financing sought by Fiera.
9. On September 23, 2025, Fiera filed an application for the appointment of Raymond Chabot Inc. as receiver over all of Canadoil’s property (the “**Initial Receivership Application**”).
10. On September 26, 2025, the Court dismissed the Initial Receivership Application.
11. On September 26, 2025, Fiera filed an application for the extension of the interim receivership up to October 29, 2025 (the “**Extension Application**”).
12. On September 29, 2025, the Court extended the Interim Receivership Order, but only up to October 14, 2025.
13. On October 9, 2025, Fiera filed a second receivership application, this time for the appointment of FTI as receiver over all of Canadoil’s property (the “**Second Receivership Application**”).
14. On October 15, 2025, pursuant to the Second Receivership Application, the Court issued an order (the “**Receivership Order**”) appointing FTI receiver over all of Canadoil’s property (in this capacity, the “**Receiver**”).
15. This fifth report of the Receiver (the “**Fifth Report**”) is filed in support of the Receiver’s *Application for the Issuance of Approval and Vesting Orders and an Order Confirming the Taxation of Accounts and the Discharge of the Interim Receiver* (the “**Receiver’s Application**”). The purpose of this Fifth Report is to update the Court with respect to:
  - a) The Receiver’s activities since the issuance of the Fourth Report;
  - b) The cash flow results for the period that ended on February 13, 2026;
  - c) The conduct of the sale and solicitation process (the “**SSP**”);
  - d) The transactions proposed pursuant to the Receiver’s Application (the “**Proposed Transactions**”);
  - e) The Receiver’s observations and recommendations with respect to the Proposed Transactions;
  - f) The proposed interim distribution to Fiera;
  - g) The taxation and discharge of the Interim Receiver;
  - h) The upcoming measures of the Receiver; and
  - i) The Receiver’s observations and recommendations with respect to the other relief sought pursuant to the Receiver’s Application.

16. The Fifth Report should be read in conjunction with the Interim Receiver's report dated August 27, 2025, the Second Report dated September 4, 2025, the Third Report dated September 25, 2025, and the Fourth Report dated October 9, 2025, all of which have been filed in the Court record and are available on the Receiver's website.

## **TERMS OF REFERENCE**

17. Unless otherwise indicated, all cash amounts referred to herein are expressed in Canadian dollars.

18. Capitalized terms that are not otherwise defined herein shall have the meaning ascribed to them in the Second RBC Motion, the Fiera Motion, the Interim Financing Motion, the Initial Receivership Application, the Extension Application, the Second Receivership Application and the Receiver's Application.

## **ACTIVITIES OF THE RECEIVER SINCE THE ISSUANCE OF THE FOURTH REPORT**

19. Since the issuance of the Fourth Report, the Receiver has performed the following tasks:

- a) Held several discussions with RBC's legal counsel to be in a position to issue subpoenas to various parties with the objective of obtaining various documents and/or conducting examinations;
- b) Conducted a preliminary analysis of the various data obtained following the download of the books and records of the Debtor and CFC and email accounts of certain employees;
- c) Performed recurring site visits of Canadoil's premises with the support of a former employee to safeguard Canadoil's assets;
- d) Circulated, on October 17, 2025, with the assistance of FTI Capital Advisors ("**FTICA**"), a teaser to more than 224 potential purchasers. Additional information regarding the SSP is presented in the section "Conduct of the SSP" of this Fifth Report;
- e) Made, on November 14, 2025, a partial payment of the amount owed to 94 employees under section 81.4 of the BIA, based on total funds on hand at the time of the Receivership Order, namely \$109,716.69;
- f) On February 19, 2026, the Receiver, in collaboration with Nethris payroll services, initiated the payment to the Debtor's former employees of the outstanding wages and salaries from the proceeds of the Debtor's current assets in its possession in accordance with Section 81.4 of the BIA, as well as paragraph 91 of the Receivership Order. The Receiver is informed by Nethris payroll services that the payments will be received by the former employees on February 26, 2026, thereby satisfying in full priority claims under section 81.4 of the BIA;
- g) Arranged, following the receipt of Canadoil's insurance policy cancellation notice, for insurance coverage on the Debtor's assets through AON, a property and casualty insurance broker.

20. At this time, it cannot be excluded that additional examinations may need to be conducted either by FTI, in its capacity as Receiver, as the case may be, or by RBC and/or Fiera further to the review and analysis of the information collected by the Interim Receiver and the Receiver regarding Canadoil's and CFC's operations in the course of its mandate to determine if potential misrepresentations were made to Fiera or RBC.

## CASH FLOW RESULTS FOR THE PERIOD THAT ENDED ON FEBRUARY 13, 2026

Canadoil Forge Ltd Statement of receipts and disbursements	For the period from October 15, 2025 to February 13, 2026		Total \$
	\$ RBC	\$ Fiera	
<b>Receipts</b>			
Advances from Fiera	-	858,531	858,531
Advances from Royal Bank of Canada	26,489	-	26,489
Cash on hand of the Interim Receiver - RBC	109,717	-	109,717
Cash on hand of the Interim Receiver - Fiera	-	23,059	23,059
Other deposits	414,067	-	414,067
<b>Total receipts</b>	<b>550,273</b>	<b>881,590</b>	<b>1,431,863</b>
<b>Disbursements</b>			
Consultant (former employees)	-	21,467	21,467
Energy	-	184,834	184,834
Insurance	-	78,067	78,067
Professional fees - Receivership	-	415,468	415,468
Professional fees - Investigation	17,850	-	17,850
Conservative measures, inventory and appraisal	-	69,453	69,453
Employees priority claim (81.4)	109,717	-	109,717
GST/QST Paid	2,536	94,998	97,534
Other disbursements	446	204	650
<b>Total disbursements</b>	<b>130,549</b>	<b>864,491</b>	<b>995,040</b>
<b>Net cash variance</b>	<b>419,724</b>	<b>17,099</b>	<b>436,823</b>
Cash balance at beginning	-	-	-
<b>Cash balance at end</b>	<b>419,724</b>	<b>17,099</b>	<b>436,823</b>

### Notes

**Advances from Fiera:** Represents the advances provided by Fiera to enable the Receiver to pay the expenses related to the Debtor's property as well as the Receiver's professional fees.

**Advances from RBC:** Represents the advances provided by RBC to cover the Receiver's professional fees incurred in connection with the investigation.

**Other deposits:** Represents an amount received after the issuance of the Receivership Order from the Federal Government in connection with a grant.

**Consultant (former employees):** Represents fees paid by the Receiver to former employees for work performed in connection with the receivership.

**Insurance:** Relates to building and equipment insurance premium.

**Professional fees - Receivership:** Represents fees incurred for the services rendered by FTI in its capacity as Receiver for the period from October 15, 2025, to December 31, 2025, and Miller Thomson, which provided documents related to the insurance claim. This amount does not include the accrued fees and disbursements of the Receiver's counsel, which should be invoiced shortly.

**Professional fees – Investigation:** Represents fees incurred for the services rendered by FTI until December 31, 2025, in connection with the investigation.

**Conservatory measures:** Corresponds to amounts paid for property maintenance, asset inventory, and the return of third-party property.

## CONDUCT OF THE SSP

21. The Receiver, together with its affiliate, FTICA, commenced the SSP in accordance with the SSP procedures filed in support of the Application as Exhibit R-6 (the “**SSP Procedures**”).
22. The purpose of the SSP was to solicit interest in one or more sales or partial sales of all, substantially all, or certain portions of the business and/or property of Canadoil (the “**Property**”), with the objective of maximizing the value of the business and Property for the benefit of all stakeholders and, if possible, to ensure the pursuit of the operations of the Debtor, as a going concern.
23. The SSP and the proposed milestones described below were prepared by the Receiver with the assistance of FTICA, in consultation with Fiera.
24. The SSP was conducted in two (2) phases and provided for the following milestones as detailed in the SSP Procedures, all subject to modification by the Receiver with the consent of Fiera:

<u>Event</u>	<u>Deadline</u>
<b>Phase 1</b>	
1. Receiver to distribute solicitation letter and NDA to potentially interested parties	October 16, 2025
2. Access to CIM and VDR	October 24, 2025
3. Deadline for delivery of non-binding LOIs	November 12, 2025
4. Receiver to notify bidders in writing as to whether their non-binding LOIs were selected for Phase 2	November 17, 2025
<b>Phase 2</b>	
5. Deadline for delivery of definitive offers	December 10, 2025
6. Receiver’s deadline to select the Successful Bid(s)	December 12, 2025
7. Outside Closing Date	December 19, 2025

25. The Receiver, together with FTICA and with the assistance of Fiera, developed a list of known potential bidders as well as the relevant solicitation materials to be sent to potential bidders upon the commencement of the SSP.

26. On October 16, 2025, the Receiver and FTICA officially commenced the SSP and notice of the SSP was posted to the Receiver's website.
27. Following same, an extensive SSP marketing process was undertaken. The key aspects of the SSP marketing process are summarized as follows:
- a) The Receiver, assisted by FTICA, and in consultation with Fiera, assembled a list of **224 potential buyers and investors** (the "**Prospective Bidders**"). The Prospective Bidders included strategic purchasers, financial investors, liquidators and any additional potential interested parties that were not originally included in the list of Prospective Bidders that came forward during the SSP.
  - b) The Receiver, assisted by FTICA, prepared and sent a "teaser" and non-disclosure agreement ("**NDA**") to all Prospective Bidders on October 17, 2025.
  - c) Prospective Bidders that executed an NDA were provided with a confidential information memorandum and access to a virtual dataroom ("**VDR**"). In total, **22 interested parties executed the NDA**. The remaining Prospective Bidders either decided not to pursue the opportunity prior to signing an NDA or did not respond despite efforts by FTICA to solicit responses.
  - d) As set out in the SSP Procedures, the deadline for Prospective Bidders to submit a non-binding letter of intent was 5:00 p.m. (Eastern Time) on November 12, 2025 (the "**Phase 1 Bid Deadline**").
  - e) By the Phase 1 Bid Deadline, the Receiver received the non-binding letters of intent summarized in **Appendix A** of this Fifth Report (*under seal*) ("**LOIs**"). Following receipt of the LOIs, the Receiver, together with FTICA, sought certain clarifications with respect to some of the terms and conditions of such LOIs.
  - f) On November 17, 2025, after review of the LOIs received, the Receiver, in consultation with FTICA and Fiera, advised certain of the offerors under the LOIs that they had been qualified to proceed to Phase 2 of the SSP (the "**Phase 2 Bidders**").
  - g) Phase 2 of the SSP included conducting site visits of the Property of Canadoil by Phase 2 Bidders and the completion of remaining due diligence ahead of the Bid Deadline (defined below). The Receiver, in advance of the Bid Deadline, made available in the VDR a template purchase agreement to be marked up for submission with any Binding Offers.
28. As indicated in paragraph 24 above, the deadline for delivery of definitive offers was set on December 10, 2025 (the "**Bid Deadline**"). Three (3) offers were received by the Bid Deadline (the "**Binding Offers**"). Two (2) of the Binding Offers received by the Receiver were for a substantial portion of the assets and operations of Canadoil (the "**Comprehensive Bids**"). The remaining offer was limited to a smaller and secondary building owned by Canadoil (the "**Real Estate Bid**").
29. The Binding Offers are summarized in **Appendix B** of this Fifth Report (*under seal*).

30. Following the Bid Deadline, the Receiver, together with FTICA, and in consultation with Fiera, reviewed and assessed the Binding Offers. The Receiver sought certain clarifications with respect to the Binding Offers, and in certain cases held discussions with the offerors in order to make an informed decision and select the Successful Bid(s).
31. The Receiver notes that of the Comprehensive Bids received, one was from a financial party, while one was from a strategic party that operates in the same industry as Canadoil (the “**Strategic Bidder**”).
32. Following these discussions, the Receiver requested the Strategic Bidder and the Real Estate Bidder (defined below) to enhance their bids and submit revised offers in order to make an informed decision and select the Successful Bid(s) (the “**Enhanced Offers**”). The deadline to select the Successful Bid(s) was originally extended to December 23, 2025, and further extended to January 8, 2026, to allow for the submission of Enhanced Offers.
33. Following receipt of Enhanced Offers from the Strategic Bidder and the Real Estate Bidder, the Receiver and FTICA, in consultation with Fiera, selected as Successful Bids the Enhanced Offers submitted by the Strategic Bidder, Ezefflow Inc. (“**Ezefflow**”) and Nouveau Monde Graphite inc. (“**NMG**” or the “**Real Estate Bidder**”) (the “**Successful Offers**”).
34. In the days following the designation of the Successful Offers as the successful bids, the Receiver worked on finalizing the relevant contractual documents in order to reflect the Successful Offers contemplated under each transaction.
35. For the purposes of consummating the transaction contemplated under its Successful Offer, Ezefflow established a new company, Canadoil Fittings Inc. (“**Canadoil Fittings**”).
36. On February 6, 2026, the Receiver executed an Asset Purchase Agreement (“**APA**”) with each of Canadoil Fittings (the “**Canadoil Fittings Transaction**”), and NMG (the “**NMG Transaction**”), the material terms of which are further described below.
37. The Successful Offers, if approved by the Court and implemented, provide for the following:
  - a) the Canadoil Fittings Transaction is an all-cash transaction with no deferred compensation for substantially all of the Property of Canadoil. As referenced in paragraph 31 above, Ezefflow is a strategic entity that operates in the same space as Canadoil; and
  - b) the NMG Transaction is an all-cash transaction for select immovable Property of Canadoil that does not overlap with the Property included in the Canadoil Fittings Transaction.

## DESCRIPTION OF THE PROPOSED TRANSACTIONS

### A. Proposed Canadoil Fittings Transaction

38. The Canadoil Fittings Transaction provides for the acquisition of the following assets:
  - a) Substantially all tangible and intangible assets of Canadoil, including all inventory, raw materials, permits and licenses, intellectual property and equipment assets (the “**Movable Assets**”); and

- b) Canadoil's primary manufacturing facility located at 805 Alphonse-Deshaies Boulevard, Bécancour, Québec (the "**805 Facility**" and together with the Movable Assets, the "**Canadoil Fittings Assets**").
39. The Canadoil Fittings Assets are being acquired for all cash at closing and on an "as is, where is" basis. The Movable Assets located at the 5500 Facility (defined below) will be subject to a Temporary Access and Storage Agreement between Canadoil Fittings, NMG and the Receiver, whereby Canadoil Fittings will remove, at its sole cost and expense, and at the latest six (6) months from closing, all Movable Assets from the 5500 Facility.
40. The APA provides that the following assets will be excluded from the Canadoil Fittings Transaction:
- a) Cash and cash equivalents;
  - b) Accounts receivable;
  - c) All rights and interest under insurance contracts, insurance policies and insurance plans, including any proceeds recovered by the Receiver; and
  - d) All leased equipment assets.
41. The closing of the Canadoil Fittings Transaction is planned to occur shortly following the issuance of the Approval and Vesting Order, if approved by the Court, unless otherwise agreed to by the Receiver and Canadoil Fittings. The outside closing date is March 23, 2026.
42. The only conditions precedent to the closing of the Canadoil Fittings Transaction are the granting of the Approval and Vesting Order and the execution of the Temporary Access and Storage Agreement referenced above.

## **B. Proposed NMG Transaction**

43. The NMG Transaction provides for the acquisition of Canadoil's secondary facility located at 5500, Marie-Louise-Levasseur Street, Bécancour, Québec (the "**5500 Facility**").
44. The 5500 Facility is being acquired on an "as is, where is" basis and as detailed in paragraph 39 above, the Movable Assets located within the 5500 Property are excluded from the NMG Transaction and are being acquired and will be removed from the premises by Canadoil Fittings within six (6) months from closing, pursuant to the terms of the Temporary Access and Storage.
45. The purchase price is subject to adjustment related to allocations of property taxes and other levies affecting the 5500 Facility, including amounts due or payable for utilities and fuel, if applicable.
46. The closing of the NMG Transaction is planned to occur in the days following the issuance of the Approval and Vesting Order, if approved by the Court, unless otherwise agreed to by the Receiver and NMG. The outside closing date is March 23, 2026.
47. The only conditions precedent to the closing of the NMG Transaction are the granting of the Approval and Vesting Order and the execution of the Temporary Access and Storage Agreement referenced above.

## RECEIVER'S OBSERVATIONS AND RECOMMENDATIONS WITH RESPECT TO THE PROPOSED TRANSACTIONS

### A. The effects of the Proposed Transactions on the Debtor's Creditors and Other Stakeholders

48. The Receiver believes that the Proposed Transactions are the most favorable outcome available in the circumstances and should be approved by this Court for the following reasons:

- a) The Proposed Transactions are the result of the SSP in which the market was canvassed through a fair, robust and transparent process;
- b) The Proposed Transactions result from the Enhanced Offers which were the highest bids received through the SSP and pursuant to extensive negotiations between the Receiver and Ezeflow, as well as NMG;
- c) The consideration payable by the purchasers as part of the Proposed Transactions will allow the Debtor's secured creditors to maximize their respective recoveries;
- d) The NMG Transaction will allow the potential environmental obligations arising from the 5500 Facility to be assumed by NMG.

### B. Reasonableness of the SISP

49. As discussed in prior reports, the SSP was prepared by the Receiver and FTICA, in consultation with Fiera.

50. The SSP (including its milestones) was prepared taking into consideration Canadoil's business and assets, as well as the limited liquidities available to the Receiver.

51. Based on the foregoing, the Receiver was (and remains) of the opinion that the SSP (including its milestones and timeline), which was submitted to the Court by the Receiver in its Fourth Report, was reasonable in the circumstances.

52. The Receiver is of the view that the market was canvassed adequately and extensively through the SSP during the receivership.

### C. The Receiver's Recommendation with respect to the Proposed Transactions

53. At the conclusion of the SSP, the Receiver, in consultation with FTICA and Fiera, determined that the NMG and Ezeflow Enhanced offers were the best option available in the circumstances.

54. Further, the Receiver is of the view that:

- a) The aggregate consideration provided for under the APAs is fair and reasonable in the circumstances as it has been established via the SSP, which is the best available indicator of the market value of Canadoil's assets; and
- b) There is no evidence to suggest that any viable alternative exists that would deliver a better outcome for the Debtor's creditors and other stakeholders.

55. Based on the foregoing, the Receiver considers that the approval of the Proposed Transactions on the terms set forth in the APAs is in the best interest of the stakeholders generally and respectfully requests that the Court issue the AVO accordingly.

#### **PROPOSED INTERIM DISTRIBUTION TO FIERA**

56. The Receiver is seeking the Court's authorization to distribute a partial amount of \$5 M from the funds held by the Receiver resulting from the Proposed Transactions to Fiera, in partial payment of amounts owing to Fiera. As stated above, the Receiver, in collaboration with Nethris payroll services, initiated the payment to the Debtor's former employees of the outstanding wages and salaries from the proceeds of the Debtor's current assets in its possession in accordance with Section 81.4 of the BIA, as well as paragraph 91 of the Receivership Order.

57. As of February 19, 2026, Canadoil owed to Fiera an amount in excess of \$32,706,480.32 under credit agreements, including the interim financing, subject to adjustment, interest and fees.

58. The Receiver will retain sufficient funds to satisfy the obligations arising from the (i) Administration Charge, (ii) deemed trusts (iii) any amount owed to the City of Bécancour in respect of property taxes, (iv) amount potentially owed pursuant to a construction legal hypothec and (v) any remaining amount owed to employees under sections 81.5 or 81.6 of the BIA.

59. The Receiver will obtain an independent opinion from its legal counsel confirming that the security granted in favour of Fiera is valid, enforceable, and opposable to third parties.

#### **THE TAXATION AND DISCHARGE OF THE INTERIM RECEIVER**

60. In accordance with Rule 79 of the Bankruptcy and Insolvency General Rules (the "**Rules**"), the Interim Receiver, on December 10, 2025, sent a notice of application for taxation of accounts and discharge of the Interim Receiver to the following parties:

- All known creditors of the Debtor;
- All former employees;
- Me Nick Sheib, legal counsel of Mr. Giacomo Sozzi, director of the Debtor;
- The Montréal Division Office of the Superintendent of Bankruptcy.

61. No notice of objection was filed with the Court and with the Interim Receiver.

62. Pursuant to Rules 79 and 81 of the Rules, the Interim Receiver respectfully requests that the Court confirm the taxation of its accounts and its discharge.

#### **UPCOMING MEASURES OF THE RECEIVER**

63. It is anticipated that the next steps for the receivership are as follows:

- a) Review the deemed trust claims, obtain additional information to support such claims (if applicable) and proceed with payment;


- b) Review the supporting documentation in respect of the construction legal hypothec;
- c) Continue reviewing and analyzing the data obtained by the Receiver in order to identify reviewable transactions and/or potential misrepresentations;
- d) Launch the Wage Earner Protection Program (“**WEPP**”);
- e) Given that the majority of the Debtor’s assets will have been sold, the Receiver intends to make an assignment of the Debtor’s property under the BIA, pursuant to the powers granted to the Receiver under paragraph 75.22 of the Receivership Order; and
- f) Seek the Court’s authorization to proceed with the final distribution and the discharge of the Receiver.

**THE RECEIVER’S OBSERVATIONS AND RECOMMENDATIONS WITH RESPECT TO THE RELIEF SOUGHT BY THE APPLICANT.**

64. In light of the foregoing, the Receiver respectfully recommends that the Court grant the Receiver’s Application.

Dated in Montreal, this 20<sup>th</sup> day of February 2026.

**FTI CONSULTING CANADA INC.**  
Licensed Insolvency Trustee



Martin Franco, CPA, CIRP, LIT  
Senior Managing Director

**FTI CONSULTING CANADA INC.**  
Licensed Insolvency Trustee



Patrick Fillion, CPA,  
Managing Director

**Appendix A**

**(under seal)**

**Appendix B**

**(under seal)**