Court File No.: CL-26-00000484-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF STONEPEAK FALCON HOLDINGS INC., STONEPEAK FALCON GUARANTOR ULC, XPLORE INC., XPLORE SPECTRUM INVEST HOLDINGS INC., XPLORE SPECTRUM HOLDINGS INC., XPLORE SPECTRUM 1 INC., XPLORE FIBRE CO-INVEST HOLDINGS INC., XPLORE FIBRE UBF-EAST HOLDINGS INC., XPLORE FIBRE UBF-EAST NETWORK INC., XPLORE FIBRE AHSIP HOLDINGS INC., XPLORE FIBRE AHSIP NETWORK INC., XPLORE FIBRE UBF-WEST-NL HOLDINGS INC., AND XPLORE FIBRE UBF-WEST-NL NETWORK INC.

Applicants

FACTUM OF THE APPLICANTS

(CCAA Application Returnable November 10, 2026)

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PART I – INTRODUCTION

1. Xplore Inc. is the main operating company of a Canadian telecommunications group of entities (the "**Xplore Group**" or the "**Company**") dedicated to providing fast and reliable broadband internet access and related services to residences and businesses in rural and remote communities across Canada (the "**Business**").[1]

2. The Xplore Group has invested approximately $4 billion in developing and expanding its network infrastructure in Canada. In addition to operating its legacy fixed wireless and satellite businesses, the Company is in the process of building major fibre internet projects in connection with federal and provincial programs intended to support the delivery of high-speed internet in rural communities. These projects are capital intensive and require significant investments before related government subsidies and customer revenues are received.

3. As part of its ongoing strategic review, the Xplore Group has made significant efforts to obtain additional capital to support business operations and invest in its fibre-build projects. For months, the Company has been engaged in negotiations with its major shareholder, Stonepeak, and an ad hoc committee of the Xplore Group's Secured Lenders (the "**Lender Committee**"), with respect to a potential consensual recapitalization transaction to address the Company's current financial circumstance. The Xplore Group is also in advanced third-party discussions with respect to transaction opportunities for certain elements of its Business.

4. However, these transactions have not developed in time to address the Company's near-term liquidity and financial challenges. The Xplore Group has exhausted its available funding and cannot meet its near-term funding requirements. Accordingly, the Applicants[2] are commencing

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[1] All capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Affidavit of William E. Aziz sworn November 10, 2026 (th**e "Aziz Affidavit**"). Unless otherwise stated, all monetary amounts referenced herein are in Canadian dollars.

[2] The thirteen Applicants are: (a) Xplore Inc.; (b) Stonepeak Falcon Guarantor ULC ("**Stonepeak Guarantor**"), the direct parent entity of Xplore Inc.; (c) Stonepeak Falcon Holdings Inc. ("**Stonepeak Holdings**"), the direct parent entity of Stonepeak Guarantor; and (d) all direct and indirect subsidiaries of Xplore Inc. that are not partnerships. The

these proceedings under the *Companies' Creditors Arrangement Act* ("**CCAA**") to (a) stabilize the Business, (b) obtain urgently required interim debtor-in-possession ("**DIP**") financing, and (c) provide the time and stability needed for the Xplore Group to continue its ongoing review and pursuit of strategic options and alternatives, including potential recapitalization, refinancing, restructuring, sale or other value-maximizing transactions.

5. The proposed Initial Order would, among other things: (a) grant a stay of proceedings in favour of the Applicants (the "**Stay of Proceedings**") for the 10-day period following the granting of the Initial Order (the "**Initial Stay Period**"); (b) extend the protections and authorizations of the Initial Order to all of the partnerships in the Xplore Group (collectively, the "**Non-Applicant Limited Partnerships**"); (c) appoint FTI Consulting Canada Inc. as monitor (the "**Monitor**"); (d) authorize the Xplore Entities (as defined below) to make certain pre-filing and ordinary course payments; (e) approve the DIP Facility to be provided by Stonepeak Falcon Holdco LP ("**Stonepeak Funder**") and other lenders under the 2024 Credit Agreement that elect to participate in the DIP Facility (collectively, the "**DIP Lenders**"), authorize the Initial Advances and grant the related DIP Charge; and (f) grant an Administration Charge and a Directors' Charge.

6. The relief sought in the Initial Order is urgently needed and limited to what is reasonably necessary during the Initial Stay Period. The Initial Order is necessary to provide the stability, time, and DIP financing for the Company to continue to pursue value-maximizing transaction opportunities and to prevent the exercise of rights or remedies that could disrupt operations.

PART II – OVERVIEW

7. Since its founding in 1998, the Xplore Group has grown to become Canada's largest rural-focused internet service provider. The Xplore Group employs approximately 1,100 employees and

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indirect controlling shareholders of Stonepeak Holdings are funds affiliated with Stonepeak Falcon Holdings LP (together with its affiliates, "**Stonepeak**"). The Aziz Affidavit includes an organizational chart at Exhibit "A".

provides internet access to hundreds of thousands of subscribers across Canada. The Company provides internet access to customers over three technology platforms in its three distinct business lines: (a) the Fixed Wireless Business; (b) the Satellite Business; and (c) the Fibre Business.[3]

8. The Xplore Group has invested approximately $4 billion to develop and expand its broadband network infrastructure in Canada, and in recent years has undertaken a number of strategic, financing and recapitalization initiatives to improve the Company's capital structure and access the funding needed to support ongoing business operations, including financing the long-term expansion of the Fibre Business.[4]

9. These initiatives include completion in October 2024 of a comprehensive recapitalization transaction (the "**2024 Recapitalization Transaction**") pursuant to an arrangement under section 192 of the *Canada Business Corporations Act* (the "**CBCA**"). The 2024 Recapitalization Transaction strengthened the Xplore Group's financial position by materially deleveraging the Company, addressing the unsustainable contractual obligations affecting the Company's Satellite Business, and enabling the Company to access new debt and equity financing. Since completion of the 2024 Recapitalization Transaction, the Company has received approximately $550 million in new debt and equity financing (including the proceeds of the Bridge Term Loan), substantially all of which has been invested in the Company's fibre build projects, the Fixed Wireless Business, and overall business operations.[5]

10. Since completing the 2024 Recapitalization Transaction, the Xplore Group has continued efforts to complete its fibre build projects, generate cash flow from its Fixed Wireless Business and Satellite Business, and pursue strategic opportunities, including the sale of wireless spectrum and non-core assets to obtain the funding needed to invest in growth areas of the Business.[6]

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[3] Aziz Affidavit at para. 9.
[4] Aziz Affidavit at paras. 10, 12.
[5] Aziz Affidavit at paras. 12-13.
[6] Aziz Affidavit at para. 14.

11. While the Xplore Group has maintained stability in its core business operations, the Company has recently experienced quarterly declines in its subscriber base and EBITDA. These declines reflect, in part, certain structural and policy constraints that have made operating a business of this nature increasingly challenging.[7]

12. The construction of fibre projects is very capital intensive and requires significant upfront investment. This challenge is particularly acute in rural and underserved markets, where significantly more fibre must be deployed to reach customers and the smaller customer base generates less revenue from which to recoup that investment. As a result, the Xplore Group's expansion of the Fibre Business has been undertaken in connection with federal and provincial programs intended to support fibre infrastructure in rural and underserved communities, including the Government of Canada's Universal Broadband Fund ("**UBF**") and the Province of Ontario's Accelerated High-Speed Internet Program ("**AHSIP**").[8]

13. The Company is currently in the process of completing an approximately $540 million fibre-build project under AHSIP. Under the AHSIP Agreement, the substantial majority of the subsidies payable by the Province of Ontario are payable only upon completion of applicable network segments. Delays in obtaining approvals from third-party utility providers and in the completion of the associated make-ready work have delayed the completion of segments under the AHSIP Project and, in turn, delayed the Company's receipt of subsidy payments and the commencement of customer revenue from the completed network segments.[9]

14. With the assistance of legal and financial advisors, the Company has been actively pursuing strategic options and alternatives to obtain additional capital, monetize wireless spectrum and non-

[7] Aziz Affidavit at para. 15.
[8] Aziz Affidavit at paras. 16-17, 67.
[9] Aziz Affidavit at para. 19.

core assets, and achieve a capital structure that supports its long-term business objectives. Those efforts have been overseen by the Xplore Group Independent Committees.[10]

15. On August 4, 2026, the Company, Stonepeak Funder and certain lenders under the 2024 Credit Agreement (the "**Consenting Lenders**") entered into a Transaction Support Agreement pursuant to which the parties agreed to pursue the finalization of a binding term sheet for a recapitalization transaction. Concurrently, certain Consenting Lenders made a $50 million Bridge Term Loan available to Xplore Inc. Stonepeak Funder also provided approximately $7.5 million of funding on October 2, 2026 to provide incremental liquidity while the parties sought to negotiate a recapitalization transaction. However, the parties have not, to date, been able to reach agreement on the terms of a consensual recapitalization transaction.[11]

16. The Xplore Group's liquidity position has deteriorated in recent months, and the Company was unable to make a US$5,176,934 interest payment under the 2024 Credit Agreement when it came due on October 30, 2026 or a US$821,340.17 interest payment under the Bridge Term Loan when it came due on November 4, 2026. Furthermore, on November 4, 2026, the CIB delivered default notices to the borrowers under each of the CIB Credit Facilities.[12]

17. Accordingly, the Xplore Group Independent Committees, in consultation with the Company's management and advisors, determined that commencing these CCAA proceedings is in the best interests of the Company and its stakeholders. The Stonepeak Funder and Varde, a lender under the Credit Agreements, have committed as backstopping parties to provide DIP financing under a senior secured loan facility (the "**DIP Facility**"), with the opportunity for participation by the 2024 Lenders, to ensure that the Company has funding to operate its Business in the near term while it continues its pursuit of value-maximizing transactions.[13]

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[10] Aziz Affidavit at paras. 21, 153.
[11] Aziz Affidavit at paras. 23-24.
[12] Aziz Affidavit at para. 26.
[13] Aziz Affidavit at paras. 27, 30.

PART III– SUMMARY OF THE FACTS

A. Background Regarding the Company

18. The Xplore Group provides internet access to customers over three platforms in its Fixed Wireless, Fibre and Satellite Businesses. These business units are in various stages of the business cycle and are operated by different entities within the Xplore Group. Xplore Inc. carries on the Satellite Business and primarily carries on the Fixed Wireless Business. Xplore Fibre, together with its various subsidiaries that were formed to acquire or hold various fibre, spectrum and other network assets (collectively, the "**Fibre Entities**"), primarily carry on the Fibre Business.[14]

B. The Applicants and the Non-Applicant Limited Partnerships

19. The Applicants consist of all entities shown in the organizational chart at Exhibit "A" to the Aziz Affidavit that are not partnerships, being: (a) Stonepeak Holdings, a British Columbian company that is the ultimate parent company of the Xplore Group; (b) Stonepeak Guarantor, a British Columbian company which holds 100% of the equity in Xplore Inc. and is a guarantor under the Credit Agreements; (c) Xplore Inc., a CBCA company that is the main operating company of the Xplore Group and is the borrower under the Credit Agreements; (d) Xplore Spectrum Invest Holdings Inc., Xplore Spectrum Holdings Inc., and Xplore Spectrum 1 Inc., each of which is a New Brunswick company that is the general partner of a Non-Applicant Limited Partnership and, in the case of Xplore Spectrum Invest Holdings Inc., is also a guarantor under the Credit Agreements; and (e) various Fibre Entities, each of which is a New Brunswick company.[15]

20. The Non-Applicant Limited Partnerships are not Applicants because they are partnerships. The Non-Applicant Limited Partnerships are: (a) Xplore Spectrum Invest Holdings L.P., which holds 99.99% of the partnership interests in Xplore Fibre; (b) Xplore Fibre, which carries on the

[14] Aziz Affidavit at paras. 41, 54, 62.
[15] Aziz Affidavit at paras. 34-37, 42, 44, 46, 48.

Fibre Business through the other Fibre Entities and holds certain Fibre Business and Fixed Wireless Business assets; (c) Xplore Spectrum 1 Network L.P., which is a guarantor under the Credit Agreements; and (d) various Fibre Entities, each of which is an Ontario partnership.[16]

C. Capital Structure

21. The Company's funded indebtedness consists primarily of: (a) the 2024 Credit Facilities; (b) the Bridge Term Loan; and (c) the CIB Credit Facilities. The Company's funded indebtedness is summarized at Schedule C hereto.[17]

22. Xplore Inc. is the borrower under the 2024 Credit Facilities and the Bridge Term Loan, which are guaranteed by Stonepeak Guarantor, Xplore Spectrum Invest Holdings Inc. and Xplore Spectrum 1 Network L.P. (the "**Guarantors**"). The 2024 Credit Facilities and the Bridge Term Loan are secured by a security interest in substantially all of the assets and property of Xplore Inc. and the Guarantors. The liens on the Shared Collateral securing the Bridge Credit Agreement have priority over the liens securing the obligations under the 2024 Credit Agreement.[18]

23. The Bridge Lenders consist of lenders in the Lender Committee. The 2024 Credit Facilities are funded as follows: (a) the First Out Term Loan is funded by a syndicate of lenders, including lenders in the Lender Committee and Stonepeak; (b) the Delayed Draw Term Loan is funded by Stonepeak; and (c) the Second Out Term Loans are funded by a syndicate of lenders, including lenders in the Lender Committee.[19]

24. As of October 31, 2026, the outstanding principal obligations are approximately: $49,843,000 under the Bridge Term Loan, and $542,190,000 under the 2024 Credit Facilities.[20]

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[16] Aziz Affidavit at paras. 49-53.
[17] Aziz Affidavit at paras. 97-98.
[18] Aziz Affidavit at paras. 98, 99, 104-105, 107, 110-111, 113.
[19] Aziz Affidavit at para. 98.
[20] Aziz Affidavit at paras. 106, 112.

D. Business and Financial Challenges

25. The Business has generally performed well since the 2024 Recapitalization Transaction. However, the Company continues to face a number of business and financial challenges, including: (a) increased competition in the Fixed Wireless Business and Satellite Business from other providers offering higher download speeds and low latency; (b) significant capital requirements and external delays in connection with the growth of the Fibre Business, which have delayed the Company's receipt of subsidy payments and the commencement of customer revenue; and (c) governmental policy that has made it difficult for the Company to monetize its wireless spectrum assets for reinvestment in the Fibre Business.[21]

E. Strategic Efforts to Address Financial Challenges

26. Given the Xplore Group's financial situation and funding requirements, the Company, with the assistance of its legal and financial advisors, has been actively pursuing strategic options and alternatives to improve the Company's financial position, monetize wireless spectrum and non-core assets, and fund investment in growth areas of the Business.[22]

27. Despite extensive efforts, Stonepeak and the Lender Committee have not been able to reach agreement to fully advance all new capital needed to complete the Company's ongoing business plan. However, the parties have reached agreement on the terms of DIP financing that will provide the Company with liquidity to support the continuation of the strategic review as part of a court-supervised process. The Company considered a variety of alternatives to raise new capital outside of a CCAA process but determined that the other potential financing options were not executable or in the best interests of the Company in the circumstances.[23]

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[21] Aziz Affidavit at paras. 138-141, 143, 147.
[22] Aziz Affidavit at para. 148.
[23] Aziz Affidavit at paras. 154-155.

PART IV – LAW AND ARGUMENT

28. The issues to be considered on this application are whether:

(a) the Applicants are entitled to protection under the CCAA;

(b) the Court should grant the Stay of Proceedings and extend the protections and authorizations of the Initial Order to the Non-Applicant Limited Partnerships;

(c) the Court should permit certain pre-filing and ordinary course payments;

(d) the Court should approve the DIP Agreement and grant the DIP Charge; and

(e) the Court should grant the Administration Charge and the Directors' Charge.

A. The Applicants are Entitled to Seek Protection under the CCAA

(i) Each of the Applicants is a Debtor Company to which the CCAA Applies

29. The CCAA applies to a "debtor company" or affiliated debtor companies where the total claims against the debtor or its affiliates exceed $5 million. Pursuant to section 2 of the CCAA, a "debtor company" means, among other things, a "company" that is "insolvent".[24]

30. Under the CCAA, a "company" includes any "company, corporation or legal person incorporated by or under an Act of Parliament or of the legislature of a province."[25] Each of the Applicants is a Canadian company incorporated under federal or provincial law.[26] Accordingly, each of the Applicants is a "company" for purposes of the CCAA.

31. The CCAA does not define insolvency. In interpreting the meaning of "insolvent", courts look to the definition of "insolvent person" in section 2(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), and the expanded concept of insolvency developed by this Court in *Stelco*.[27]

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[24] CCAA, Sections 2(1) ("debtor company") and 3(1).
[25] CCAA, Section 2(1) ("company").
[26] Aziz Affidavit at paras. 35-37, 42, 44, 46, 48.
[27] BIA, Section 2 ("insolvent person"); *Stelco Inc., Re*, (2004), 48 C.B.R. (4th) 299 (Ont. Sup. Ct. J. [Commercial List]); leave to appeal to C.A. refused [2004] O.J. No. 1903; leave to appeal to S.C.C. refused [2004] S.C.C.A. No. 336, at para. 22 [*Stelco*].

32. The BIA definition of "insolvent person" includes a person who is for any reason unable to meet their obligations as they generally become due. A company is also insolvent under the expanded *Stelco* approach if there is a reasonably foreseeable expectation that there is a looming liquidity condition or crisis that would lead to the company being unable to pay its debts as they generally become due if a stay of proceedings is not granted by the court.[28]

33. The Applicants are insolvent under both the BIA test and the *Stelco* test. The Xplore Group has exhausted its available funding and does not have sufficient liquidity to satisfy its near-term funding requirements. The Company was unable to make interest payments under the 2024 Credit Agreement and the Bridge Term Loan when due on October 30 and November 4, 2026. Without access to DIP financing, the Company will exhaust its limited remaining liquidity in the coming days and be unable to make critical payments in connection with the operation of the Business.[29]

34. The Applicants are "affiliated companies" for the purposes of the CCAA.[30] All of the Applicants are direct or indirect subsidiaries of Stonepeak Holdings.[31]

35. The outstanding principal amount under the 2024 Credit Facilities and the Bridge Term Loan is approximately $592,033,000 as at October 31, 2026.[32] Accordingly, the total outstanding obligations of the Applicants exceed the $5 million threshold under section 3(1) of the CCAA.

(ii) The Ontario Court Has Jurisdiction

36. A debtor company may bring an application under the CCAA in the province in which the head office or chief place of business of the company in Canada is situated.[33] Xplore Inc. is the main operating company of the Xplore Group and the Ontario Head Office is its registered office and principal place of business. The Ontario Head Office is the principal work location of Xplore

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[28] *Stelco*, at paras. 4, 26, 28 and 40.
[29] Aziz Affidavit at paras. 157-159.
[30] CCAA, Section 3(2) ("affiliated companies").
[31] Aziz Affidavit at para. 4.
[32] Aziz Affidavit at para. 98.
[33] CCAA, Section 9(1); *Target Canada Co.*, Re, 2015 ONSC 303 at paras. 29–30 [*Target*].

Inc.'s senior executives and management and the location from which business strategy, finance, accounting, human resources and other critical functions of the Xplore Group are performed.[34]

B. The Requested Stay of Proceedings is Appropriate

(i) Stay of Proceedings in Favour of the Applicants

37. Subsection 11.02 of the CCAA permits the Court to grant an initial stay of up to 10 days on an application for an initial order, provided it is satisfied that circumstances exist that make the order appropriate.[35] In determining whether a stay is appropriate, courts are to consider the primary purpose behind the CCAA, which is to maintain the status quo for a period while the debtor consults with its creditors and stakeholders with a view to continuing operations for the benefit of the company and its creditors.[36]

38. Without the Stay of Proceedings, contractual counterparties may seek to terminate agreements with the Xplore Entities or take other enforcement actions against their assets and property. The Xplore Group's spectrum licences and its fibre-build project agreements with government partners are critical to its long-term value, and any termination or enforcement steps in respect of them could disrupt operations and destroy value to the detriment of the Company and its stakeholders, including customers, suppliers and employees.[37]

39. The Stay of Proceedings is also critical to the strategic review. The Stay of Proceedings will provide stability for the Business and the breathing room needed for management to pursue value-maximizing transactions. Without it, management would be required to spend considerable time and focus addressing enforcement and termination risks.[38]

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[34] Aziz Affidavit at paras. 37, 39-40, 133.
[35] CCAA, Sections 11.02(1) and 11.02(3)(a); *JTI-Macdonald Corp., Re*, 2019 ONSC 1625 at para. 12 [*JTI-Macdonald*].
[36] *JTI-Macdonald*, at paras. 12-13.
[37] Aziz Affidavit at para. 161.
[38] Aziz Affidavit at para. 162.

40. The proposed Initial Order provides that it and all of its provisions (including the Stay of Proceedings) are effective as of 12:01 a.m. (Toronto time) on the date it is pronounced. This is appropriate for two primary reasons. It is important, given the significant value of the contracts that are integral to the Business, to ensure that no counterparty is able to exercise any rights or remedies under those contracts as a result of steps taken on the date of the Initial Order prior to the granting of the Initial Order at the hearing. Second, an effective time of 12:01 a.m. provides a clear demarcation between pre-filing and post-filing obligations, which will assist the Xplore Entities, under the Monitor's oversight, in administering payments during the CCAA proceedings.

(ii) Extending the Stay of Proceedings and the Protections and Authorizations of the Initial Order to the Non-Applicant Limited Partnerships is Appropriate

41. The Non-Applicant Limited Partnerships are limited partnerships and thus not "debtor companies" within the meaning of the CCAA. However, it is well-established that the Court has jurisdiction under section 11 of the CCAA to extend the stay of proceedings and the other protections and authorizations of an initial CCAA order to non-applicant partnerships where the partnerships' functions and operations are integral and closely related to the business of the applicants and such relief is necessary to ensure that the purposes of the CCAA can be achieved.[39]

42. The Non-Applicant Limited Partnerships are closely integrated into the Xplore Group's business, operations, financing arrangements and capital structure. In particular, the Fibre Business is primarily carried on by certain Fibre Entities that are partnerships. These entities hold various fibre and network assets and are counterparties to governmental project and funding agreements, including contribution agreements and the CIB Credit Facilities, that are essential to the Fibre Business. Certain of the Non-Applicant Limited Partnerships are the borrowers under the CIB Credit Facilities and have received the CIB Default Notices. The exercise of rights or remedies

[39] See e.g., *In Re Hudson's Bay Company*, 2025 ONSC 1530 at paras. 40–48 [*HBC*]; *Sandvine Corporation et al.*, 2024 ONSC 6199 at paras. 35–36 [*Sandvine*]; *Nordstrom Canada Retail, Inc.*, 2023 ONSC 1422 at para. 30 [*Nordstrom*]; *Canwest Publishing Inc.*, 2010 ONSC 222 at paras. 33–34 [*Canwest*]

against the Non-Applicant Limited Partnerships could adversely affect the Company's ability to advance fibre projects on required timelines, reduce the value of the Fibre Business and the Xplore Group, and impair the Company's ability to implement a value-maximizing strategic transaction for the Fibre Business during these CCAA proceedings.

43. The proposed Initial Order treats the Non-Applicant Limited Partnerships, together with the Applicants, as the "**Xplore Entities**", and provides such parties with the same protections and authorizations. This relief is necessary to protect value in the CCAA process, including the value of the Fibre Business, and provide stability while the Company pursues its strategic objectives.[40]

C. Entitlement to Make Certain Pre-Filing Payments

44. To ensure the Applicants can continue to operate the Business without disruption, the Applicants seek authorization to pay, in accordance with the DIP Budget, certain expenses incurred prior to, on or after the date of the Initial Order, including: (a) employee-related amounts, (b) with the prior consent of the Monitor, obligations owing to third-party dealers, (c) obligations owing to current and former employees in respect of termination of employment for which directors may have statutory liability, (d) expenses owing between the Xplore Entities pursuant to the Intercompany Services Agreements, and, (e) with the prior consent of the Monitor, amounts owing for goods or services supplied to any of the Xplore Entities before the Initial Order.[41]

45. The Court has the jurisdiction to permit payment of pre-filing obligations in a CCAA proceeding, including where such payments are critical to the ongoing operations of a debtor company or the maintenance of its customer, supplier and employee relationships.[42] In authorizing the payment of pre-filing obligations, Courts have considered: (a) whether the goods and services

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[40] Aziz Affidavit at paras. 49, 163-165.
[41] Aziz Affidavit at paras. 183-184.
[42] See e.g. *HBC*, at paras. 110–115; *Sandvine*, at paras. 62–67; *Nordstrom*, at paras. 50-52; *Target*, at paras. 62–65; *JTI-Macdonald*, at paras. 24-25.

are integral to the business of the applicants, (b) the debtors' dependency on the uninterrupted supply of the goods or services, (c) whether payments require the consent of the Monitor, and (d) the effect on the debtors' operations and ability to restructure if such payments are not made.[43]

46. In the present case, the requested payment relief is necessary to preserve normal course operations, maintain employee, contractor, dealer, customer and supplier relationships, and avoid disruption to the Business during the CCAA proceedings. The Company's third-party dealers provide equipment installation, repair and support functions that are critical to the operation of the Business and the generation of customer revenue. It is important that the Company has the ability, under the oversight of the Monitor and in accordance with the DIP Budget, to pay necessary pre-filing amounts in order to preserve business operations, maintain ongoing relationships with key business partners, and ensure the value of the Business can be maximized in connection with the Company's strategic review process.[44]

D. The DIP Facility and the DIP Charge Should be Approved

47. As demonstrated by the Cash Flow Forecast, it is expected that Xplore Inc. will require access to DIP financing during the CCAA proceedings.[45]

48. In advance of the CCAA filing, the Company, under the oversight of the Xplore Group Independent Committees and with the assistance of its professional advisors, engaged in extensive discussions with Stonepeak and the Lender Committee regarding potential financing proposals. The Company's efforts initially focused on implementing a variety of different financing terms and structures. However, it became evident that the parties were unlikely to achieve consensus on an implementable financing outside of a court-supervised CCAA process.[46]

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[43] *HBC*, at para. 114; *Nordstrom*, at para. 52.
[44] Aziz Affidavit at para. 185.
[45] Aziz Affidavit at para. 166.
[46] Aziz Affidavit at paras. 167-169.

49. After reviewing and evaluating the CCAA financing proposals received from Stonepeak and the Lender Committee, including with respect to quantum, economics, covenants, conditions, implementation risk and overall compatibility with the Company's intended approach to these CCAA proceedings, the Company was able to reach agreement on the consensual DIP Facility supported by Stonepeak and the Lender Committee.[47]

50. The DIP Facility is a senior secured, super-priority, non-revolving credit facility in an aggregate principal amount of $154,500,000 (the "**Facility Amount**"), comprised of (a) a tranche available solely to Xplore Inc. (the "**Spectrum Borrower**") in a maximum principal amount of $114,100,000 (the "**Spectrum Tranche**"), and (b) a tranche available solely to Xplore Fibre (the "**Fibre Borrower**") in a maximum principal amount of $40,400,000 (the "**Fibre Tranche**"). The DIP Facility is to be made available by way of initial advances to each of the Spectrum Borrower and the Fibre Borrower (the "**Initial Advances**") and subsequent advances made available from time to time under the Spectrum Tranche or the Fibre Tranche, as applicable, provided that the aggregate advances under each tranche shall not exceed the maximum principal amount of such tranche.

51. The DIP Facility will be backstopped by the Stonepeak Funder and Varde, a lender under the Credit Agreements, each of which has committed to fund a portion of the Facility Amount, provided that the Stonepeak Funder shall initially fund 100% of the Initial Advances. All 2024 Lenders are entitled to participate as lenders in the DIP Facility, *pro rata* in accordance with their holdings under the 2024 Credit Facilities.[48]

52. The Credit Parties under the DIP Agreement consist of:

(a) the Spectrum Borrower and the Spectrum Guarantors (each of which is a Guarantor

[47] Aziz Affidavit at paras. 170-171.
[48] A table at paragraph 173 of the Aziz Affidavit summarizes the key terms of the DIP Facility.

under the Credit Agreements), each of which is liable for all Obligations;

(b) the Fibre Borrower, which is liable for all Obligations other than the Bridge Payout Amount; and

(c) the Fibre Guarantors, which are liable solely for the Fibre Tranche Obligations.

53. To secure amounts borrowed under the DIP Facility, the proposed Initial Order provides that Wilmington Savings Fund Society, FSB (the "**DIP Agent**"), for the benefit of the DIP Lenders, shall be granted a charge (the "**DIP Charge**") over all current and future assets, undertakings and properties of the Credit Parties, provided that: (a) the DIP Charge on the Fibre Borrower Collateral shall not secure the Bridge Payout Amount, and (b) the DIP Charge on the Fibre Guarantor Collateral shall secure only the Fibre Tranche Obligations and shall rank junior and subordinate to the CIB Security.

54. The proceeds of the DIP Facility shall: (a) repay in full the obligations under the Bridge Credit Agreement from the proceeds of the Initial Spectrum Advance; (b) pay the fees and expenses of professional advisors; (c) pay the DIP Agent Expenses, Backstop Party Expenses, and interest, fees and other amounts owing under the DIP Agreement; and (d) fund the working capital and other general corporate requirements of the Company.

55. The DIP Agreement provides for the following fees: (a) the Backstop Fee equal to 7.00% of each Backstop Party's Backstop Commitment, paid in kind to Backstop Parties in the form of additional Advances under the DIP Facility; (b) the Commitment Fee equal to 3.10% of the Facility Amount, paid in kind to DIP Lenders in the form of additional Advances under the DIP Facility; (c) the Exit Fee equal to 5.00% of the Advances made under the DIP Facility, paid in cash to DIP Lenders upon the earlier of the completion of a Restructuring Transaction and the repayment in full of the DIP Facility; and (d) the Consent Fee equal to the recovery that would be applicable to $20 million of Second Out Term Loans, paid in cash to the Bridge Lenders at the same time as the

Exit Fee becomes payable, in consideration for their consent to the DIP Facility and related matters. The Backstop Fee, the Commitment Fee and the Exit Fee, but not the Consent Fee, are secured by the DIP Charge.

56. Under the proposed Initial Order, the Applicants are requesting that this Court: (a) approve the DIP Agreement; (b) authorize the Xplore Entities to borrow up to the aggregate amount of the Initial Advances during the Initial Stay Period; and (c) grant the DIP Charge.

57. Section 11.2 of the CCAA provides express jurisdiction to approve the DIP Agreement and the DIP Charge. Subsection 11.2(4) lists the factors Courts must consider in deciding whether to approve a priming charge in connection with interim financing.[49] Where interim financing is sought on an initial application, subsection 11.2(5) of the CCAA also requires the Court to be satisfied that the terms of the loan are limited to what is reasonably necessary for the continued operations of the debtor company in the ordinary course of business during the Initial Stay Period.[50]

58. In *Canwest Publishing*, Justice Pepall (as she was then) highlighted the importance of meeting the criteria set out in subsection 11.2(1) in addition to those found in subsection 11.2(4), namely: (a) whether notice has been given to secured creditors likely to be affected by the security or charge; (b) whether the amount to be granted under a DIP facility is appropriate and required having regard to the debtors' cash-flow statement; and (c) whether the DIP charge secures an obligation that existed before the order approving the DIP was made.[51]

59. The Xplore Entities submit that consideration of the foregoing criteria supports approval of the DIP Agreement, the Initial Advances and the DIP Charge because:

(a) the Company requires DIP financing on an urgent basis to address its near-term liquidity challenges. Without access to DIP financing, the Company will exhaust

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[49] CCAA, Sections 11.2(1) and 11.2(4).
[50] CCAA, Section 11.2(5). See, e.g., *HBC*, at paras. 85, 94–95; *Sandvine*, at paras. 44, 48.
[51] CCAA, Section 11.2(1); *Canwest*, at paras. 42–44. See, e.g., *HBC*, at paras. 83–86; *Sandvine*, at paras. 42–45.

its remaining liquidity in the coming days;

(b) the DIP Facility is required to provide the Company with the necessary liquidity to continue operating the Business in the ordinary course and pursue value-maximizing strategic alternatives during the CCAA proceedings;

(c) the Company solicited DIP financing proposals from Stonepeak and the Lender Committee, and the Xplore Group Independent Committees selected the proposed DIP Facility as the superior option after considering the quantum of funding, economic terms, covenants, conditions, implementation risk and compatibility with the Company's intended approach to these CCAA proceedings;

(d) there is no implementable, lower-cost DIP financing available to the Company at this time;

(e) the aggregate amount of the Initial Advances and the corresponding maximum amount of the DIP Charge is limited to what is reasonably necessary to fund continued operations in the ordinary course during the Initial Stay Period;

(f) the DIP Facility is supported by both Stonepeak and the Lender Committee, and enables the Company to move forward in these CCAA proceedings on a consensual basis with the support of its major secured creditors and majority shareholder; and

(g) as described below, the structure of the DIP Charge as against the Fibre Entities mitigates any prejudice to the creditors of the Fibre Entities.

(i) Impact of the DIP Facility on the Fibre Entities

60. The DIP Facility has been structured to balance the interests of all creditors, having regard to the Company's existing capital structure. Historically, the Fibre Business has been funded through equity advances by Xplore Inc. to Xplore Fibre, which Xplore Fibre has, in turn, advanced

to the other Fibre Entities. The Fibre Entities are not obligors under the pre-filing Credit Agreements. The Fibre Borrower has not granted any pre-filing security interests. Certain of the Fibre Entities have granted security in respect of their obligations under the CIB Credit Facilities.[52]

61. The Fibre Entities need access to DIP financing to make targeted expenditures and preserve value during the CCAA proceedings. The DIP Lenders are prepared to provide DIP financing to the Fibre Business, but only on a secured basis. The DIP Lenders require that the DIP Charge against the Fibre Borrower secure both the Fibre Tranche Obligations and the Spectrum Tranche Obligations (other than the Bridge Payout Amount). [53]

62. To ameliorate any potential prejudice, the Company has negotiated for, and the DIP Lenders have agreed that: (a) the DIP Charge against the Fibre Guarantors will rank junior to the CIB Security, and (b) any excess proceeds of Fibre Borrower Collateral remaining after payment of the Fibre Tranche Obligations will be held by the Monitor in a reserve account and only used to satisfy Spectrum Tranche Obligations to the extent there is a Spectrum Shortfall (as defined in the DIP Agreement). If the Spectrum Tranche Obligations are paid in full from the proceeds of Spectrum Collateral, then excess proceeds of Fibre Borrower Collateral will be available for the unsecured creditors of the Fibre Borrower.[54]

63. In *Indalex Limited*, Justice Morawetz (as he was then) set out various factors to consider in determining whether to approve a guarantee in connection with a DIP facility. These factors include: (a) the need for additional financing to support a going concern restructuring; (b) the availability (or lack thereof) of other DIP financing alternatives; and (c) a balancing of the benefits accruing to stakeholders if the request is approved against the prejudice to those stakeholders if the request is denied. Justice Morawetz made clear that the court's focus is on the prejudicial

[52] Aziz Affidavit at paras. 174-175.
[53] Aziz Affidavit at para. 176.
[54] Aziz Affidavit at para. 177.

impact of a guarantee of existing, pre-filing debt, "apart from the impact of the super-priority status of new advances to the debtor under the DIP financing."[55]

64. The structure of the DIP Facility satisfies the factors set out in *Indalex Limited*. The Fibre Borrower and the Fibre Guarantors are not guaranteeing the obligations under the pre-filing Credit Agreements. They are becoming obligors under the DIP Facility in order to obtain new money funding that they urgently require in order to continue the Fibre Business. The benefits of the DIP financing to the Fibre Entities greatly exceed any potential prejudice, in particular given that the Fibre Guarantors are only guaranteeing the Fibre Tranche Obligations and that their guarantee obligations will rank subordinate to the existing CIB Security.

65. In this case, given the integration of the entire Xplore Group, the financing to be made available to Xplore Inc. under the Spectrum Tranche has a tangible and direct benefit to Xplore Fibre even though it will not directly receive advances under the Spectrum Tranche. The DIP Facility provides funding for the entire Xplore Group as part of an integrated package, and obtaining that financing at this time, on the terms available to the Company, is in the best interests of the entire Xplore Group, including the Fibre Entities.[56]

(ii) Repayment of the Bridge Term Loan

66. The DIP Agreement provides that the Initial Spectrum Advance will be used to repay in full the Bridge Term Loan. The Bridge Term Loan was advanced by the Consenting Lenders in August 2026 as interim funding until the parties could reach agreement on a consensual recapitalization transaction, which has not materialized. The Company understands that repayment of the Bridge Term Loan is an important element to obtaining the Consenting Lenders' support for the DIP Facility, and of Stonepeak's willingness to act as a Backstop Party given certain provisions

[55] *Indalex Limited (Re)* 2009, 52 CBR (5th) 61 at para. 8.
[56] Aziz Affidavit at para. 178.

in the Intercreditor Agreement relating to the rights of the Secured Lenders in an insolvency proceeding and the provision of DIP financing.

67. CCAA courts have held that "takeout DIP" facilities, which provide funding to repay senior secured debt, are permitted under section 11.2 of the CCAA.[57] The reasoning, as stated by Myers J. (as he was then) in *Toys "R" Us*, is as follows:

> [Section 11.2] makes it clear however, that security cannot be granted for pre-filing claims. Here, while it is proposed for DIP funding to be used to pay out pre-filing lenders (a "takeout DIP") all of the loans that will be secured are fresh advances by the DIP lenders. Moreover, the Monitor has obtained an independent legal opinion that the pre-filing ABL security is valid and prior to all claims that will be primed by the court-ordered DIP security. The DIP funds are replacing existing secured collateral. The court-ordered charge is not being used to improve the security of the pre-filing ABL lenders or to fill any gaps in their security coverage. **In my view therefore, the takeout DIP is not prohibited by s. 11.2**.[58] [*emphasis added*]

68. The reasoning in *Toys "R" Us* is equally applicable to this case:

(a) the proposed DIP Charge would not secure any obligation that exists before the Initial Order is made. It will only secure new money advances under the DIP Facility;

(b) the takeout feature of the DIP Facility does not alter existing priorities. The Bridge Term Loan is the senior ranking secured obligation of the Spectrum Borrower and the Spectrum Guarantors. It will be repaid with proceeds of the Initial Spectrum Advance, which will then constitute the senior secured obligation of the Spectrum Borrower and the Spectrum Guarantors;

(c) the Initial Spectrum Advance will be advanced by Stonepeak as Backstop Lender under the DIP Facility. Stonepeak is not a lender under the Bridge Term Loan;

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[57] *Re Toys "R" Us (Canada) Ltd.*, 2017 ONSC 5571 at para. 10 [*Toys*]; *Plan of Compromise or Arrangement of Variform Inc. (Re)*, 2019 ONSC 218 at para. 12. See also *Clover Leaf Holdings Company, Re.*, 2019 ONSC 6966 at paras. 20-23.

[58] *Toys*, at para. 10.

(d) the proposed Monitor has obtained an independent security review opinion confirming the validity of the liens securing the Bridge Term Loan;[59] and

(e) the only parties affected by the takeout feature, being Stonepeak and the Consenting Lenders, have notice of these proceedings and require the repayment of the Bridge Term Loan as a condition to the DIP Facility.

69. The takeout feature is an important element to enable Stonepeak to provide the DIP Facility as a Backstop Party given the terms of the Intercreditor Agreement and to obtaining the Consenting Lenders' support for the DIP Facility. The Applicants submit that the DIP Facility and the DIP Charge are consistent with section 11.2(1) of the CCAA. The DIP Charge only secures new money advances under the DIP Facility; it does not secure an obligation that existed before the Initial Order is made. Accordingly, the Applicants submit that it is appropriate to permit funding under the DIP Facility to be used to repay in full the Bridge Term Loan.

E. The Administration Charge and the Directors' Charge Should be Approved

70. The Applicants are seeking approval of the Administration Charge, the Directors' Charge and the DIP Charge (collectively, the "**Charges**") over the property and assets of the Xplore Entities.[60] The Charges are proposed to rank in priority to all Encumbrances, provided that all of the Charges shall rank behind and subordinate to: (a) any Encumbrance validly registered against the Fibre Guarantor Collateral as of the date of the Initial Order in favour of Computershare Trust Company of Canada, as collateral agent on behalf of the CIB, and (b) any Encumbrance in favour of any "secured creditor" as defined in the CCAA that did not receive notice of this Application.[61]

[59] Pre-Filing Report of the Proposed Monitor, dated November 10, 2026, at paras. 37 and 40.
[60] Aziz Affidavit at paras. 189, 194-195.
[61] Aziz Affidavit at para. 196.

i. Administration Charge

71. Section 11.52 of the CCAA provides a court with the jurisdiction, on notice to affected secured creditors, to grant a priority charge over a debtor company's assets to secure the payment of the fees and expenses of the monitor and any financial, legal or other expert engaged by the debtor company or the monitor. The objectives of the CCAA would be frustrated if professional advisor fees are not protected with the benefit of an administration charge, as it is not reasonable to expect professionals to take the risk of not being paid for their services.[62]

72. The factors to be considered are well established in the case law. Courts have considered: (a) the size and complexity of the business being restructured; (b) the proposed role of the beneficiaries of the charge; (c) whether there is an unwarranted duplication of roles; (d) whether the quantum of the proposed charge appears to be fair and reasonable; (e) the position of the secured creditors likely to be affected by the charge; and (f) the position of the Monitor.[63]

73. The Applicants seek the Administration Charge in the maximum initial amount of $1.5 million as security for the professional fees and disbursements incurred at the standard rates and charges of the proposed Monitor, counsel to the proposed Monitor, and Canadian and U.S. counsel to the Xplore Entities, whether incurred prior to, on or after the date of the Initial Order.[64]

74. The Administration Charge is appropriate because: (a) the Xplore Group operates a large business in a regulated industry, with a complex capital structure and stakeholders across Canada; (b) the beneficiaries of the Administration Charge have contributed, and will continue to contribute, to the Company's efforts to address its current circumstances; (c) there is no unwarranted duplication of roles; and (d) the amount of the Administration Charge has been

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[62] CCAA, Section 11.52; *Timminco Limited (Re)*, 2012 ONSC 506 at para. 66.
[63] *Canwest,* at para. 54. See also *HBC,* at paras. 98–101; *JTI-Macdonald*, at paras 19-21.
[64] Aziz Affidavit at para. 189.

developed with the benefit of the proposed Monitor's involvement and is limited to what is necessary for the Initial Stay Period.[65]

ii. Directors' Charge

75. Section 11.51 of the CCAA provides the court with the jurisdiction to grant a priority charge to indemnify a debtor company's directors and officers on notice to its secured creditors. Directors' charges encourage directors and officers to remain in place, providing continuity and stability for the company. In deciding whether to grant a directors' charge, the court must be satisfied that: (a) notice has been given to the likely affected secured creditors; (b) the amount is appropriate; (c) the debtor company could not obtain adequate indemnification insurance for the directors and officers at a reasonable cost; and (d) the charge does not apply to obligations incurred by a director or officer as a result of their gross negligence or wilful misconduct.[66]

76. The Applicants seek approval of the Directors' Charge in the amount of $10 million until the Comeback Hearing. The Directors' Charge was calculated based on estimated potential exposure of the directors and officers of the Xplore Entities and has been reviewed with the proposed Monitor.[67] The Directors' Charge relates to potential director exposure for liabilities in respect of employee compensation (including wages, vacation pay and termination and severance entitlements under the *Canada Labour Code*) and sales tax remittances.

77. The directors and officers have insurance coverage under the D&O Policies, but the D&O Policies have coverage limits and various exclusions and limitations. It is possible that the D&O Policies would not provide sufficient coverage for potential liabilities. The Directors' Charge would apply if the directors and officers do not have coverage under the D&O Policies. The Xplore

[65] Aziz Affidavit at para. 189.
[66] CCAA, Section 11.51; *HBC*, at paras. 102–109; *Sandvine*, at paras. 53–56.
[67] Aziz Affidavit at para. 194.

Entities require the involvement of the directors and officers during the CCAA proceedings, and the Directors' Charge is necessary for that continued involvement.[68]

PART V– RELIEF REQUESTED

78. The Applicants have initiated these CCAA proceedings to obtain the protection and stability necessary to preserve the Business, obtain urgently needed DIP financing, and continue their ongoing review and pursuit of strategic options and alternatives. Given the Company's liquidity position and current circumstances, it is imperative that the Applicants obtain the relief set out in the proposed Initial Order. The Applicants therefore respectfully request that this Court grant the proposed Initial Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 10th day of November, 2026.

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[68] Aziz Affidavit at paras. 192-194.

SCHEDULE A

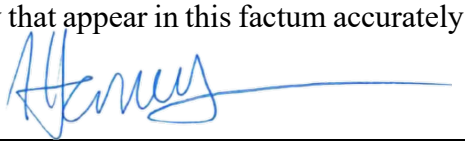
LIST OF AUTHORITIES

1. *Stelco Inc., Re, (2004)*, 48 C.B.R. (4th) 299 (Ont. Sup. Ct. J. [Commercial List]); leave to appeal to C.A. refused [2004] O.J. No. 1903; leave to appeal to S.C.C. refused [2004] S.C.C.A. No. 336
2. *JTI-Macdonald Corp., Re*, 2019 ONSC 1625
3. *Target Canada Co., Re*, 2015 ONSC 303
4. *In Re Hudson's Bay Company*, 2025 ONSC 1530
5. *Sandvine Corporation et al.*, 2024 ONSC 6199
6. *Nordstrom Canada Retail, Inc.*, 2023 ONSC 1422
7. *Canwest Publishing Inc.*, 2010 ONSC 222
8. *Indalex Limited (Re)* 2009, 52 CBR (5th) 61
9. *Re Toys "R" Us (Canada) Ltd*., 2017 ONSC 5571
10. *Plan of Compromise or Arrangement of Vari-form Inc. (Re)*, 2019 ONSC 218
11. *Clover Leaf Holdings Company, Re.*, 2019 ONSC 6966
12. *Timminco Limited (Re)*, 2012 ONSC 506

Lawyer's Statement (Rule 4.06.1(2.1)):

I certify that I am satisfied as to the authenticity of every authority cited in this factum, and I further certify that I am satisfied that any quotations from an authority that appear in this factum accurately reproduce the text of the authority.

Date: November 10, 2026



Signature

SCHEDULE B

STATUTORY REFERENCES

***Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3**

Definitions

2. In this Act, …

insolvent person means a person who is not bankrupt and who resides, carries on business or has property in Canada, whose liabilities to creditors provable as claims under this Act amount to one thousand dollars, and

(a) who is for any reason unable to meet his obligations as they generally become due,

(b) who has ceased paying his current obligations in the ordinary course of business as they generally become due, or

(c) the aggregate of whose property is not, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due; (personne insolvable)

***Companies' Creditors Arrangement Act*, R.S.C. 1985, c C-36**

Definitions

2 (1) In this Act, …

company means any company, corporation or legal person incorporated by or under an Act of Parliament or of the legislature of a province, any incorporated company having assets or doing business in Canada, wherever incorporated, and any income trust, but does not include banks, authorized foreign banks within the meaning of section 2 of the *Bank Act,* telegraph companies, insurance companies, companies to which the *Trust and Loan Companies Act* applies and prescribed public post-secondary educational institutions;

debtor company means any company that

(a) is bankrupt or insolvent,

(b) has committed an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* or is deemed insolvent within the meaning of the *Winding-up and Restructuring Act*, whether or not proceedings in respect of the company have been taken under either of those Acts,

(c) has made an authorized assignment or against which a bankruptcy order has been made under the *Bankruptcy and Insolvency Act*, or

(d) is in the course of being wound up under the *Winding-up and Restructuring Act* because the company is insolvent;

Application

3 (1) This Act applies in respect of a debtor company or affiliated debtor companies if the total of claims against the debtor company or affiliated debtor companies, determined in accordance with section 20, is more than $5,000,000 or any other amount that is prescribed.

Affiliated companies

3 (2) For the purposes of this Act,

(a) companies are affiliated companies if one of them is the subsidiary of the other or both are subsidiaries of the same company or each of them is controlled by the same person; and

(b) two companies affiliated with the same company at the same time are deemed to be affiliated with each other.

Jurisdiction of court to receive applications

9 (1) Any application under this Act may be made to the court that has jurisdiction in the province within which the head office or chief place of business of the company in Canada is situated, or, if the company has no place of business in Canada, in any province within which any assets of the company are situated.

General power of court

11 Despite anything in the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*, if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

Relief reasonably necessary

11.001 An order made under section 11 at the same time as an order made under subsection 11.02(1) or during the period referred to in an order made under that subsection with respect to an initial application shall be limited to relief that is reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that period.

Rights of suppliers

11.01 No order made under section 11 or 11.02 has the effect of (a) prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided after the order is made; or (b) requiring the further advance of money or credit.

Stays, etc. – initial application

11.02 (1) A court may, on an initial application in respect of a debtor company, make an order on any terms that it may impose, effective for the period that the court considers necessary, which period may not be more than 10 days,

> (a) staying, until otherwise ordered by the court, all proceedings taken or that might be taken in respect of the company under the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*;
>
> (b) restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and
>
> (c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

…

Burden of proof on application

11.02 (3) The court shall not make the order unless

> (a) the applicant satisfies the court that circumstances exist that make the order appropriate; and
>
> (b) in the case of an order under subsection (2), the applicant also satisfies the court that the applicant has acted, and is acting, in good faith and with due diligence.

Interim Financing

11.2 (1) On application by a debtor company and on notice to the secured creditors who are likely to be affected by the security or charge, a court may make an order declaring that all or part of the company's property is subject to a security or charge — in an amount that the court considers appropriate — in favour of a person specified in the order who agrees to lend to the company an amount approved by the court as being required by the company, having regard to its cash-flow statement. The security or charge may not secure an obligation that exists before the order is made.

…

Interim Financing – Factors to be considered

11.2 (4) In deciding whether to make an order, the court is to consider, among other things,

> (a) the period during which the company is expected to be subject to proceedings under this Act;
>
> (b) how the company's business and financial affairs are to be managed during the proceedings;

(c) whether the company's management has the confidence of its major creditors;

(d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;

(e) the nature and value of the company's property;

(f) whether any creditor would be materially prejudiced as a result of the security or charge; and

(g) the monitor's report referred to in paragraph 23(1)(b), if any.

Interim Financing – Initial application

11.2 (5) When an application for an order under subsection (1) is made at the same time as an initial application referred to in subsection 11.02(1) or during the period referred to in an order made under that subsection, no order shall be made under subsection (1) unless the court is also satisfied that the terms of the loan are limited to what is reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that period.

Security or charge relating to director's indemnification

11.51 (1) On application by a debtor company and on notice to the secured creditors who are likely to be affected by the security or charge, the court may make an order declaring that all or part of the property of the company is subject to a security or charge — in an amount that the court considers appropriate — in favour of any director or officer of the company to indemnify the director or officer against obligations and liabilities that they may incur as a director or officer of the company after the commencement of proceedings under this Act.

Priority

11.51 (2) The court may order that the security or charge rank in priority over the claim of any secured creditor of the company.

Restriction

11.51 (3) The court may not make the order if in its opinion the company could obtain adequate indemnification insurance for the director or officer at a reasonable cost.

Negligence, misconduct or fault

11.51 (4) The court shall make an order declaring that the security or charge does not apply in respect of a specific obligation or liability incurred by a director or officer if in its opinion the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct or, in Quebec, the director's or officer's gross or intentional fault.

Court may order security or charge to cover certain costs

11.52 (1) On notice to the secured creditors who are likely to be affected by the security or charge, the court may make an order declaring that all or part of the property of a debtor company is subject to a security or charge — in an amount that the court considers appropriate — in respect of the fees and expenses of

> (a) the monitor, including the fees and expenses of any financial, legal or other experts engaged by the monitor in the performance of the monitor's duties;
>
> (b) any financial, legal or other experts engaged by the company for the purpose of proceedings under this Act; and
>
> (c) any financial, legal or other experts engaged by any other interested person if the court is satisfied that the security or charge is necessary for their effective participation in proceedings under this Act.

Priority

11.52 (2) The court may order that the security or charge rank in priority over the claim of any secured creditor of the company.

SCHEDULE C

SUMMARY OF FUNDED INDEBTEDNESS

A. The 2024 Credit Facilities and the Bridge Term Loan

The 2024 Credit Facilities and the Bridge Term Loan are summarized in the following table:

Debt Obligation	Approximate Principal Amount Outstanding as at October 31, 2026*	Maturity	Security**	Lenders
Bridge Term Loan	$49,843,000	August 5, 2027	Security interest over all assets and property of the Borrower and Guarantors	Lenders in the Lender Committee
First Out Term Loan	$107,801,000	October 24, 2029	Security interest over all assets and property of the Borrower and Guarantors	Syndicate of lenders, including lenders in the Lender Committee and Stonepeak
Delayed Draw Term Loan	$92,862,000	October 24, 2029	Security interest over all assets and property of the Borrower and Guarantors	Stonepeak
Second Out Term Loans	$341,527,000	October 24, 2031	Security interest over all assets and property of the Borrower and Guarantors	Syndicate of lenders, including lenders in the Lender Committee
TOTAL	$592,033,000			

* Amounts denominated in United States dollars have been converted to Canadian dollars at an exchange rate of 1.3977.
**For each of the debt obligations listed in the table, the Borrower is Xplore Inc., and the Guarantors are Stonepeak Guarantor, Xplore Spectrum Invest Holdings Inc., and Xplore Spectrum 1 Network L.P.

B. The CIB Credit Facilities

The following table summarizes the maximum aggregate available funding commitments and loan parties under the CIB Credit Facilities:

CIB Credit Facility	Date of Original Credit Agreement	Maximum Agreement Commitment Availability	Borrower	Guarantor(s) and other Loan Parties
AHSIP CIB Credit Facility	March 31, 2023	$148.7 million	Xplore Fibre AHSIP Network L.P.	• Xplore Fibre AHSIP Holdings Inc. • Xplore Fibre AHSIP Holdings L.P. • Xplore Fibre AHSIP Network Inc.
UBF-West-NL CIB Credit Facility	March 22, 2024	$110.9 million	Xplore Fibre UBF-West-NL Network L.P.	• Xplore Fibre UBF-West-NL Network Inc. • Xplore Fibre UBF-West-NL Holdings L.P. • Xplore Fibre UBF-West-NL Holdings Inc.

CIB Credit Facility	Date of Original Credit Agreement	Maximum Agreement Commitment Availability	Borrower	Guarantor(s) and other Loan Parties
UBF-East CIB Credit Facility	March 28, 2024	$115.5 million	Xplore Fibre UBF-East Network L.P.	• Xplore Fibre UBF-East Network Inc. • Xplore Fibre UBF-East Holdings L.P. • Xplore Fibre UBF-East Holdings Inc.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF XPLORE INC. ET AL.

Court File No.:CL-26-00000484-0000

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

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