

Court File No.: 20-00647824-00CL

HEMATITE GROUP

**FOURTH REPORT OF KPMG INC.,
IN ITS CAPACITY AS MONITOR**

DECEMBER 17, 2020

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Court File No.: 20-00647824-00CL

**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
HEMATITE HOLDINGS INC., HEMATITE MANUFACTURING INC.,
HEMATITE INDUSTRIAL PRODUCTS INC., CANADIAN PAVACO INC.,
PAVACO HOLDINGS U.S. INC., HEMATITE, INC. AND
HEMATITE AUTOMOTIVE PRODUCTS INC.
(collectively the "Hematite Group")**

**FOURTH REPORT OF KPMG INC.
In its capacity as Monitor of the Applicants**

December 17, 2020

I. INTRODUCTION

1. On September 18, 2020 (the “**Filing Date**”), Hematite Holdings Inc. (“**Hematite Holdings**”) and the other Applicants (together, the “**Hematite Group**”, the “**Company**” or the “**Applicants**”) were granted relief under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) by Order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The relief granted under the Initial Order included: a stay of proceedings in favour of the Applicants and a limited stay of proceedings in favour of their affiliate Hematite R.E. 1, Inc. for cross-defaults, from September 18, 2020 until September 28, 2020 (the “**Stay Period**”); the appointment of KPMG Inc. as Monitor (“**KPMG**” or the “**Monitor**”); and other related relief. The Applicants’ CCAA proceedings are referred to herein as the “**CCAA Proceedings**”.
2. On September 28, 2020, the Hematite Group was granted additional relief under the CCAA by Order (the “**Amended and Restated Initial Order**”) of the Court. The relief granted under the Amended and Restated Initial Order included, among other items, an extension of the Stay Period to November 27, 2020 and an increase in the maximum borrowings permitted under the DIP Loan Agreement and secured under the DIP Lender’s Charge to \$6.0 million (each as defined in the Amended and Restated Initial Order).
3. In support of the Amended and Restated Initial Order, KPMG in its capacity as Monitor, filed a report with the Court dated September 25, 2020 (the “**First Report**”).
4. On September 23, 2020, the United States Bankruptcy Court for the District of Delaware (the “**U.S. Court**”) issued an Order, among other things, provisionally recognizing the CCAA Proceedings as “foreign main proceedings” and provisionally recognizing and enforcing the Initial Order in the United States pursuant to Chapter 15 of Title 11 of the United States Code (the “**Bankruptcy Code**”) (being the “**Chapter 15 Proceedings**”). On October 1, 2020, the U.S. Court issued an Order, among other things, provisionally recognizing and enforcing the Amended and Restated Initial Order in the United States.

5. On October 13, 2020, the Court granted an Order (the “**Claims Procedure Order**”) approving the Claims Procedure (as defined herein), including the establishment of a claims bar date for creditors to file proofs of claim in the CCAA Proceedings.
6. In support of the Claims Procedure Order, KPMG in its capacity as Monitor, filed a report with the Court dated October 9, 2020 (the “**Second Report**”).
7. On October 15, 2020, the U.S. Court issued a final order, among other things, recognizing the CCAA Proceedings as “foreign main proceedings” and enforcing the Amended and Restated Initial Order in the United States.
8. On November 18, 2020, the Court granted an Order (the “**Meeting Order**”), which relief provided for the acceptance of the filing with the Court of the Plan. The Meeting Order also included relief authorizing and directing the Applicants to call, hold and conduct the Meeting to vote on the Plan, and setting a date for the Sanction Hearing. A copy the Meeting Order is attached hereto as **Appendix “A”**.
9. On November 18, 2020, the Court granted an Order (the “**Flow-Through Payments Order**”), authorizing the Applicants to continue certain flow-through payment arrangements involving OEM customers and tooling suppliers, including the payment of certain pre-filing amounts owing to tooling suppliers.
10. On November 18, 2020, the Court granted an Order (the “**Continuation of Equipment Payments Order**”), authorizing the Applicants to pay pre-filing amounts owing to lessors or secured creditors in certain circumstances.
11. In support of the Meeting Order, the Flow-Through Payments Order, and the Continuation of Equipment Payments Order, KPMG in its capacity as Monitor, filed a report with the Court dated November 16, 2020 (the “**Third Report**”), a copy of which, excluding appendices, is attached hereto as **Appendix “B”**.
12. On December 2, 2020, the U.S. Court granted an Order, among other things, recognizing and enforcing the Claims Procedure Order and the Meeting Order in the United States.

II. PURPOSE OF REPORT

13. The purpose of this report (the “**Fourth Report**”) is to provide information to this Honourable Court pertaining to:
- (a) the Company’s activities since the date of the Third Report;
 - (b) the activities of the Monitor since the date of the Third Report;
 - (c) the Company’s reported receipts and disbursements for the period from November 7, 2020 to December 11, 2020, including a comparison of reported to forecast results;
 - (d) an update regarding the Claims Procedure;
 - (e) the Meeting convened on December 11, 2020, pursuant to the Meeting Order;
 - (f) the bases for the Monitor’s recommendation that the Plan be sanctioned by the Court;
 - (g) the implementation of the Plan and termination of the CCAA Proceedings; and
 - (h) the Company’s request for an order (the “**Sanction Order**”), *inter alia*:
 - (i) authorizing the Monitor, in its discretion, to accept the Additional Late Claims (defined herein) and review the Additional Late Claims in accordance with the Claims Procedure Order;
 - (ii) declaring that the Meeting was duly convened, held and conducted in conformity with the CCAA, the Meeting Order and all other Orders of the Court in these CCAA proceedings;
 - (iii) sanctioning the Plan;
 - (iv) authorizing the Applicants and the Monitor to implement the Plan;

- (v) approving the Unresolved Claims Reserve in the amount of \$2.5 million and the Administration Reserve in the amount of \$0.2 million;
- (vi) terminating the Administration Charge and the Directors' Charge, and providing certain relief regarding the DIP Lender's Charge;
- (vii) approving the activities of the Applicants and the Monitor; and
- (viii) approving the accounts of the Monitor and its counsel, Gowling WLG (Canada) LLP ("**Gowlings**") for the period from September 4, 2020 to November 30, 2020 inclusive.

III. TERMS OF REFERENCE

14. The Fourth Report should be read in conjunction with the Affidavit of Jacques Nadeau sworn on December 15, 2020 (the "**December Nadeau Affidavit**") filed by the Applicants in support of the motion returnable on December 18, 2020 (the "**December 18 Motion**"), as certain information contained in the December Nadeau Affidavit has not been included herein in order to avoid unnecessary duplication.
15. In preparing this Fourth Report, the Monitor has relied solely on information and documents provided by the Applicants and their advisors, including unaudited financial information, books and records (the "**Books and Records**") and financial information prepared by the Applicants and discussions with management ("**Management**") (collectively, the "**Information**"). In accordance with industry practice, except as otherwise described in this Third Report, KPMG has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the *Chartered Professional Accountants of Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

16. Future orientated financial information contained in any Cash Flow Forecast or other statement is based on the Applicants' estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Monitor expresses no assurance as to whether any Cash Flow Forecast or other projection will be achieved.
17. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.
18. Words and phrases not otherwise defined in this Fourth Report shall have the meaning ascribed to them in the December Nadeau Affidavit.
19. Copies of the Monitor's prior reports, this Fourth Report, and all motion records and Orders in the CCAA Proceedings and the Chapter 15 Proceedings will be made available on the Monitor's website at <http://www.home.kpmg/ca/en/home/services/advisory/deal-advisory/creditorlinks/hematite-group.html> (the "**Monitor's Website**"). The Monitor has also established a toll-free phone number and an email that are referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the CCAA Proceedings.

IV. THE COMPANY'S ACTIVITIES

20. The Company's activities, since the date of the Third Report, have included:
 - (a) continuing to operate and manage the business in the ordinary course in accordance with the Amended and Restated Initial Order;
 - (b) managing cash flow and making payments in accordance with the Amended and Restated Initial Order, the Flow-Through Payments Order and the Continuation of Equipment Payments Order;
 - (c) requesting and obtaining advances under the DIP Facility;

- (d) reporting cash receipts and disbursements, and variances to the Cash Flow Forecast, to the Monitor and Woodbridge Foam Corporation (the “**Plan Sponsor**”), in its capacity as lender under the DIP Facility (the “**DIP Lender**”);
- (e) meeting and communicating with the Hematite Group’s employees regarding the CCAA Proceedings;
- (f) communicating with the Hematite Group’s creditors, customers, key suppliers and other stakeholders on various matters in connection with the CCAA Proceedings;
- (g) continuing its efforts, which are nearly complete, to finalize definitive documentation with BDC Capital Inc. (“**BDC**”) with respect to the arrangements made prior to the commencement of the CCAA Proceedings whereby BDC would agree to forbear from enforcing its rights and, effective upon implementation of the Plan, will amend its credit agreement to convert its debt into a post-restructuring facility;
- (h) advancing the Claims Procedure in accordance with the procedures and timelines as set out in the Claims Procedure Order; and
- (i) preparing court materials, together with its counsel, the Monitor, and the Monitor’s counsel, in respect of the Sanction Order and the December 18 Motion.

V. ACTIVITIES OF THE MONITOR

21. Since the date of the Third Report, the activities of the Monitor have included:

- (a) maintaining the Monitor’s Website, where all court materials and other relevant documents pertaining to the CCAA Proceedings and Chapter 15 Proceedings are available in electronic form;
- (b) responding to enquiries from creditors and other stakeholders in respect of the CCAA Proceedings;

- (c) monitoring the Company's cash flow and variances to the Cash Flow Forecast, including assisting the Hematite Group with its reporting to the DIP Lender pursuant to the DIP Loan Agreement;
- (d) attending at Court via videoconference for hearing of the Applicants' motions in respect of the Meeting Order, the Flow-Through Payment Order, and the Continuation of Equipment Payments Order;
- (e) reviewing and logging proofs of claim filed and corresponding with Claimants, and the Applicants and their advisors in respect of same and the Claims Procedure generally;
- (f) sending Notices of Revision or Disallowance, pursuant to the Claims Procedure Order (as discussed later in this Fourth Report);
- (g) communicating extensively with Management and the Applicants' legal counsel regarding, among other things, the Claims Procedure, liquidity matters, operations, the Plan, the Meeting, and the CCAA Proceedings generally;
- (h) communicating with the Monitor's counsel, Gowlings, on various matters in respect of the CCAA Proceedings, including but not limited to administration of the Claims Procedure, liquidity matters, discussions with key stakeholders, the Plan, and the Meeting;
- (i) reviewing various materials filed in support of the Sanction Order and the December 18 Motion;
- (j) conducting the Meeting in accordance with the Meeting Order, as detailed further herein; and
- (k) preparing this Fourth Report.

VI. UPDATE ON THE CLAIMS PROCEDURE

Background

22. As noted in the Third Report, the claims procedure was established pursuant to the Claims Procedure Order (the “**Claims Procedure**”) to facilitate the identification, quantification and resolution of certain Claims of creditors of the Applicants and their respective directors and officers, including:
- (a) Pre-Filing Claims (including D&O Claims other than D&O Restructuring Claims); and
 - (b) Restructuring Claims (including D&O Restructuring Claims) (each as defined in the Claims Procedure Order).
23. Pursuant to the Claims Procedure Order, the claims bar date was 5:00 p.m. (Toronto Time) on November 9, 2020 with respect to the filing of any Pre-Filing Claims and D&O Claims (other than Restructuring Claims and D&O Restructuring Claims) (the “**Pre-Filing Claims Bar Date**”).
24. Also pursuant to the Claims Procedure Order, a claims bar date in respect of Restructuring Claims (the “**Restructuring Claims Bar Date**”) was set as the later of:
- (a) the Pre-Filing Claims Bar Date; and
 - (b) the date that is 21 days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Claim.

Restructuring Claims

25. As noted in the Third Report, seven (7) agreement disclaimers were sent by the Company pursuant to section 32 of the CCAA. The last of these disclaimers was sent on November 16, 2020. The Monitor understands that the Applicants do not intend to disclaim any further agreements.

26. The Monitor has received a total of one (1) Restructuring Claim in connection with the agreement disclaimers noted above. Based on the timing of the disclaimers sent by the Company, the Monitor does not anticipate receiving any additional Restructuring Claims, as the latest Restructuring Claims Bar Date was December 7, 2020.

Late Claims

27. As at the date of the Third Report, the Monitor had received four (4) Pre-Filing Claims after the Pre-Filing Claims Bar Date (the “**Late Claims**”). The Claims Procedure Order did not grant the Monitor discretion to extend the Pre-Filing Claims Bar Date to admit these Late Claims, or to extend the Restructuring Claims Bar Date.
28. Pursuant to the Meeting Order, the Monitor was authorized, in its discretion, to accept the Late Claims, which Late Claims have been reviewed by the Monitor in accordance with the Claims Procedure Order.
29. Since the date of the Third Report, and as of the date of this Fourth Report, the Monitor has received an additional ten (10) Pre-Filing Claims in the amount of approximately \$5.78 million in aggregate (the “**Additional Late Claims**”). Five (5) of the Additional Late Claims representing approximately \$5.6 million in value were filed prior to the Meeting, which Claims were detailed in the Addendum to the Third Report, which was distributed to Claimants with Affected Claims in advance of the Meeting and a copy of which is attached hereto as **Appendix “C”**. Five (5) of the Additional Late Claims representing approximately \$0.1 million in value were received after the Meeting.
30. The Monitor is of the view that it is appropriate to admit these Additional Late Claims into the Claims Procedure for review and adjudication considering that: (i) the Claimants have each provided a reasonable basis for late filing; and (ii) the Applicants and the Plan Sponsor are also supportive of admitting these Additional Late Claims into the Claims Procedure.

Adjudication of Claims

31. Also, as at the date of this Fourth Report, the Monitor has provisionally adjudicated the Claims as follows:

ADJUDICATION OF CLAIMS	COUNT	VALUE
Allowed ⁽¹⁾	145	\$25,089,141
In dispute	2	1,917,348
Disallowed	23	18,742,264
Unresolved	36	8,627,402
Total ⁽²⁾	175	\$54,376,155
⁽¹⁾ Figures include Unsecured Pre-Filing Claims and Secured Pre-Filing Claims, the latter of which are Unaffected Claims pursuant to the Plan.		
⁽²⁾ Count column does not foot as a result of Claims that were partially allowed and partially disallowed.		

32. The Monitor has reviewed all Proofs of Claim filed, in consultation with the Applicants (and in the case of a D&O Claim, in consultation with the applicable Director or Officer), and has accepted, revised, or disallowed the amount of each Claim for voting and/or distribution purposes and has delivered to the Claimant a Notice of Revision or Disallowance, substantially in the form attached as a schedule to the Claims Procedure Order.
33. The Monitor has received two (2) Notices of Dispute as at the date of this Fourth Report. These Notices of Dispute were filed on behalf of The Stewart Company (“**Stewart**”) and Everworks Inc.

Stewart Claim

34. On November 6, 2020, the Applicants, with the consent of the Monitor, disclaimed the Sales Representation Agreement entered into February 1, 2020 between Pavaco Plastics Inc. (which was subsequently amalgamated into Hematite Manufacturing Inc. (“**Hematite Manufacturing**”)) and Stewart (the “**Stewart Agreement**”). Section 11 of the Stewart Agreement provides that if Hematite Manufacturing elects to terminate the Stewart Agreement, Stewart may be entitled to liquidated damages in the amount of sales commissions for a period of two (2) years following the termination (the “**Liquidated Damages**”). An excerpt of the Sales Representation Agreement is attached hereto as **Appendix “D”**.

35. Stewart filed a Proof of Claim asserting a Pre-Filing Claim in the amount of \$193,476.45 for amounts owing as of the Filing Date and a Restructuring Claim in the amount of \$1.32. Stewart asserted that the Liquidated Damages are not a Restructuring Claim and cannot be compromised under the Plan as the forecasted commissions have yet to be earned.
36. The Monitor issued a Notice of Revision or Disallowance (“**NORD**”) increasing the amount of the Pre-Filing Claim to \$211,091.30 (as the amount claimed by Stewart only included commissions payable to August 31, 2020) and the amount of the Restructuring Claim to \$1,893,761.54 (representing the Liquidated Damages).
37. Stewart filed a Notice of Dispute decreasing its asserted Restructuring Claim to \$0 and asserting a post-filing claim in the amount of \$1,893,761.54 (representing the Liquidated Damages). The Claims Procedure Order only called for Pre-Filing Claims and Restructuring Claims, not post-filing claims.
38. The Monitor continues to be of the view that the Liquidated Damages are properly characterized as a Restructuring Claim, in the same manner as all other claims arising from contract disclaimers. The Monitor has sought an urgent hearing before the Court to determine the Stewart claims.

CRA Claim

39. Canada Revenue Agency (“**CRA**”) has filed a “placeholder” claim for \$0 (the “**CRA Claim**”) in respect of certain pre-filing amounts owing (primarily HST) and has advised that it will amend its claim as required, following the completion of an audit of the Hematite Group. The CRA Claim was considered by the Monitor and the Applicants when quantifying the Unresolved Claims Reserve (as detailed below).

Unresolved Claims Reserve

40. As of the date of this Fourth Report, there are approximately 36 claims representing approximately \$8.6 million in value of Unresolved Claims (as defined in the Plan). In addition to the disputed claims discussed above, the remainder of the Unresolved Claims relate to Claims for which the Monitor has reviewed and issued a NORD in accordance

with the Claims Procedure Order, and for which the 10-day period that the Claimant has to formally dispute the NORD has yet to lapse.

41. Pursuant to the Sanction Order, the Applicants are seeking approval from the Court of a reserve fund in the amount of up to \$2.5 million (the “**Unresolved Claims Reserve**”). Pursuant to the Plan, the Hematite Group will set aside or deliver to the Monitor the Unresolved Claims Reserve to be held as a reserve, from which distributions required by the Plan in respect of Unresolved Claims will be made if such Unresolved Claims (or parts thereof) are determined to be Proven Claims in accordance with the Claims Procedure Order.
42. The proposed amount of the Unresolved Claims Reserve has been agreed to by the Monitor, the Applicants, and the Plan Sponsor. The Sanction Order provides that the amount of the Unresolved Claims Reserve may be reduced with the agreement of the Monitor, the Applicants and the Plan Sponsor prior to the Plan Implementation Date, such as by certain Unresolved Claims becoming Proven Claims.

VII. BACKGROUND ON THE PLAN

43. As noted in the Third Report, the principal purposes of the Plan are to:
 - (a) complete a restructuring of the Applicants that sees the Hematite Group continue as a going concern;
 - (b) provide for the compromise of all Affected Claims and distributions to Affected Creditors from the Creditor Distribution Pool (as defined in the Plan); and
 - (c) implement the acquisition of Hematite Holdings and Hematite Industrial by the Plan Sponsor (and/or one or more affiliates).
44. The Third Report summarized, among other things, the results of the Claims Process pursuant to the Claims Procedure Order and the key terms and conditions of the Plan, including the classification and treatment of creditors, releases and conditions precedent. The Third Report also included the bases for the Monitor’s recommendation to the Hematite Group’s creditors to vote in favour of the Plan. In order to avoid duplication, the

contents of the Third Report have not been repeated herein. A copy of the Third Report, excluding appendices, is attached hereto as **Appendix “B”**.

45. The Plan is also summarized in the December Nadeau Affidavit.

VIII. THE MEETING

Notice to Creditors of the Meeting

46. In accordance with the Meeting Order, the Monitor:

- (a) sent, with the assistance of Womble Bond Dickinson (US) LLP, being US counsel to the Hematite Group, on November 20, 2020 and November 25, 2020, a copy of (i) the Information Statement (which attaches the Plan as an exhibit), (ii) the Notice of Meeting and Sanction Hearing, and (iii) the Proxy and Election Notice (collectively, the “**Meeting Materials**”), as well as the Meeting Order and the Third Report (without appendices) (collectively with the Meeting Materials, the “**Meeting Information Package**”) to:
 - (i) all Affected Creditors with Affected Claims in respect of which a Proof of Claim had been filed in a proper and timely manner in accordance with the Claims Procedure Order and that was not barred pursuant to the Claims Procedure Order;
 - (ii) the parties listed on the Consolidated List Required Pursuant to Rule 1007(a)(4) of the Federal Rules of Bankruptcy Procedure filed on September 24, 2020 with the United States Bankruptcy court for the District of Delaware (the “**Consolidated List**”); and
 - (iii) the service list maintained by the Monitor in these CCAA Proceedings.
- (b) posted a copy of the Meeting Materials, as well as the Meeting Order to the Monitor’s Website; and

- (c) published on November 25, 2020, an abridged version of the Notice of Meeting and Sanction Hearing in *The Globe and Mail* (National Edition). A copy of the publication is attached hereto as **Appendix “E”**.
47. Pursuant to the Meeting Order, the Monitor was required to publish a notice of the Meeting in the *USA Today* (National Edition). A notice of the Meeting was not published in the *USA Today* (National Edition) due to an oversight on the part of the Monitor.
48. The Monitor and the Applicants are of the view that this oversight did not result in U.S. creditors of the Hematite Group being prejudiced as (i) the Meeting Materials were sent to all creditors on the Consolidated List, regardless of whether such creditor had filed a proof of claim in accordance with the Claims Procedure Order; and (ii) a notice was previously published in the *USA Today* (National Edition) with respect to the Claims Procedure which provided a link to the Monitor’s Website where the Meeting Materials are posted.

Procedure at the Meeting

49. The Plan provides for one class of creditors to consider and vote on the Plan, namely, the Affected Creditors. The Meeting Order authorized and approved the classification of creditors for voting on the Plan, which was approved in the Meeting Order.
50. The Meeting was convened in accordance with the Meeting Order and the Plan on December 11, 2020 at 11:00 a.m. [Toronto time]. The Meeting was held by videoconference due to the COVID-19 pandemic. Affected Creditors were also able to participate in the Meeting by telephone.
51. In accordance with the Meeting Order, Katherine Forbes, a Senior Vice President of KPMG, acted as Chair of the Meeting. Representatives of the Monitor acted as secretary and scrutineer, respectively, at the Meeting.
52. A copy of the minutes of the Meeting is attached hereto as **Appendix “F”**.
53. A copy of the Plan was distributed to participants prior to the Meeting in accordance with the Meeting Order and made publicly available on the Monitor’s Website. A copy of the Plan is attached hereto as **Appendix “G”**.

Voting Results

54. Pursuant to the Meeting Order, the Monitor separately tabulated the votes of the Voting Claims and the Unresolved Claims at the Meeting. Further, the Monitor separately tabulated the votes of the Additional Late Claims.
55. As at the date of the Meeting, there were approximately 39 Unresolved Claims representing \$12.2 million in value. The significant balance of Unresolved Claims are primarily a result of Claims for which the Monitor had issued a NORD to the claimant in advance of the Meeting, however the 10-day period for which the claimant had to dispute the NORD had yet to lapse. As at the date of this Fourth Report, there are approximately 36 Unresolved Claims and Additional Late Claims representing \$8.6 million in value.
56. As of the date of this Fourth Report and as noted herein, the Monitor has received two (2) Notices of Dispute. Both Claimants who filed Notices of Dispute voted in favour of the Plan.
57. The Plan also addresses the claims of Convenience Creditors, who are deemed to vote in favour of the Plan. Convenience Creditors are those creditors with Affected Claims that, in the aggregate: (i) are less than or equal to \$10,000; or (ii) exceed \$10,000 but elect to value their claims at \$10,000 for distribution purposes under the Plan.
58. The voting results of the Meeting are as follows:

RESOLVED CLAIMS ONLY	Claims (#)	%	Claims (\$)	%
Votes For Plan	111	99%	6,759,860.92	98%
Votes Against Plan	1	1%	105,837.42	2%
Total Votes	112	100%	6,865,698.33	100%

INCLUDING ABOVE & UNRESOLVED CLAIMS	Claims (#)	%	Claims (\$)	%
Votes For Plan	122	98%	13,101,917.77	99%
Votes Against Plan	2	2%	171,446.52	1%
Total Votes	124	100%	13,273,364.28	100%

INCLUDING ABOVE & ADDITIONAL LATE CLAIMS	Claims (#)	%	Claims (\$)	%
Votes For Plan	126	98%	18,721,040.22	99%
Votes Against Plan	2	2%	171,446.52	1%
Total Votes	128	100%	18,892,486.74	100%

59. Accordingly, the Required Majorities (majority in number representing two-thirds in value) of Affected Creditors voted in favour of the Resolution to approve the Plan. Further, given the results of the voting, taking the Unresolved Claims and the Additional Late Claims into account would not affect the outcome of the Meeting.
60. Approximately 75% of Claimants representing approximately 94% of Affected Claims known at the time of the Meeting voted on the Plan.
61. The Company has advised the Monitor that, if the Plan is sanctioned by the Court, it intends to implement the Plan as expeditiously as possible.

IX. MONITOR'S RECOMMENDATION ON SANCTIONING THE PLAN

62. The Monitor is recommending that the Court sanction the Plan for the following reasons:
- (a) the only class of creditors under the Plan, and as approved by the Court in the Meeting Order, being Affected Creditors, voted overwhelmingly in favour of the Resolution to approve the Plan;
 - (b) the Plan complies with the CCAA, including that there are no claims being compromised under the Plan which are prohibited from being compromised under the CCAA;

- (c) the Plan is anticipated to allow the Hematite Group to continue as a going concern, preserving jobs for its employees, a supply channel for customers, and a sales channel for suppliers;
- (d) the Plan is the product of extensive negotiations between the Hematite Group and the Plan Sponsor, with the assistance of the Monitor;
- (e) the Plan provides for some recovery for Affected Creditors and, as set out in the Third Report, the Liquidation Analysis indicates that, in a liquidation scenario, no recovery for Affected Creditors would be anticipated;
- (f) the Plan is a balance of the interests of the Company, the Plan Sponsor, and the Company's stakeholders. Given, among other things, the treatment of the Unaffected Claims and the Excluded Claims, even in the unlikely event of recoveries to unsecured creditors in a liquidation scenario, these would be distributed *pro rata* to a significantly higher amount of claims in aggregate than the amount of Affected Claims expected under the Plan;
- (g) the classification of creditors in the Plan is fair and reasonable;
- (h) the Plan contemplates the payment of the priority amounts as required pursuant to subsections 6(3), (5) and (6) of the CCAA;
- (i) the Plan has a reasonable prospect of being implemented; and
- (j) in the Monitor's view, the Plan is fair and reasonable.

X. IMPLEMENTATION OF THE PLAN AND TERMINATION OF THE CCAA PROCEEDINGS

Implementation of the Plan

63. As set out in the Plan, the Plan Implementation Date will be the date upon which the conditions precedent to plan implementation have been satisfied or waived and the Hematite Group, in consultation with the Monitor, has determined to implement the Plan.

Upon the occurrence of the Effective Time (being such time on the Plan Implementation Date as the Hematite Group and the Plan Sponsor may determine), the Plan requires the Monitor to serve upon the Service List and post on the Monitor's Website a certificate confirming that the Plan Implementation Date has occurred (the "**Monitor's Plan Implementation Certificate**") and will file such certificate with the Court. The proposed Sanction Order provides for the delivery of the Monitor's Plan Implementation Certificate, in substantially the form as attached to the proposed Sanction Order as Schedule "B", in satisfaction of this requirement.

Approval of the Unresolved Claims Reserve

64. As set out in the Plan, detailed previously herein, and pursuant to the Sanction Order, the Applicants are seeking approval from the Court of the Unresolved Claims Reserve, being a cash reserve in an amount of up to \$2.5 million, which has been agreed to by the Monitor, the Applicants, and the Plan Sponsor. The Sanction Order provides that the amount of the Unresolved Claims Reserve may be reduced with the agreement of the Monitor, the Applicants and the Plan Sponsor prior to the Plan Implementation Date, such as by certain Unresolved Claims becoming Proven Claims. Any amounts remaining in the Unresolved Claims Reserve following the resolution of the Unresolved Claims in accordance with the Claims Procedure Order will be distributed to creditors holding Affected Claims, in accordance with the Plan.

Approval of the Administrative Reserve Fund

65. As set out in the Plan, and pursuant to the Sanction Order, the Applicants are seeking approval from the Court of the Administration Reserve, being a cash reserve in the amount of \$0.2 million, which has been agreed to by the Monitor, the Applicants, and the Plan Sponsor. Any amounts remaining in the Administration Reserve after the duties of the Monitor have been completed in respect of all Unresolved Claims and the Monitor has performed any other work required after the Effective Time will be distributed or released in accordance with the Plan.

The CCAA Charges

66. Pursuant to the proposed Sanction Order, upon the Effective Time, the following CCAA charges (as provided for and defined in the Initial Order and the Amended and Restated Initial Order) shall be terminated, discharged, expunged and released upon the filing of the Monitor's Discharge Certificate:
- (a) the Administration Charge (as provided for and defined in the Initial Order); and
 - (b) the Directors Charge (as provided for and defined in the Initial Order).
67. The proposed Sanction Order includes provisions approving the DIP Loan Secured Note (as defined in the December Nadeau Affidavit and attached as Exhibit "J" thereto) and extending the DIP Lender's Charge created under the Amended and Reins Initial Order to provide for its continuance after the Effective Time and the implementation of the Plan. The effect of these terms is to allow DIP Loan advances to remain secured by the Court-ordered charge after the Hematite Group's emergence from protection and until the DIP Loan advances are paid in full. Since these measures are supported by the Applicants and will make it unnecessary for the Applicants to pay the DIP Loan in full upon exit, the Monitor supports this relief and believes that it facilitates the restructuring of the Applicants and the implementation of the Plan that the creditors have overwhelmingly accepted.

Termination of the CCAA Proceedings

68. Pursuant to the proposed Sanction Order, upon (i) the fulfillment of the Monitor's duties under the Claims Procedure Order, the Meeting Order, and the Sanction Order, (ii) the Monitor receiving an acknowledgement of payment in full of the claims secured by the Administration Charge, the Monitor shall serve on the Service List, post on the Monitor's website, and file with the Court the Monitor's Discharge Certificate, and that, upon the filing of the Monitor's Discharge Certificate:
- (a) the CCAA Proceedings shall be terminated; and

- (b) KPMG will be deemed to be discharged from its duties, obligations and responsibilities as Monitor of the Applicants and shall be forever released, remised and discharged from any claims against it relating to its activities as Monitor.

XI. CASH FLOW FOR THE PERIOD NOVEMBER 7, 2020 TO DECEMBER 11, 2020

69. As noted in the Third Report, the Company, with the assistance of the Monitor, prepared a cash flow forecast for the period from November 7, 2020 to January 1, 2020 (the “**Updated Cash Flow Forecast**”) which was filed with the Court in support of the Company’s application for a further extension of the Stay Period to December 31, 2020.
70. A comparison of the Hematite Group’s reported results to forecast for the period from November 7, 2020 to December 11, 2020 (the “**Period**”) is summarized as follows:

Hematite Group			
Summary of Actual Receipts and Disbursements			
For the 5-week period ended December 11, 2020			
in \$CAD			
	Actual	Forecast	Variance
Cash Receipts			
Accounts Receivable	8,791,299	9,432,131	(640,832)
Other Receipts	101,146	35,000	66,146
Total Receipts	8,892,445	9,467,131	(574,686)
Cash Disbursements			
Inventory Purchases	5,171,219	5,077,175	(94,044)
Other Operating Expenses	767,997	1,248,491	480,494
Tooling Expense	190,219	378,938	188,719
Payroll and Benefits	1,885,592	1,952,473	66,881
Equipment and Auto leases	435,819	594,598	158,779
Tax Remittances	133,232	323,038	189,806
Capital Expenditures	93,597	854,763	761,166
Other Expenses	19,141	30,000	10,859
Interest	13,846	73,973	60,127
Professional fees	650,687	610,924	(39,763)
Total Disbursements	9,361,349	11,144,373	1,783,024
Net Cash Flow	(468,903)	(1,677,242)	1,208,339
Opening Cash	575,945	575,945	-
Net Cash Flow	(468,903)	(1,677,242)	1,208,339
DIP Loan Draw	959,410	1,282,895	(323,485)
Closing Cash	1,066,452	181,598	884,854
Opening DIP Loan Balance	(4,717,105)	(4,717,105)	-
DIP Draw	(959,410)	(1,282,895)	323,485
Closing DIP Loan Balance	(5,676,515)	(6,000,000)	323,485

71. As reflected in the summary table above, the Hematite Group reported negative cash flow of approximately \$0.5 million during the Period and an outstanding amount under the DIP Facility of approximately \$5.7 million as at December 11, 2020. The Company's closing cash balance was approximately \$0.9 million higher than projected in the Updated Cash Flow Forecast.
72. The net cash flow generated during the Period was approximately \$1.2 million higher than projected in the Updated Cash Flow Forecast, the primary reasons for which are summarized below:
- (a) total cash receipts during the Period were approximately \$0.6 million lower than projected due to:
 - (i) unfavourable timing difference of approximately \$0.6 million on sales that were initially forecast to be collected in the Period, but are now anticipated to be collected after December 11th; and partially off-set by:
 - (ii) Higher than forecast Canada Emergency Wage Subsidy refunds of approximately \$0.07 million, which were not included in the Updated Cash Flow Forecast.
 - (b) The total cash disbursements during the Period were approximately \$1.8 million lower than projected, mainly due to:
 - (i) favourable timing differences in several cash disbursement line items including capital expenditures of approximately \$0.8 million and other operating expenses of approximately \$0.5 million; partially offset by:
 - (ii) higher than forecast inventory purchases of approximately \$0.1 million to support higher than forecast sales in November.
73. Due to a combination of the above, the Company was in breach of certain financial covenants in its weekly reporting to the DIP Lender during the Period, as certain net cash flow variance limits were exceeded. The Monitor understands that the DIP Lender is

expected to issue a waiver letter in respect of existing defaults and that the DIP Facility is in good standing as at the date of this Fourth Report.

74. The Monitor understands that the Hematite Group intends to pay, and has sufficient working capital to do so, amounts that will become due in the ordinary course relating to source deductions, wages and salaries and pension plan contributions.

XII. REQUEST FOR APPROVAL OF FEES AND DISBURSEMENTS

75. The Monitor and Gowlings have maintained detailed records of their professional fees and disbursements prior to and since the Monitor's appointment. In accordance with the Amended and Restated Initial Order, the Monitor is seeking approval of its fees and disbursements from September 4, 2020 to November 30, 2020 (the "**KPMG Fee Period**"), and those of Gowlings from September 10, 2020 to November 30, 2020 (the "**Gowlings Fee Period**") in connection with the performance of their duties in these CCAA proceedings.
76. Total fees and disbursements of the Monitor during the KPMG Fee Period amount to \$588,601 and \$7,625, respectively, both excluding sales taxes (collectively, the "**KPMG Accounts**"). These amounts represent professional fees and disbursements not yet approved by the Court. Attached hereto as **Appendix "H"** is the affidavit of Timothy Montgomery sworn December 16, 2020 in respect of the KPMG Accounts.
77. The total fees and disbursements of Gowlings during the Gowlings Fee period amount to \$374,095 and \$636, respectively, both excluding sales taxes (collectively, the "**Gowlings Accounts**"). These amounts represent professional fees and disbursements not yet approved by the Court. Attached hereto as **Appendix "I"** is the affidavit of David Cohen sworn on December 16, 2020 in respect of the Gowlings Accounts.
78. The Monitor has reviewed the Gowlings Accounts and confirms that the services reflected therein have been duly authorized and duly rendered and that, in the Monitor's opinion, the fees and disbursements are reasonable.

79. The fees and disbursements of the Monitor and its counsel have been reviewed by the Hematite Group. The Monitor understands that the Hematite Group does not oppose the fee approvals sought in the within motion.

XIII. MONITOR’S CONCLUSION

80. For the stated reasons herein, the Monitor recommends that the Court grants the relief being sought by the Applicants pursuant to the Sanction Order, should the Court see fit to do so.

All of which is respectfully submitted this 17th day of December, 2020.

KPMG Inc.
In its capacity as Monitor of
Hematite Group
And not in its personal or corporate capacity

Per:



Tim Montgomery
CIRP, LIT
Vice President



George Bourikas
CIRP, LIT
Vice President

APPENDICES

APPENDIX "A" – Meeting Order

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

THE HONOURABLE) WEDNESDAY, THE 18th
)
JUSTICE CONWAY) DAY OF NOVEMBER, 2020

**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
HEMATITE HOLDINGS INC., HEMATITE MANUFACTURING INC.,
HEMATITE INDUSTRIAL PRODUCTS INC., CANADIAN PAVACO INC.,
PAVACO HOLDINGS U.S. INC., HEMATITE, INC. AND
HEMATITE AUTOMOTIVE PRODUCTS INC.**

MEETING ORDER

THIS MOTION, made by Hematite Holdings Inc., Hematite Manufacturing Inc., Hematite Industrial Products Inc., Canadian Pavaco Inc., Pavaco Holdings U.S. Inc., Hematite, Inc. and Hematite Automotive Products, Inc. (the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order, among other things,

- (a) accepting the filing with the Court of the plan of compromise, arrangement and reorganization of the Applicants under the CCAA and the *Business Corporations Act* (Ontario) dated November 18, 2020 (the "**Plan**");
- (b) approving, pursuant to section 22 of the CCAA, the classification of creditors as set out in the Plan;
- (c) authorizing and directing the Applicants to call, hold and conduct a meeting of Affected Creditors (the "**Meeting**") to vote on the Plan;
- (d) authorizing and directing the mailing and distribution of certain meeting materials and other procedures to be followed to provide notice of the Meeting;

- (e) approving the procedures to be followed at the Meeting, including voting procedures;
- (f) setting a date for the hearing of the Applicants' motion for an order (the "**Sanction Order**") approving the Plan (the "**Sanction Hearing**");
- (g) extending the Stay Period (as defined in the Amended and Restated Initial Order dated September 28, 2020) until and including December 31, 2020; and
- (h) authorizing the Monitor to accept certain Late Claims and sealing the Liquidation Analysis (as each term is defined below);

was heard this day by way of judicial video conference via Zoom in Toronto, Ontario due to the COVID-19 pandemic.

ON READING the affidavit of Jacques Nadeau sworn November 11, 2020 (the "**Nadeau Affidavit**"), the Third Report of KPMG Inc. in its capacity as the monitor of the Applicants (the "**Monitor**") dated November 16, 2020 (the "**Third Report**"), and on hearing the submissions of counsel for the Applicants, the Monitor and any such other counsel that were present as listed on the counsel slip, no other party appearing although duly served as appears from the affidavit of service, filed:

A. SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record of the Applicants and the Third Report is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

B. DEFINITIONS AND INTERPRETATION

2. **THIS COURT ORDERS** that capitalized terms used herein but not otherwise defined shall have the meanings given to them in the Plan.

3. **THIS COURT ORDERS** that all reference to time herein shall mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day unless otherwise indicated herein.

4. **THIS COURT ORDERS** that all references to the word “including” or “includes” shall mean “including without limitation” or “includes without limitation”, as the case may be.

5. **THIS COURT ORDERS** that, unless the context otherwise requires, words importing the singular shall include the plural and *vice versa*, and words importing any gender shall include all genders.

C. MONITOR’S ROLE

6. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA, the Initial Order and the Claims Procedure Order, is hereby directed and empowered to take such other actions and fulfill such other roles as are contemplated by this Order.

7. **THIS COURT ORDERS** that:

- (a) in carrying out the terms of this Order, the Monitor shall have all the protections given to it by the CCAA, the Initial Order and the Claims Procedure Order, and as an officer of the Court, including the stay of proceedings in its favour;
- (b) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of this Order, save and except for any gross negligence or willful misconduct on its part;
- (c) the Monitor shall be entitled to rely on the books and records of the Applicants and any information provided by the Applicants without independent investigation; and
- (d) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

D. CCAA PLAN FILING AND AMENDMENT

8. **THIS COURT ORDERS** that the Plan is hereby accepted for filing and the Applicants are authorized to contemporaneously file the Plan with this Order.

9. **THIS COURT ORDERS** that the Applicants may, with the consent of the Plan Sponsor, at any time and from time to time, prior to or during the Meeting (as defined below), amend, restate, modify and/or supplement the Plan (which will thereafter constitute the “**Plan**” for the purposes of this Order); provided that any such amendment, restatement, modification and/or supplement shall be made in accordance with the terms of the Plan and communicated in accordance with Paragraph 17 hereof.

E. CREDITOR CLASSIFICATION

10. **THIS COURT ORDERS** that, pursuant to section 22 of the CCAA, a single class of Affected Creditors in respect of the Plan is hereby approved.

F. AUTHORIZATION TO CALL AND HOLD MEETING

11. **THIS COURT ORDERS** that the Applicants are authorized and directed to call, hold and conduct a meeting of the Affected Creditors on December 11, 2020 at 11:00 a.m. (Toronto time), or as adjourned to such time as the Chair may determine in accordance with Paragraph 26 or 27 hereof, for the purpose of considering and voting on the resolution to approve the Plan. The Meeting shall take place by videoconference due to the COVID-19 pandemic. The conference details will be provided in the Notice of Meeting and Sanction Hearing (as defined below).

G. APPROVAL OF CERTAIN MEETING MATERIALS

12. **THIS COURT ORDERS** that each of the following is hereby approved:

- (a) the Applicants’ information statement substantially in the form attached to the Nadeau Affidavit as Exhibit “H” (which attaches the Plan as an exhibit) (the “**Information Statement**”);

- (b) the form of notice regarding the Meeting and Sanction Hearing substantially in the form attached to the Nadeau Affidavit as Exhibit “I” (the “**Notice of Meeting and Sanction Hearing**”); and
- (c) the form of proxy and Election Notice for Affected Creditors substantially in the form attached as Schedule “A” hereto,

(collectively, the “**Meeting Materials**”).

13. **THIS COURT ORDERS** that the Applicants, in consultation with the Monitor and with the consent of the Plan Sponsor, may from time to time:

- (a) make such changes to the documents in the Meeting Materials as the Applicants, in consultation with the Monitor and the Plan Sponsor, consider necessary or desirable, including but not limited to changes to conform the content thereof to the terms of the Plan (including any amendments, restatements, modifications or supplements thereto), this Order or any further Orders of the Court and any changes necessary or desirable with respect to the date, time, and method of the Meeting and the Sanction Hearing; and
- (b) prepare any supplements to the Information Statement as the Applicants, in consultation with the Monitor and the Plan Sponsor, consider necessary or desirable (each a “**Supplemental Information Statement**”).

H. NOTICE: POSTING, SERVICE AND PUBLICATION

14. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall cause a copy of the Meeting Materials and this Order to be posted on the website established by the Monitor in respect of these proceedings (the “**Monitor’s Website**”). The Monitor shall ensure that such materials remain posted on the Monitor’s Website until at least one (1) Business Day after the Plan Implementation Date.

15. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall send the Meeting Materials to:

- (a) all Affected Creditors with Affected Claims in respect of which a Proof of Claim has been filed in a proper and timely manner in accordance with the Claims Procedure Order and that is not barred pursuant to the Claims Procedure Order;
- (b) the parties listed on the Consolidated List Required Pursuant to Rule 1007(a)(4) of the Federal Rules of Bankruptcy Procedure filed on September 24, 2020 with the United States Bankruptcy Court for the District of Delaware;
- (c) the service list maintained by the Monitor in these CCAA Proceedings (the “**Service List**”); and
- (d) any Affected Creditor or holder of a D&O Claim who makes a written request to the Monitor for a copy of the Meeting Materials,

in each case by e-mail at the last known e-mail address for such Creditors set out in the books and records of the Applicants or as provided in relation to the Claims Procedure Order, or by regular mail, fax or courier if an e-mail address for such Creditors is not known (except that where such Creditors are represented by counsel known by the Debtors, the email address, mailing address or fax number of such counsel may be substituted) (collectively, the “**Meeting Materials Parties**”).

16. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall cause notice of the Meeting, substantially in the form of the Notice of Meeting and Sanction Hearing, amended or abridged as the Monitor deems reasonable in its discretion for the purposes of publication, to be published for a period of one (1) Business Day in *The Globe and Mail* (National Edition) and USA Today (National Edition).

17. **THIS COURT ORDERS** that, as soon as reasonably practicable after finalization of any Supplemental Information Statement and any amendments or supplements to the Meeting Materials in accordance with Paragraph 13 hereof and any amendments, restatements, modifications and/or supplements to the Plan in accordance with Paragraph 9 hereof, the Monitor shall:

- (a) cause such materials to be posted on the Monitor's Website (where the Monitor shall ensure that such materials remain posted until at least one (1) Business Day after the Plan Implementation Date); and
- (b) if made prior to the Meeting, send such materials to the Meeting Materials Parties or, if made at the Meeting, provide notice to those present at the Meeting prior to the vote being taken to approve the Plan.

18. **THIS COURT ORDERS** that the posting on the Monitor's Website, service of the Meeting Materials, and/or publication of notice in accordance with Paragraphs 14 to 17 above, shall constitute good and sufficient service and notice of this Order, the Plan and the Meeting on all Persons who may be entitled to receive notice thereof, or who may be entitled to be in attendance personally or by proxy at the Meeting or who may have an interest in these proceedings, and no other form of notice or service need be made on such Persons and no other document or material need be served on such Persons in respect of these proceedings. Service shall be effective: (i) in the case of mailing, three (3) Business Days after the date of mailing; (ii) in the case of service by courier, on the day after the courier was sent; and (iii) in the case of any other means of transmission or electronic communication, when dispatched or delivered for dispatch and in the case of service by fax or e-mail, on the day the fax or e-mail was transmitted, unless such day is not a Business Day, or the fax or e-mail transmission was made after 5:00 p.m., in which case, on the next Business Day.

19. **THIS COURT ORDERS** that the non-receipt of a copy of the Meeting Materials beyond the reasonable control of the Monitor, or any failure or omission to provide a copy of the Meeting Materials as a result of events beyond the reasonable control of the Monitor (including, any inability to use postal services) shall not constitute a breach of this Order, but if any such failure or omission is brought to the attention of the Monitor then the Monitor shall use reasonable efforts to rectify the failure or omission by the method and in the time most reasonably practicable in the circumstances.

I. RECORD DATE

20. **THIS COURT ORDERS** that the record date for the purposes of determining which Affected Creditors are entitled to vote at the Meeting (the “**Record Date**”) is December 4, 2020.

J. TRANSFER AND ASSIGNMENT OF CLAIMS

21. **THIS COURT ORDERS** that, subject to any restrictions contained in Applicable Laws or any contractual arrangements with the Applicants, an Affected Creditor may transfer or assign the whole of its Affected Claim prior to the Meeting. If, subject to any restrictions contained in Applicable Laws or any contractual arrangement with the Applicants, an Affected Creditor transfers or assigns the whole of an Affected Claim to another Person, such transferee or assignee shall not be entitled to attend and vote the transferred or assigned Affected Claim at the Meeting unless (a) the assigned Affected Claim is a Voting Claim (as defined below) or Unresolved Claim, or a combination thereof; and (b) satisfactory notice of and proof of transfer or assignment has been delivered to the Applicants and the Monitor in accordance with the Claims Procedure Order, where applicable, no later than the Record Date.

K. CONDUCT AT MEETING

22. **THIS COURT ORDERS** that the Meeting shall be conducted, and the Plan shall be voted upon and, if approved by the Required Majorities (defined below), ratified and given full force and effect, in accordance with the provisions of this Order, the Claims Procedure Order, the CCAA, the *Business Corporations Act* (Ontario) or such other business corporations legislation applicable to an Applicant, and any further order of this Court.

23. **THIS COURT ORDERS** that a representative of the Monitor, designated by the Monitor, shall preside as the chair (the “**Chair**”) of the Meeting and, subject to this Order and any further order of this Court, shall decide all matters relating to the conduct of the Meeting.

24. **THIS COURT ORDERS** that the quorum required at the Meeting is one (1) Affected Creditor with a Voting Claim that is in attendance at the Meeting personally or by proxy.
25. **THIS COURT ORDERS** that the Monitor may appoint scrutineers (the “**Scrutineers**”) for the supervision and tabulation of the attendance, quorum and votes cast at the Meeting and that a Person designated by the Monitor shall act as secretary at the Meeting (the “**Secretary**”).
26. **THIS COURT ORDERS** that if: (i) the requisite quorum is not in attendance at the Meeting; or (ii) the Meeting is postponed by the vote of Affected Creditors present personally or by proxy holding the majority in value of Voting Claims (as defined below) voted in respect of such matter, then in either case the Meeting shall be adjourned by the Chair to a date thereafter and to such time and place as may be appointed by the Chair.
27. **THIS COURT ORDERS** that the Meeting need not be convened in order to be adjourned and that the Chair shall be entitled to adjourn and further adjourn the Meeting provided that any such adjournment or adjournments shall be for a period of not more than thirty (30) days in total and, in the event of any such adjournment, the Applicants and Monitor shall not be required to deliver any notice of adjournment other than posting notice on the Monitor’s Website and notifying the Service List of the adjournment. Any Proxy (as defined below) validly delivered in connection with the Meeting shall be accepted as a Proxy in respect of any adjourned Meeting.
28. **THIS COURT ORDERS** that the only Persons entitled to notice of or to attend the Meeting are: (i) the Monitor and its counsel; (ii) those Persons, including the holders of Proxies, entitled to vote at Meeting pursuant to this Order and their legal counsel and advisors; (iii) the Applicants’ officers, legal counsel and advisors; (iv) the Chief Restructuring Officer; (v) the Plan Sponsor’s officers, legal counsel and advisors; and (vi) the Scrutineers and Secretary. Any other Person may be admitted to the Meeting on invitation of the Chair.
29. **THIS COURT ORDERS** that the Chair of the Meeting and the Monitor may rely on representations by attendees to confirm their identification.

L. VOTING PROCEDURE

30. **THIS COURT ORDERS** that, at the Meeting, the Chair shall direct a vote on a resolution to approve the Plan and any amendments thereto in accordance with the Plan, and may direct a vote with respect to any other resolutions as the Chair may consider appropriate, in consultation with the Applicants and in accordance with the Plan.

31. **THIS COURT ORDERS** that, only Affected Creditors holding Affected Claims that are Proven Claims or Unresolved Claims (and that are not Equity Claims) or their proxies shall be entitled to vote at the Meeting.

32. **THIS COURT ORDERS** that Unaffected Creditors and holders of Equity Claims are not entitled, in such capacity, to attend the Meeting or vote on the Plan.

33. **THIS COURT ORDERS** that each Affected Creditor as of the Record Date with an Affected Claim that is a Proven Claim is entitled to one vote in respect of such Affected Claim, which vote (each, a “**Voting Claim**”, and collectively the “**Voting Claims**”) shall have a value equal to the dollar value of such Affected Creditor’s Proven Claim determined in accordance with the Claims Procedure Order, provided that:

- (a) in the case of a Proven Claim that includes an Insured Claim, the vote shall have a value equal to the portion of the Proven Claim, if any, that is not an Insured Claim; and
- (b) in the case of a Proven Claim that includes a Tooling Claim, the vote shall have a value equal to the sum of (i) the portion of the Proven Claim, if any, that is not a Tooling Claim, and (ii) the Tooling Claim Amount as of the Record Date.

34. **THIS COURT ORDERS** that the vote on the resolution to approve the Plan shall be decided by approval of the Plan by a majority in number of the Affected Creditors holding Voting Claims representing at least two-thirds in value of the Voting Claims that are in attendance personally or by proxy and voting at the Meeting (the “**Required Majorities**”).

35. **THIS COURT ORDERS** that Affected Creditors with Unresolved Claims (or their proxies) may attend and vote at the Meeting and will have their voting intentions with respect

to the Unresolved Claims separately recorded by the Monitor and reported to this Court. For purposes of such vote, each Affected Creditor with an Unresolved Claim is entitled to one vote, which vote shall have the value accepted by the Monitor, if any, for voting purposes only in respect of the Unresolved Claim. The voting of such claim at the Meeting and the valuation of it for voting purposes is without prejudice to the rights of the Applicants and Monitor, and the holder of the Unresolved Claim, with respect to the resolution of the Claim for distribution purposes. Votes by Affected Creditors with Unresolved Claims in respect of such Unresolved Claims will not be considered in the calculation of the Required Majorities; however, if approval or non-approval of the Plan by the Affected Creditors would be determined by the votes cast in respect of Unresolved Claims, the Applicants and the Monitor, in consultation with the Plan Sponsor and on notice to the Service List, will request this Court's directions and, if necessary, a deferral of the Sanction Hearing (as defined below) and expedited determination of any material Unresolved Claims, as appropriate.

36. **THIS COURT ORDERS** that, following the vote at the Meeting, the Monitor will tally the votes in the manner set out herein and determine whether the Plan has been accepted by the Required Majorities.

37. **THIS COURT ORDERS** that the result of any vote at the Meeting shall be binding on all Affected Creditors, whether or not any such Affected Creditor is present at the Meeting or voted on the resolution to approve the Plan.

38. **THIS COURT ORDERS** that every question submitted to be decided at the Meeting, except to approve the resolution to approve the Plan, will be decided by a vote of a majority in value of the Voting Claims held by Affected Creditors in attendance personally or by proxy at such Meeting and cast in respect of such question.

M. VOTING BY PROXY

39. **THIS COURT ORDERS** that the Monitor, in consultation with the Applicants, is authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any form of proxy is completed and executed and is hereby authorized to accept and rely upon proxies substantially in the form attached hereto or such other form as is acceptable to the Monitor, in consultation with the Applicants (in each case, a "**Proxy**").

40. **THIS COURT ORDERS** that any Proxy must be received by the Monitor by no later than 5:00 p.m. on the date that is three (3) Business Days prior to the Meeting (or any adjournment thereof), provided that the Monitor may waive strict compliance with the time limits imposed for receipt of a Proxy if deemed advisable to do so by the Monitor, in consultation with the Applicants.

41. **THIS COURT ORDERS** that, for purposes of tabulating the votes cast on any matter voted upon at the Meeting, the Chair is entitled to rely on any vote cast by a holder of a Proxy that has been duly submitted to the Monitor in accordance with this Order, without independent investigation.

42. **THIS COURT ORDERS** that, if a duly signed and returned Proxy does not provide an instruction to vote for or against the approval of the resolution on the Plan, the Proxy will be deemed to include an instruction to vote for the approval of the resolution and the Plan, provided that the Proxy holder does not otherwise exercise its right to vote at the Meeting.

43. **THIS COURT ORDERS** that a Creditor with a Voting Claim who is not an individual may only attend and vote at the Meeting if it has appointed a proxyholder to attend and act on its behalf at the Meeting.

N. CONVENIENCE CREDITORS

44. **THIS COURT ORDERS** that, in respect of Convenience Creditors who will receive, subject to the terms and implementation of the Plan, payment in an amount equal to the lesser of the Election Amount and the actual amount of their Proven Claims,

- (a) in order for an Affected Creditor with Proven Claims exceeding the Election Amount to elect to receive the Election Amount as a Convenience Creditor in full satisfaction of such Proven Claims, such Affected Creditor is required to indicate such election in the Election Notice section of its Proxy, which Proxy must be submitted pursuant to the terms of this Order; and
- (b) an Affected Creditor with Proven Claims not exceeding the Election Amount shall not be permitted or required to make an election in the Election Notice section of its Proxy and shall receive an amount equal to the actual amount of such Proven Claim

as a Convenience Creditor in full satisfaction of such Proven Claims and any election in the Election Notice section of the Proxy submitted by such Convenience Creditors shall be deemed null and void.

45. **THIS COURT ORDERS** that each Convenience Creditor with a Voting Claim shall be deemed to vote in favour of the Plan unless such Convenience Creditor has notified the Monitor in writing of its intention to vote against the Plan prior to the Meeting of Affected Creditors and does vote against the Plan at such Meeting either personally or by proxy. The value of a Convenience Creditor's Affected Claim for voting purposes is the actual amount of such Proven Claim (subject to paragraphs 33(a) and 33(b) to the extent applicable).

O. MONITOR'S REPORT AND SANCTION HEARING

46. **THIS COURT ORDERS** that the Monitor shall provide a report to this Court no later than three (3) Business Days following the Meeting (the "**Monitor's Report Regarding the Meeting**"), which shall be served on the Service List and posted on the Monitor's Website as soon as practicable after it is filed with this Court, with respect to:

- (a) the results of the voting at the Meeting on the resolution to approve the Plan;
- (b) whether the Required Majorities have approved the Plan;
- (c) whether the votes cast in respect Unresolved Claims, if any, would affect the result of that vote; and
- (d) any other matter that the Monitor considers relevant.

47. **THIS COURT ORDERS** that, in the event that the Plan has been approved by the Required Majorities, the Applicants shall bring a motion before this Court on December 18, 2020 or such later date as is set by this Court for the Sanction Hearing upon motion by the Applicants seeking an order sanctioning the Plan.

48. **THIS COURT ORDERS** that the posting on the Monitor's Website, service of the Meeting Materials, and/or publication in accordance with Paragraphs 14 to 17 above, shall constitute good and sufficient service and notice of the Sanction Hearing on all Persons entitled to receive such service and no other form of notice or service need be made and no

other materials need be served in respect of the Sanction Hearing, except that the Applicants shall serve the Service List with the motion materials relating to the Sanction Hearing and any additional materials to be used in support thereof and the Monitor shall post and serve the Monitor's Report Regarding the Meeting in accordance with Paragraph 46 above.

49. **THIS COURT ORDERS** that any party who wishes to oppose the entry of the Sanction Order shall serve on the Service List a notice setting out the basis for such opposition and a copy of the materials to be used to oppose the granting of the Sanction Order at least two (2) Business Days before the date set for the Sanction Hearing, or such shorter time as this Court, by order, may allow.

50. **THIS COURT ORDERS** that in the event that the Sanction Hearing is adjourned, only those Persons who have filed and served a Notice of Appearance in the Applicants' CCAA proceeding shall be served with notice of the adjourned date.

51. **THIS COURT ORDERS** that subject to any further order of this Court, in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the Plan and this Order, the terms, conditions and provisions of the Plan shall govern and be paramount, and any such provision of this Order shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

P. EXTENSION OF THE STAY PERIOD

52. **THIS COURT ORDERS** that the Stay Period (as defined in paragraph 15 of the Amended and Restated Initial Order dated September 28, 2020) be and is hereby extended until and including December 31, 2020.

Q. LATE CLAIMS AND SEALING

53. **THIS COURT ORDERS** that the Monitor is authorized, in its discretion, to accept the Proofs of Claim (as defined in the Claims Procedure Order) identified in the Third Report as having been received subsequent to the Pre-Filing Claims Bar Date (as defined in the Claims Procedure Order) (the "**Late Claims**"), which Late Claims shall be reviewed by the Monitor in accordance with the Claims Procedure Order for the purposes of determining whether such Late Claims are Proven Claims.

54. **THIS COURT ORDERS** that the Liquidation Analysis (as defined in the Third Report) prepared by the Monitor, a copy of which is attached as Confidential Appendix “1” to the Third Report, shall be and is hereby sealed, kept confidential, and shall not form part of the public record unless otherwise ordered by the Court.

R. GENERAL

55. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary, supplement or replace this Order or for advise and directions concerning the discharge of their respective powers and duties under this Order or the interpretation or application of this Order.

56. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

57. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this Order is effective from the date that it is made, and is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or a motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original signing, entry and filing when the Court returns to regular operations.

58. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, or abroad, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to Hematite Holdings Inc. to obtain recognition of this Order in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.



Schedule “A” – Form of Proxy

**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
HEMATITE HOLDINGS INC., HEMATITE MANUFACTURING INC.,
HEMATITE INDUSTRIAL PRODUCTS INC., CANADIAN PAVACO INC.,
PAVACO HOLDINGS U.S. INC., HEMATITE, INC. AND
HEMATITE AUTOMOTIVE PRODUCTS INC.**

PROXY AND ELECTION NOTICE

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the plan of compromise, arrangement and restructuring (as may be amended, restated or supplemented from time to time, the “**Plan**”) of Hematite Holdings Inc., Hematite Manufacturing Inc., Hematite Industrial Products Inc., Canadian Pavaco Inc., Pavaco Holdings U.S. Inc., Hematite, Inc. and Hematite Automotive Products, Inc. (the “**Applicants**”) pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) and filed with the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) pursuant to the Order of the Court dated November 18, 2020 in respect of the meeting of Affected Creditors (the “**Meeting Order**”).

VOTING BY PROXY

This proxy may only be filed by Affected Creditors with Voting Claims (each, an “Eligible Voting Creditor”). Any such Affected Creditor who is not an individual may only attend and vote at the Meeting if a proxyholder has been appointed to act on its behalf at such meeting.

THE UNDERSIGNED ELIGIBLE VOTING CREDITOR hereby revokes all proxies previously given and nominates, constitutes, and appoints:

Ms. Katherine Forbes of KPMG Inc., in its capacity as Monitor of the Applicants, or a person designated by her

or, instead of the foregoing, _____, or such other Person as he/she, in his/her sole discretion, may designate to attend on behalf of and act for the Eligible Voting Creditor at the Meeting of the Affected Creditors to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling of such Meeting, and to vote the amount of the Eligible Voting Creditor’s claim(s) for voting purposes as determined by and accepted for voting purposes in accordance with the Meeting Order and the Claims Procedure Order as follows:

To be completed by an Eligible Voting Creditor:

1. (mark one only):

Vote **FOR** approval of the Plan; or

Vote **AGAINST** approval of the Plan.

If this proxy is submitted and a box is not marked as a vote for or against approval of the Plan, this proxy shall be voted **FOR** approval of the Plan unless the Eligible Voting Creditor or their Proxyholder (provided the Proxyholder is a Person other than a representative of the Monitor) otherwise exercises their right to vote at the Meeting.

- and -

2. Vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Eligible Voting Creditor with respect to any amendments, modifications, variations or supplements to the Plan and to any other matters that may come before the Meeting of the Affected Creditors or any adjournment, postponement or other rescheduling of such Meeting.

CONVENIENCE CREDITOR ELECTION

This Election may be completed by Affected Creditors with Proven Claims exceeding an aggregate of \$10,000 (the "**Election Amount**");

Election to receive the Election Amount in respect of such Proven Claims

Pursuant to the Plan and the Meeting Order, Affected Creditors with Proven Claims not exceeding an aggregate of the Election Amount will receive the actual amount of such Proven Claims pursuant to the Plan and are not entitled to make the election above (such Creditors, together with Affected Creditors with Affected Claims exceeding an aggregate of the Election Amount who duly make the above Election in accordance with the Plan and the Meeting Order, a "**Convenience Creditor**").

Pursuant to the Meeting Order, any Convenience Creditor with a Voting Claim shall be deemed to vote in favour of the Plan unless such Convenience Creditor has notified the Monitor in writing of its intention to vote against the Plan prior to the Meeting of Affected Creditors and does vote against the Plan at such Meeting either personally or by proxy.

If this Proxy is submitted by an Affected Creditor whose Affected Claims that are Proven Claims exceed an aggregate of the Election Amount and the above box is not marked, such Affected Creditor will be deemed to have not filed an Election Notice.

Notwithstanding any elections made pursuant to this Proxy, any and all distributions in respect of Affected Claims shall be made subject to the terms (including, without limitation, any adjustments required pursuant to the Plan) and implementation of the Plan.

Any Proxy must be received by the Monitor by no later than 5:00 p.m. on the date that is three (3) Business Days prior to the date of the Meeting (or any adjournment thereof), provided that the Monitor may waive strict compliance with the time limits imposed for receipt of a Proxy if deemed advisable to do so by the Monitor, in consultation with the Applicants. Proxies may be sent to the Monitor by email or, only where it is not possible for the Proxy to be sent by email, by fax or mail to the following email address/fax number/address:

KPMG Inc.
Court-appointed Monitor of the Applicants
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5
Attention: Katherine Forbes
Email: hematitegroup@kpmg.ca
Fax: 416-777-8818
Tel: 416-777-3978

[Remainder of page intentionally left blank]

Dated this _____ day of _____, 2020.

Print Name of Eligible Voting Creditor

Title of the authorized signing officer of the corporation, partnership or trust, if applicable

Signature of Eligible Voting Creditor or, if the Eligible Voting Creditor is a corporation, partnership or trust, signature of an authorized signing officer of the corporation, partnership or trust

Telephone Number of Eligible Voting Creditor or authorized signing officer

Mailing Address of Eligible Voting Creditor

E-mail Address of Eligible Voting Creditor

Print Name of Witness, if Eligible Voting Creditor is an individual

APPENDIX “B” – Third Report of the Monitor

Court File No.: 20-00647824-00CL

HEMATITE GROUP

**THIRD REPORT OF KPMG INC.,
IN ITS CAPACITY AS MONITOR**

November 16, 2020

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**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
HEMATITE HOLDINGS INC., HEMATITE MANUFACTURING INC.,
HEMATITE INDUSTRIAL PRODUCTS INC., CANADIAN PAVACO INC.,
PAVACO HOLDINGS U.S. INC., HEMATITE, INC. AND
HEMATITE AUTOMOTIVE PRODUCTS INC.
(collectively "Hematite Group")**

Applicants

**THIRD REPORT OF KPMG INC.
In its capacity as Monitor of the Applicants**

November 16, 2020

I. INTRODUCTION

1. On September 18, 2020 (the “**Filing Date**”), Hematite Holdings Inc. (“**Hematite Holdings**”) and the other Applicants (together, “**Hematite**”, the “**Company**” or the “**Applicants**”) were granted relief under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) by Order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The relief granted under the Initial Order included: a stay of proceedings in favour of the Applicants and a limited stay of proceedings in favour of their affiliate Hematite R.E. 1, Inc. for cross-defaults, from September 18, 2020 until September 28, 2020 (the “**Stay Period**”); the appointment of KPMG Inc. as Monitor (“**KPMG**” or the “**Monitor**”); and other related relief. The Applicants’ CCAA proceedings are referred to herein as the “**CCAA Proceedings**”.
2. On September 28, 2020, the Hematite Group was granted additional relief under the CCAA by Order (the “**Amended and Restated Initial Order**”) of the Court. The relief granted under the Amended and Restated Initial Order included, among other items, an extension of the Stay Period to November 27, 2020 and an increase in the maximum borrowings permitted under the DIP Loan Agreement and secured under the DIP Lender’s Charge to \$6.0 million (each as defined in the Amended and Restated Initial Order).
3. In support of the Amended and Restated Initial Order, KPMG in its capacity as Monitor, filed a report with the Court dated September 25, 2020 (the “**First Report**”), a copy of which is attached hereto as **Appendix “A”**.
4. On September 23, 2020, the United States Bankruptcy Court for the District of Delaware (the “**U.S. Court**”) issued an Order, among other things, provisionally recognizing the CCAA Proceedings as “foreign main proceedings” and provisionally recognizing and enforcing the Initial Order in the United States pursuant to Chapter 15 of Title 11 of the United States Code (the “**Bankruptcy Code**”) (being the “**Chapter 15 Proceedings**”). On October 1, 2020, the U.S. Court issued an Order, among other things, recognizing and enforcing the Amended and Restated Initial Order in the United States.

5. On October 13, 2020, the Court granted an Order (the “**Claims Procedure Order**”) approving the Claims Procedure (as defined herein), including the establishment of a claims bar date for creditors to file proofs of claim in the CCAA Proceedings. A copy of the Claims Procedure Order is attached hereto as **Appendix “B”**.
6. In support of the Claims Procedure Order, KPMG in its capacity as Monitor, filed a report with the Court dated October 9, 2020 (the “**Second Report**”), a copy of which is attached here to as **Appendix “C”**.

II. PURPOSE OF REPORT

7. The purpose of this report (the “**Third Report**”) is to provide information to this Honourable Court pertaining to:
 - (a) the activities of the Applicants since the Filing Date;
 - (b) the activities of the Monitor since the date of the First Report;
 - (c) the Applicants’ reported cash flow results for the period from September 14 to October 30, 2020, including a comparison to the Cash Flow Forecast (as hereinafter defined);
 - (d) the Applicants’ revised cash flow forecast for the period from November 1, 2020 to January 1, 2021;
 - (e) the Applicants’ request for a further extension of the Stay Period through to December 31, 2020;
 - (f) the Claims Procedure and status of the claims received to date;
 - (g) the status of the Chapter 15 Proceedings;
 - (h) the Applicants’ request for an Order (the “**Flow-Through Payments Order**”) authorizing them to pay certain Flow-Through Payments (as hereinafter defined) received from customers to tooling suppliers;

- (i) the Applicants' request for an Order authorizing them to continue making certain Equipment Payments (as hereinafter defined) with respect to equipment that is used in their operations;
- (j) the plan of compromise, arrangement and reorganization of the Applicants under the CCAA and the *Business Corporations Act* (Ontario) to be dated November 18, 2020 (the "**Plan**");
- (k) the Applicants' request for an Order (the "**Meeting Order**"), *inter alia*:
 - (i) accepting the filing of the Plan;
 - (ii) authorizing the Monitor to admit the Late Claims (defined below) into the Claims Procedure;
 - (iii) approving, pursuant to section 22 of the CCAA, the classification of creditors as set out in the Plan;
 - (iv) authorizing and directing the Applicants to call, hold and conduct a meeting of Affected Creditors (the "**Meeting**") to vote on the Plan;
 - (v) authorizing and directing the mailing and distribution of certain meeting materials and other procedures to be followed to provide notice of the Meeting;
 - (vi) approving the procedures to be followed at the Meeting, including voting procedures;
 - (vii) setting a date for the hearing of the Applicants' motion for an order (the "**Sanction Order**") approving the Plan (the "**Sanction Hearing**"); and
 - (viii) sealing **Confidential Appendix "1"** of this Third Report.

III. TERMS OF REFERENCE

8. The Third Report should be read in conjunction with the Affidavit of Jacques Nadeau sworn November 11, 2020 (the “**November Nadeau Affidavit**”) filed by the Applicants in support of the motion returnable November 18, 2020 (the “**November 18 Motion**”), as certain information contained in the November Nadeau Affidavit has not been included herein in order to avoid unnecessary duplication.
9. In preparing this Third Report, the Monitor has relied solely on information and documents provided by the Applicants and their advisors, including unaudited financial information, books and records (the “**Books and Records**”) and financial information prepared by the Applicants and discussions with management (“**Management**”) (collectively, the “**Information**”). In accordance with industry practice, except as otherwise described in this Third Report, KPMG has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards (“**GAAS**”) pursuant to the *Chartered Professional Accountants of Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
10. Future orientated financial information contained in any Cash Flow Forecast or other statement is based on the Applicants’ estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Monitor expresses no assurance as to whether any Cash Flow Forecast or other projection will be achieved.
11. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.
12. Words and phrases not otherwise defined in this Third Report shall have the meaning ascribed to them in the November Nadeau Affidavit.

13. Copies of the Monitor’s prior reports, this Third Report, and all motion records and Orders in the CCAA Proceedings and the Chapter 15 Proceedings will be made available on the Monitor’s website at <http://www.home.kpmg/ca/en/home/services/advisory/deal-advisory/creditorlinks/hematite-group.html> (the “**Monitor’s Website**”). The Monitor has also established a toll-free phone number and an email that are referenced on the Monitor’s website so that parties may contact the Monitor if they have questions with respect to the CCAA Proceedings.

IV. THE COMPANY’S ACTIVITIES

14. The Company’s activities, since the Filing Date, have included:
- (a) continuing to operate and manage the business in the ordinary course in accordance with the Amended and Restated Initial Order;
 - (b) managing cash flow and making payments in accordance with the Amended and Restated Initial Order;
 - (c) requesting and obtaining advances under the DIP Facility;
 - (d) reporting cash receipts and disbursements, and variances to the Cash Flow Forecast, to the Monitor and Woodbridge Foam Corporation (“**Woodbridge**”), in its capacity as lender under the DIP Facility (the “**DIP Lender**”);
 - (e) meeting and communicating with the Hematite Group’s employees regarding the CCAA Proceedings;
 - (f) communicating with Hematite’s creditors, customers, key suppliers and other stakeholders on various matters in connection with the CCAA Proceedings;
 - (g) as detailed in the First Report, executing the services agreement between Woodbridge and Hematite dated September 18, 2020 (the “**Services Agreement**”);
 - (h) finalizing definitive documentation with The Toronto-Dominion Bank (“**TD**”) with respect to the arrangements made prior to the commencement of the CCAA

Proceedings whereby Woodbridge acquired part of the debt (the “**Assigned TD Loans**”) and all of the security of TD, other than in respect of certain equipment leases which would be unaffected in the CCAA Proceedings;

- (i) continuing its efforts to finalize definitive documentation with BDC Capital Inc. (“**BDC**”) with respect to the arrangements made prior to the commencement of the CCAA Proceedings whereby BDC would agree to forbear from enforcing its rights and, effective upon implementation of the Plan, will amend its credit agreement to convert its debt into a post-restructuring facility;
- (j) advancing the Claims Procedure in accordance with the procedures and timelines as set out in the Claims Procedure Order;
- (k) disclaiming seven (7) leases and other agreements pursuant to section 32 of the CCAA, and surrendering collateral pursuant to two (2) secured equipment financing agreements;
- (l) formulating the Plan;
- (m) preparing court materials, together with its counsel, the Monitor, and the Monitor’s counsel, in respect of the Amended and Restated Initial Order, the Claims Procedure Order, and the November 18 Motion; and
- (n) preparing court materials, together with its Canadian and U.S. counsel, Womble Bond Dickenson (US) LLP (“**WBD**”), in order to, among other things, obtain recognition of the CCAA Proceedings as “foreign main proceedings”, and recognition and enforcement of the Initial Order and Amended and Restated Initial Order, in the United States pursuant to Chapter 15 of the Bankruptcy Code.

V. ACTIVITIES OF THE MONITOR

15. Since the date of the First Report, the activities of the Monitor have included:

- (a) attending at Court via videoconference for hearing of the Applicants’ motions in respect of the Amended and Restated Initial Order and the Claims Procedure Order;

- (b) maintaining the Monitor’s Website, where all court materials and other relevant documents pertaining to the CCAA Proceedings and Chapter 15 Proceedings are available in electronic form;
- (c) responding to enquiries from creditors and other stakeholders in respect of the CCAA Proceedings;
- (d) monitoring the Company’s cash flow and variances to the Cash Flow Forecast, including assisting Hematite with its reporting to the DIP Lender pursuant to the DIP Loan Agreement;
- (e) assisting the Company in developing the Updated Cash Flow Forecast (as hereinafter defined);
- (f) reviewing and analyzing, in collaboration with Hematite, the Company’s arrangements with tooling suppliers and customers in connection with the Flow-Through Payments and other operational considerations;
- (g) in accordance with the Claims Procedure Order, and with the assistance of WBD:
 - (i) causing the Claims Package (as defined in the Second Report) to be sent to all known creditors on October 15, 2020;
 - (ii) publishing notices in *USA Today* (National Edition) and *Globe and Mail* (National Edition) on October 19 and October 20, 2020, respectively;
- (h) approving seven (7) disclaimers of leases and other agreements pursuant to section 32 of the CCAA, and sending Claims Packages in respect of potential Restructuring Claims;
- (i) reviewing and logging proofs of claim filed and corresponding with claimants, the Applicants, and Woodbridge, in its capacity as proposed plan sponsor pursuant to the Plan Sponsor Agreement (the “**Plan Sponsor**”), and their advisors in respect of same and the Claims Procedure generally;

- (j) sending 4 Notices of Revision or Disallowance, pursuant to the Claims Procedure Order (as discussed later in this Third Report);
- (k) assisting the Applicants and the Plan Sponsor in their development of the Plan;
- (l) communicating extensively with Management and the Applicants' legal counsel regarding, among other things, the Claims Procedure, liquidity matters, agreement disclaimers, operations, the Plan, and the CCAA Proceedings generally;
- (m) communicating with the Monitor's counsel, Gowling WLG (Canada) LLP, on various matters in respect of the CCAA Proceedings, including but not limited to the Flow-Through Payments, the disclaimer or termination of certain agreements, administration of the Claims Procedure, liquidity matters, discussions with key suppliers, and the Plan;
- (n) reviewing the Plan, and various other materials filed in support of the Claims Procedure Order and the November 18 Motion; and
- (o) preparing the Second Report and this Third Report.

VI. CASH FLOW FOR THE PERIOD SEPTEMBER 14 TO NOVEMBER 6, 2020

- 16. The Company's cash flow forecast for the period from September 14, 2020 to December 11, 2020 (the "**Cash Flow Forecast**") was filed with the Court in support of the Company's application for the Initial Order.
- 17. A comparison of Hematite's reported results to forecast for the period from September 14, 2020 to November 6, 2020 (the "**Period**") is summarized as follows:

Hematite Group			
Summary of Actual Receipts and Disbursements			
For the 8-week period ended November 6, 2020			
in \$CAD			
	Actual	Forecast	Variance
Cash Receipts			
Accounts Receivable	11,323,526	14,120,837	(2,797,311)
Other Receipts	1,093,877	-	1,093,877
Total Receipts	12,417,403	14,120,837	(1,703,434)
Cash Disbursements			
Inventory Purchases	9,967,965	7,981,318	(1,986,647)
Other Operating Expenses	1,075,345	1,327,272	251,928
Tooling Expense	755,089	300,000	(455,089)
Payroll and Benefits	3,252,791	3,354,252	101,461
Equipment and Auto leases	946,924	943,157	(3,767)
Tax Remittances	-	315,230	315,230
Capital Expenditures	214,537	771,350	556,813
Other Expenses	26,494	100,000	73,507
Interest	200,742	84,740	(116,002)
Professional fees	823,468	1,924,840	1,101,372
Total Disbursements	17,263,354	17,102,159	(161,195)
Net Cash Flow	(4,845,950)	(2,981,322)	(1,864,628)
Opening Cash	(229,180)	-	(229,180)
Net Cash Flow	(4,845,950)	(2,981,322)	(1,864,628)
Pre-filing Revolver Draw	933,969	875,587	58,382
DIP Loan Draw	4,717,105	6,000,000	(1,282,895)
Closing Cash	575,944	3,894,265	(3,318,321)
Opening DIP Loan Balance	-	-	-
DIP Draw	(4,717,105)	(6,000,000)	1,282,895
Closing DIP Loan Balance	(4,717,105)	(6,000,000)	(2,035,426)

18. As reflected in the summary table above, Hematite reported negative cash flow of approximately \$4.8 million during the Period and an outstanding amount under the DIP Facility of approximately \$4.7 million as at November 6, 2020. The Company's closing cash balance was approximately \$3.3 million lower than projected in the Cash Flow Forecast.
19. The net cash flow generated during the Period was approximately \$1.9 million lower than projected in the Cash Flow Forecast, the primary reasons for which are summarized below:
- (a) total cash receipts during the Period were approximately \$1.7 million lower than projected, mainly due to:

- (i) collections of the Company's existing accounts receivable were less than forecast by approximately \$0.8 million. Accounts receivable at the beginning of the Period was reconciled in order to ensure all cash collections were properly accounted for, however following the Filing Date the Company identified earlier collections which had been overlooked and as of yet unapplied in the Company's accounting system, overstating accounts receivable at the start of the Period by approximately \$0.8 million;
 - (ii) unfavourable timing difference of approximately \$1 million related to delayed accounts receivable collections of a major customer. The Monitor understands that Hematite has experienced delays in invoice processing and in providing the documentation required by the customer in order to reconcile account differences and issue payments in a timely manner. The Monitor further understands that Management is working to resolve these issues in order to collect the related accounts receivable that remains outstanding;
 - (iii) unfavourable timing differences on sales that were initially forecast to be collected in the Period (approximately \$1.4 million), but are now anticipated to be collected in November, consistent with the customer's payment terms; and partially offset by:
 - (iv) \$0.5 million favourable difference in collections due to sales which exceeded forecast in September and the first week of October; and
 - (v) Tooling Receipts (as hereinafter defined) of approximately \$0.7 million (of which \$0.4 million were received and 'flowed-through' to tooling suppliers prior to the Filing Date), and a Canada Emergency Wage Subsidy refund of approximately \$0.4 million, which were each not included in the Cash Flow Forecast.
- (b) The total cash disbursements during the Period were approximately \$0.2 million higher than projected, mainly due to:

- (i) lower than forecast professional fees payments of approximately \$1.1 million of which \$0.4 million is anticipated to be a permanent variance, as the DIP Lender has advised Hematite it intends to pay its advisors and legal counsel directly. The remaining favourable variance is anticipated to reverse in the coming weeks;
 - (ii) favourable timing difference in capital expenditures of approximately \$0.6 million as compared to the Cash Flow Forecast; partially offset by:
 - (iii) higher than forecast inventory purchases of approximately \$2 million to support higher than forecast sales in September, October and the first two weeks of November (increased sales over this period total approximately \$3 million).
20. Due to a combination of the above, the Company was in breach of certain financial covenants in its weekly reporting to the DIP Lender during the Period, as certain net cash flow variance limits were exceeded. The Monitor understands that the DIP Lender has issued a waiver letter in respect of existing defaults and that the DIP Facility is in good standing as at the date of this Third Report.

VII. HEMATITE'S REQUEST FOR AN EXTENSION OF THE STAY PERIOD

21. The current Stay Period expires on November 27, 2020. The Company is seeking a further extension of the Stay Period to December 31, 2020 (the "**Stay Extension**"), which is the deadline for implementation of the Plan pursuant to the Plan Sponsor Agreement.
22. The Company, with the assistance of the Monitor, has prepared an updated forecast of its cash receipts and disbursements for the period from November 7, 2020 through to January 1, 2021 (the "**Updated Cash Flow Forecast**"), a copy of which is attached hereto as **Appendix "D"**. The Updated Cash Flow Forecast is summarized as follows:

Hematite Group	
Weekly Cash Flow Forecast for the 8-week period November 7, 2020 to January 1, 2021 in \$CAD	
Total	
Cash Receipts	
Accounts Receivable	15,628,178
Other Receipts	35,000
Total Receipts	15,663,178
Cash Disbursements	
Inventory Purchases	6,223,243
Other Operating Expenses	1,728,420
Tooling Expense	378,938
Payroll and Benefits	3,575,534
Equipment and Auto leases	1,101,963
Tax Remittances	712,168
Capital Expenditures	1,779,615
Other Expenses	95,000
Interest	150,411
Professional fees	1,548,873
Total Disbursements	17,294,164
Net Cash Flow	(1,630,986)
Opening Cash	575,945
Net Cash Flow	(1,630,986)
DIP Loan Draw	1,282,895
Closing Cash	227,853
Opening DIP Loan Balance	(4,717,105)
DIP Draw	(1,282,895)
Closing DIP Loan Balance	(6,000,000)

23. The key changes in the underlying assumptions in the Updated Cash Flow Forecast as compared to the Cash Flow Forecast are summarized below:
- (a) updated projected timing and quantum of collections to more accurately reflect the payment terms of one of the Company's major customers, and remaining collections on sales that exceeded forecast through October 2020;
 - (b) increase in projected disbursements for higher variable costs (primarily inventory purchases, payroll, and other operating expenses) to support the Company's updated sales forecast for November 2020;
 - (c) increase in tooling-related disbursements of approximately \$0.4 million, including approximately \$0.2 million of Flow-Through Payments, subject to the Court granting the proposed Flow-Through Payment Order. The remaining \$0.2 million

relates to a post-filing tooling deposit which had not been included in the Cash Flow Forecast; and

- (d) reduction in professional fees as a result of the exclusion of the fees of the DIP Lender's advisors and legal counsel (approximately \$0.3 million in the Cash Flow Forecast) as the DIP Lender has advised Hematite it intends to pay these parties directly.
24. The Updated Cash Flow Forecast indicates that the Hematite Group is anticipated to have sufficient liquidity to fund both operating costs and the costs of the CCAA Proceedings through the Stay Period, should the Stay Extension be granted. The Monitor notes that the Updated Cash Flow Forecast is materially dependent upon the Company achieving the projected timing and amount of accounts receivable collections, and payments for inventory purchases. Inventory purchases are particularly driven by customer purchase orders as they are received.
25. The Monitor understands that the DIP Lender has approved the Updated Cash Flow Forecast.
26. The Monitor is of the view that the Stay Extension is appropriate in the circumstances, and supports Hematite's request for an extension of the Stay Period for the following reasons:
- (a) the Company has acted, and is continuing to act, in good faith and with due diligence and in accordance with the Amended and Restated Initial Order and the other Orders issued by the Court in the CCAA Proceedings;
 - (b) the Stay Extension is anticipated to allow the Company and the Plan Sponsor to satisfy the conditions precedent to the Plan (detailed later in this Third Report);
 - (c) the Stay Extension should not prejudice any employee or creditor, as the Updated Cash Flow Forecast indicates that Hematite is anticipated to have sufficient funds to pay for post-filing goods and services; and

- (d) the Monitor understands that Woodbridge, in its capacities as DIP Lender and proposed Plan Sponsor, is supportive of the Stay Extension, as it is necessary in order to achieve the timeline outlined in the Plan Sponsor Agreement.

VIII. CLAIMS PROCEDURE

Affected Claims Status

- 27. As noted earlier in this Third Report, the claims procedure was established pursuant to the Claims Procedure Order (the “**Claims Procedure**”) to facilitate the identification, quantification and resolution of certain Claims¹ of creditors of the Applicants and their respective directors and officers, including:
 - (a) Pre-Filing Claims (including D&O Claims other than D&O Restructuring Claims); and
 - (b) Restructuring Claims (including D&O Restructuring Claims) (each as defined in the Claims Procedure Order).
- 28. Also as previously noted in this Third Report, in accordance with the Claims Procedure Order:
 - (a) on October 15, 2020, the Claims Package was sent to all known creditors of the Hematite Group; and
 - (b) notices were published in *USA Today* (National Edition) and the *Globe and Mail* (National Edition) on October 19 and October 20, 2020, respectively.
- 29. Pursuant to the Claims Procedure Order, the claims bar date was 5:00 p.m. (Toronto Time) on November 9, 2020 with respect to the filing of any Pre-Filing Claims and D&O Claims (other than D&O Restructuring Claims) (the “**Pre-Filing Claims Bar Date**”).

¹ Capitalized terms used but not defined in this section of the Third Report shall have the meanings given to them in the Claims Procedure Order.

30. 162 Claims in the amount of approximately \$49.6 million in aggregate were filed prior to the Pre-Filing Claims Bar Date, summarized as follows:

SUMMARY OF CLAIMS FILED BEFORE THE PRE-FILING CLAIMS BAR DATE		
Claim Category ⁽¹⁾	Claims Filed	
	# ⁽¹⁾	Amount ⁽⁵⁾
Pre-Filing Claims ⁽²⁾	162	\$38,767,062
Pre-Filing D&O Claims ⁽³⁾	2	3,984,936
Restructuring Claims ⁽⁴⁾	19	6,897,462
Restructuring D&O Claims	-	-
Total Claims Filed ⁽¹⁾	162	\$49,649,460
Notes		
1 Certain Proofs of Claim included a combination of Pre-Filing Claims, Pre-Filing D&O Claims, and Restructuring Claims. For clarity, a total of 162 unique creditors filed claims.		
2 Three entities (including the Canada Revenue Agency) have filed placeholder claims (i.e. no amount included). Figures above do not include Pre-Filing Claims that were filed after the Pre-Filing Claims Bar Date.		
3 Includes one D&O Claim for \$3.98M and one claim from a former employee in relation to wrongful dismissal that included a placeholder D&O claim (i.e. no amount included).		
4 The 19 claimants who have filed a Restructuring Claim have also filed a Pre-Filing Claim (i.e. do not represent additional unique creditors).		
5 Amounts in CAD. All USD currency balances are converted to CAD using the September 18, 2020 spot rate of 1.3186.		

31. Also pursuant to the Claims Procedure Order, a claims bar date in respect of Restructuring Claims (the “**Restructuring Claims Bar Date**”) was set as the later of:
- (a) the Pre-Filing Claims Bar Date; and
 - (b) the date that is 21 days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Claim.
32. As noted earlier in this Third Report, seven (7) agreement disclaimers were sent by the Company pursuant to section 32 of the CCAA. The last of these disclaimers was sent on November 13, 2020. The Monitor understands that the Applicants do not intend to disclaim any further agreements.
33. Based on the disclaimers sent by the Company, the Monitor anticipates receiving a further six (6) Restructuring Claims prior to the latest Restructuring Claims Bar Date, which will be December 4, 2020.

34. As at the date of this Third Report, the Monitor has received four (4) Pre-Filing Claims in the amount of approximately \$64,199 in aggregate after the Pre-Filing Claims Bar Date (the “**Late Claims**”). Three of the Late Claims were received by the Monitor on November 9, 2020 after 5:00 p.m. and one Late Claim was received by the Monitor on November 11, 2020. The Claims Procedure Order did not grant the Monitor discretion to extend the Pre-Filing Claims Bar Date to admit these Late Claims, or to extend the Restructuring Claims Bar Date.
35. The Monitor is of the view that it is appropriate to admit these Late Claims into the Claims Procedure for review and adjudication considering that: (i) they were received very shortly after the Pre-Filing Claims Bar Date; (ii) the quantum is modest; and (iii) the Applicants have not yet filed the Plan with the Court and obtained the Meeting Order. The Monitor understands that the Applicants and the Plan Sponsor are also supportive of admitting these Late Claims into the Claims Procedure.

Adjudication of Claims

36. Also, as at the date of this Third Report, the Monitor has provisionally adjudicated 22 Claims as follows:

SUMMARY OF CLAIMS ADJUDICATED		
<i>As at the date of this Third Report</i>		
Adjudication Status	# ⁽¹⁾	Amount
Fully Allowed	18	1,633,365
Partially Allowed ⁽²⁾	2	179,396
Partially Disallowed ⁽²⁾	2	15,126
Fully Disallowed ⁽²⁾	2	18,521
Yet to be Reviewed	144	47,867,733
Total	166	49,714,140
Notes		
1 Figures include the Late Claims.		
2 The Monitor has issued a total of four (4) Notices of Disallowance/Revision as at the date of this Third Report. The 10-day periods in which the claimants may file a Notice of Dispute in response to the Notice of Disallowance/Revision have not yet passed.		

37. The Monitor has yet to receive any Notices of Dispute as at the date of this Third Report.

38. The Monitor shall continue to review all Proofs of Claim filed, in consultation with the Applicants (and in the case of a D&O Claim, in consultation with the applicable Director or Officer), and shall accept, revise or disallow the amount of each Claim for voting and/or distribution purposes and shall deliver to the Claimant a Notice of Revision or Disallowance, substantially in the form attached as a schedule to the Claims Procedure Order. As discussed in a later section to this Third Report, the Monitor is in the process of reviewing claims received in the amount of approximately \$21 million which are anticipated to be disallowed.

Excluded Claims

Background

39. TD was Hematite's primary operating lender prior to the commencement of the CCAA Proceedings. Hematite was in default of its credit agreement with TD at the Filing Date. The Monitor understands that prior to the Filing Date, Hematite and Woodbridge reached an agreement in principle with TD whereby Woodbridge would acquire a portion of the debt, and take assignment of all of TD's security over certain of the Applicants' property, excluding certain equipment leases which would be unaffected in the CCAA Proceedings. Definitive documentation with respect to these arrangements was entered into on September 21, 2020 (the "**TD Assignment and Assumption Agreement**").
40. At the Filing Date, BDC and certain of the Applicants were party to a letter of offer of financing no. 076542-03 dated December 21, 2017, as amended, supplemented and otherwise modified from time to time (the "**BDC Loan**"). The Monitor understands that prior to the commencement of these proceedings, reached an agreement in principle with BDC, whereby BDC would agree to forbear from enforcing its rights and, effective upon implementation of the Plan, would amend its credit agreement to convert the BDC Loan into a post-restructuring facility. As discussed later in this Third Report, it is a condition precedent to implementation of the Plan that definitive documentation be entered into in respect of same.

41. The Monitor further understands that prior to the commencement of the CCAA Proceedings, Hematite and Woodbridge engaged in extensive discussions with Toyota Motor Engineering & Manufacturing North America Inc., FCA US LLC, or Ford Motor Company (and including each of their subsidiaries and affiliates, collectively, the “**Customers**”) and ultimately entered into customer support and consent agreements (the “**Customer Support Agreements**”) with each of the Customers whereby the Customers agreed to certain ongoing purchase commitments to support the ongoing operation of Hematite’s business during and following the CCAA Proceedings.

Excluded Claims

42. Pursuant to the Claims Procedure Order, Excluded Claims are as follows:
- (a) any claim pursuant to, or related to, the equipment leases with TD Equipment Finance Canada listed in Schedule “F” to the Claims Procedure Order (the “**TD Leases**”);
 - (b) any claim pursuant to, or related to, the BDC Loan;
 - (c) any claim by Woodbridge or its affiliates, including, without limitation, pursuant to, or related to:
 - (i) the Assignment and Assumption Agreement;
 - (ii) the Plan Sponsor Agreement; or
 - (iii) the DIP Loan Agreement;
 - (d) any claim by the Customers in relation to any warranty, recall, product liability or other obligations of the Applicants to the Customers pursuant to the purchase agreements, purchase orders, and/or other contracts set out in the Customer Support Agreements, as applicable;
 - (e) claims secured by any of the Charges (as defined in the Amended and Restated Initial Order);

- (f) any claim by any of the Applicants against one or more of the other Applicants; and
 - (g) any investigation, action, suit, order or proceeding in respect of the Applicants or any of them by or before a regulatory body (as defined in the CCAA), unless such investigation, action, suit, order or proceeding constitutes a “claim” within the meaning of the CCAA.
43. As outlined in the Second Report, Excluded Claims are unaffected by the Claims Procedure Order, and holders of said Claims were not required to file a proof of claim in the Claims Procedure. Accordingly, as discussed later in this Third Report, Excluded Claims will also be Unaffected Claims in the Plan.

IX. CHAPTER 15 PROCEEDINGS UPDATE

44. As further detailed in the November Nadeau Affidavit, on October 15, 2020, the U.S. Court issued an Order Granting Verified Petition for (i) Recognition of Foreign Main Proceeding, (ii) Recognition of Foreign Representative and (iii) Related Relief Under Chapter 15 of the Bankruptcy Code (the “**Final Recognition Order**”), without a hearing. A copy of the Final Recognition Order is attached as **Exhibit “D”** to the November Nadeau Affidavit.
45. Following the issuance of the Claims Procedure Order, Hematite filed a Notice of Entry by Canadian Court of Claims Procedure Order (the “**Chapter 15 Claims Procedure Notice**”) with the U.S. Court which, among other things, outlines the notice procedures and the claims bar dates established by the Claims Procedure Order. The Chapter 15 Claims Procedure Notice states that any claimant who files a proof of claim solely with the U.S. Court or in connection with the Chapter 15 Proceedings must refile such proof of claim in accordance with the provisions of the Claims Procedure Order. A copy of the Chapter 15 Claims Procedure Notice is as **Exhibit “E”** to the November Nadeau Affidavit.
46. Given the timing and the notice requirements under the Bankruptcy Code, the Applicants intend to seek recognition of the Meeting Order by the U.S. Court during the week of November 30, 2020, and seek recognition of the Sanction Order by the U.S. Court during the week of December 21, 2020 after the anticipated Sanction Hearing, all subject to applicable Orders of this Court.

47. Copies of the materials filed, and orders made, in the Chapter 15 Proceedings are available on the Monitor's Website.

X. THE FLOW-THROUGH PAYMENTS

48. As described in more detail in the November Nadeau Affidavit, Hematite manufactures component parts for its customers utilizing tooling that is unique to each component part and customer. Each component part is designed by the customer, manufactured by a tooling supplier, and supplied by the tooling supplier to Hematite for use in manufacturing.

49. Tooling suppliers invoice Hematite for the tooling. Once approved for production, Hematite invoices the tooling to the customer, and upon payment (each a "**Tooling Receipt**") title passes to the customer (but remains in Hematite's possession for use in manufacturing). The Monitor understands that, in the ordinary course, Hematite pays the tooling supplier when it receives the Tooling Receipt (the "**Flow-Through Payments**").

50. According to the Books and Records, as at the Filing Date, Hematite owed approximately \$6.9 million to tooling suppliers in respect of tooling ordered by customers and delivered to Hematite for use in manufacturing (the "**Tooling Claims**"), certain of which had been, or was subsequently invoiced to the applicable customer in the ordinary course.

51. The Monitor understands that Hematite has received approximately \$0.3 million in Tooling Receipts since the Filing Date, but pursuant to the Amended and Restated Initial Order, has not made any Flow-Through Payments to tooling suppliers.

52. Also as outlined in the November Nadeau Affidavit, both customers and tooling suppliers have expressed a desire for greater certainty that Flow-Through Payments will continue to be made, in accordance with the pre-existing arrangements described above.

53. The proposed Flow-Through Payment Order authorizes the Applicants to, among other things, make Flow-Through Payments (including the projected Flow-Through Payment in the amount of approximately \$0.2 million in the Updated Cash Flow Forecast) in respect of Tooling Receipts collected since the Filing Date, and any further Tooling Receipts collected, including as they related to Tooling Claims which existed at the Filing Date.

54. The Monitor further understands that, in respect of four contracts with tooling suppliers, the amounts invoiced or expected to be invoiced by the tooling supplier exceed the amounts that Hematite has received or expects to receive from the corresponding customer. Any Tooling Claims in relation to these contracts will be addressed in the Plan (as detailed later in this Third Report).
55. The Monitor is of the view that the Flow-Through Payment Order is appropriate in the circumstances, and supports Hematite's request to make Flow-Through Payments for the following reasons:
- (a) if Flow-Through Payments for Tooling Claims, including pre-filing Tooling Claims, are not made there is a risk of interruption of tooling supply and/or that Customers could seek to assert their ownership rights over unpaid tooling being used by the Applicants. Either result would be materially detrimental to the Applicants' business; and
 - (b) the Flow-Through Payment Order should not prejudice any employee or creditor, as the Monitor understands that, by definition, Flow-Through Payments are not anticipated to have a negative cash flow impact in the post-filing period. In this regard, the Monitor notes that the Flow-Through Payments were not included in the Applicants' Cash Flow Forecast.

XI. CONTINUATION OF EQUIPMENT PAYMENTS

56. As outlined in more detail in the November Nadeau Affidavit, the Applicants are party to various capital leases and secured loan agreements (the "**Equipment Agreements**") with lessors and secured creditors (each, an "**Equipment Creditor**") with respect to equipment that is used in their operations.
57. As a result of the importance of the equipment provided by the Equipment Creditors to Hematite's business, and the legal rights arising from the lease or purchase money security interests in respect of specific machinery pursuant to the Equipment Agreements, the Applicants have been making payments to certain of the Equipment Creditors since the Filing Date. In the circumstances and as detailed below, the Applicants are appropriately

seeking an exception to the Amended and Restate Initial Order provisions prohibiting payment of amounts owing on the Filing Date in order to authorize the payments that have been made to Equipment Creditors (which amount to approximately \$60,000) and the payments that may be made to Equipment Creditors as they become due during the remainder of the CCAA Proceedings.

58. The Monitor understands that Hematite, in consultation with Woodbridge, has reviewed all of the Equipment Agreements. The Monitor further understands that the Equipment Agreements that have not been disclaimed or terminated are being used in Hematite's operations, and that it is the desire of both the Company and Woodbridge to continue to maintain them in good standing.
59. Further, as outlined later in this Third Report, as Secured Claims that will not be compromised pursuant to the Plan, Hematite would be required to pay the Equipment Creditors to prevent them from exercising their rights and remedies once the Plan has been implemented and the stay of proceedings granted in the Amended and Restated Initial Order is no longer effective.
60. The proposed Continuation of Equipment Payments Order contemplates, among other things, that the Applicants will be entitled but not required to make payments to the Equipment Creditors in respect of Equipment Agreements, provided that:
 - (a) the equipment is being, or will be, used in the operations of the Applicants;
 - (b) the particular Equipment Agreement has not been disclaimed or terminated by the Applicants;
 - (c) if the *Personal Property Security Act (Ontario)*, *Uniform Commercial Code (US)* or similar statutes in other jurisdictions applies to the applicable agreement, the Equipment Creditor has taken all steps required by the applicable statute to obtain a first-priority purchase-money security interest in the equipment; and
 - (d) the DIP Lender agrees.

61. The Monitor is of the view that the Continuation of Equipment Payments Order is appropriate in the circumstances, and supports Hematite's request to make certain payments in respect of Equipment Agreements for the following reasons:
- (a) it is not anticipated to materially prejudice the Applicants' other creditors or stakeholders, as Secured Claims, including valid claims of the Equipment Creditors, will not otherwise be compromised pursuant to the Plan;
 - (b) it facilitates the Company's continued use of the equipment subject to the Equipment Agreements, by allowing payments to be made;
 - (c) payments require the approval of the DIP Lender;
 - (d) the Updated Cash Flow Forecast indicates that Company is anticipated to have sufficient liquidity to make the payments; and
 - (e) the Monitor understands that the DIP Lender is supportive of the Continuation of Equipment Payments Order.

XII. THE PLAN

Overview

62. While this Third Report summarizes the key aspects of the Plan (below), readers are advised to carefully read the Plan in full. A copy of the Plan is attached as **Exhibit "G"** to the November Nadeau Affidavit.
63. The Plan has been formulated by Hematite, in consultation with Woodbridge, in its capacity as proposed Plan Sponsor.
64. Pursuant to the Plan Sponsor Agreement, the Plan Implementation Date (as defined in the Plan) is to occur on or before December 31, 2020.

Purposes of the Plan

65. The principal purposes of the Plan are to:

- (a) complete a restructuring of the Applicants that sees the Hematite Group continue as a going concern;
 - (b) provide for the compromise of all Affected Claims and distributions to Affected Creditors from the Creditor Distribution Pool (as defined in the Plan and discussed below); and
 - (c) implement the acquisition of Hematite Holdings and Hematite Industrial Products Inc. (“**Hematite Industrial**”) by the Plan Sponsor (and/or one or more affiliates).
66. The Plan is formulated with the expectation that it will result in a greater benefit to the Affected Creditors than a bankruptcy or liquidation of the Applicants.

Affected Claims

67. Generally speaking, Affected Claims are unsecured claims and for greater certainty include Tooling Claims (discussed further below), Restructuring Claims, and Equity Claims.
68. For the purposes of voting on and participating in the Plan, Affected Creditors are grouped into a single class, regardless of the Applicant of which they are a creditor.
69. Affected Creditors with a Proven Claim in an amount less than or equal to \$10,000 (the “**Election Amount**”), and those Affected Creditors with Proven Claims that exceed the Election Amount and who have delivered an Election Notice to the Monitor in accordance with the Meeting Order, will receive, in full satisfaction of such Proven Claims (each, a “**Convenience Creditor**”), payment in an amount equal to the lesser of the Election Amount and the actual amount of such Proven Claims.
70. The Election Notice is included in the Proxy and Election Notice attached as Schedule “A” to the proposed Meeting Order. In order to be effective, the Proxy and Election Notice must be received by the Monitor no later than 5:00 p.m. on the date that is three (3) business days prior to the date of the Meeting (or any adjournment thereof).
71. The Creditor Distribution Pool in the amount of \$5.5 million will be funded by the Plan Sponsor, which includes the amount to be held in the Unresolved Claims Reserve but does

not include the amount to be held in the Administration Reserve (each as hereinafter defined).

72. Affected Creditors with Proven Claims (other than Equity Claims) that exceed in aggregate the Election Amount and who have not delivered an Election Notice to the Monitor in accordance with the Meeting Order will receive, in full satisfaction of such Proven Claims, their pro rata share of the balance of the Creditor Distribution Pool after deducting (i) the amount held in the Unresolved Claims Reserve (until such claims are resolved), and (ii) the amounts paid to Convenience Creditors.
73. At this early stage in the Claims Procedure, there are 142 Claims yet to be reviewed, and the Monitor anticipates that several additional Restructuring Claims may be filed with respect to agreements that were disclaimed by the Hematite Group.
74. As of the date of this Third Report, the Monitor has fully or partially disallowed four (4) in the aggregate amount of approximately \$30,000. Based on the Monitor's preliminary review, there are several large Claims that the Monitor expects to disallow in the aggregate amount of approximately \$21 million. Accordingly, as of the date of this Third Report, the Monitor would provisionally estimate that the aggregate Claims of Affected Creditors may be approximately \$29 million, as summarized below:

CLAIMS FILED - ESTIMATED AFFECTED CLAIMS		
<i>As at the date of this Third Report</i>		
Claims Status	#	Amount
Filed ⁽¹⁾	166	\$49,714,140
Partially Disallowed ⁽²⁾	(4)	(33,646)
Expected to be Disallowed ⁽³⁾	(3)	(20,958,778)
Estimated Affected Claims	163	28,721,716
Less: Estimated Convenience Creditor Claims ⁽⁴⁾	121	(1,309,877)
Estimated Affected Claims (excluding Convenience Creditors)	42	\$27,411,838
Creditor Distribution Pool		\$ 5,500,000
Less: Estimated Convenience Creditor Distributions ⁽⁴⁾		(678,483)
Remaining Creditor Distribution Pool		4,821,517
% Recovery on Estimated Affected Claims		18%
Notes		
1 Figures include the Late Claims. The Restructuring Claims Bar Date has not yet passed, and several claims may still be filed.		
2 The 10 day period for which the claimants have to file a Notice of Dispute has not yet lapsed.		
3 The Monitor and its counsel have reviewed certain large claims and are of the preliminary view that these Claims are likely to be disallowed.		
4 Includes all claimants with claims less than the Election Amount (\$10k), and for the purposes of this analysis, assumes that claimants with claims up to \$54k will file Election Notices with the Monitor in order to be considered Convenience Creditors.		

75. Assuming the foregoing, this would result in an estimated recovery on claims filed, before consideration of the Unresolved Claims Reserve, of 18% on a preliminary basis.
76. At the Effective Time, all Affected Claims will be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred subject only to the right of Affected Creditors with Proven Claims (other than Equity Claims) to receive distributions pursuant to the Plan.

Tooling Claims

77. For the purposes of participating in the Plan as an Affected Creditor, a tooling supplier's Tooling Claim will be reduced by any payments received as against the Tooling Claim, regardless of whether said payment is a Flow-Through Payment pursuant to a Tooling Receipt, or otherwise (ultimately, the "**Tooling Claim Amount**").
78. Section 3.7 of the Plan provides that, from and after the Effective Time, the recovery of any Person on its Tooling Claim will be limited to:

- (a) a *pro rata* distribution from the Creditor Distribution Pool in respect of the Tooling Claim Amount as of the Distribution Record Date (a “**Tooling Distribution**”); plus
 - (b) Flow-Through Payments in respect of the Tooling Claim, from and after the Distribution Record Date (up to the amount of the Tooling Claim, less the Tooling Distribution).
79. Tooling Claims will be Unaffected Claims only to the extent of Tooling Payments (including a Tooling Distribution), if any, made after the Distribution Record Date.
80. As outlined in the November Nadeau Affidavit, the Plan contemplates that tooling suppliers may receive up to, but not greater than, 100% recovery in respect of their Tooling Claim, through a combination of a Tooling Distribution and/or Flow-Through Payments following the Distribution Record Date.
81. The Monitor understands that based on the customer contracts in place, the tooling suppliers who have filed claims (representing approximately \$2.2 million of the approximately \$49.6 million filed) are anticipated to ultimately recover their Tooling Claim in full following the Plan Implementation Date, subject to Tooling Receipts being paid by customers.

Unaffected Claims

82. The following Claims are Unaffected Claims and will not be compromised pursuant to the Plan:
- (a) claims secured by the CCAA Charges;
 - (b) claims that are accepted as or determined to be Secured Claims pursuant to the Claims Procedure Order;
 - (c) claims for amounts required to be paid pursuant to subsections 6(3), (5) and (6) of the CCAA (the “**CCAA Priority Payment Claims**”);
 - (d) any claim by any of the Applicants against one or more of the other Applicants;

- (e) any Claim pursuant to, or related to, the TD Leases;
- (f) any Claim by Woodbridge or its affiliates against any member of the Hematite Group, including a Claim for or related to:
 - (i) the debts pursuant to the TD Assignment and Assumption Agreement (the “**Assigned TD Loans**”);
 - (ii) the Plan Sponsor Agreement;
 - (iii) the DIP Loan; or
 - (iv) the Services Agreement.
- (g) any Claim pursuant to, or related to, the BDC Loan;
- (h) any Claim by a Customer in relation to any warranty, recall, product liability or other obligation of a member of the Hematite Group to such Customer pursuant to the purchase agreements, purchase orders, and/or other contracts set out in the arrangements entered into between such Customer, Hematite Holdings and Woodbridge Foam Corporation;
- (i) Claims of Employees and Directors that are unrelated to the cessation of employment for all amounts owing to them in their capacity as such by statute or otherwise for or in connection with accrued salary, accrued wages, accrued bonuses, fees and expenses, reimbursement obligations, accrued vacation leave and accrued vacation pay;
- (j) Insured Claims, which are that portion of a Claim arising from a cause of action for which Hematite is covered by insurance, only to the extent of such coverage and limited to the actual recovery received from the applicable insurer(s) by Hematite;
- (k) Tooling Claims, but only to the extent of Tooling Payments, if any, made after the Distribution Record Date (as noted above);

- (l) Claims by any Director under any directors' or officers' indemnity policy or agreement with Hematite to the extent not otherwise covered by the CCAA Charges; and
- (m) Claims by the Monitor, counsel to the Monitor, the CRO, or counsel to Hematite.

Equity Claims

83. At the Effective Time, the Plan will be binding on all holders of Equity Claims. Holders of Equity Claims will not receive a distribution or other consideration under the Plan and will not be entitled to vote on the Plan in respect of their Equity Claims. On the Plan Implementation Date all Equity Claims will be fully, finally, irrevocably and forever compromised, released, discharged and barred without any compensation of any kind whatsoever.

Reserves

84. The Plan provides for an amount to be held as a reserve (the “**Unresolved Claims Reserve**”) sufficient to provide each holder of an Unresolved Claim with the *pro rata* amount of the Creditor Distribution Pool that they would be entitled to under the Plan if such Unresolved Claims, or certain portions thereof, are determined to be Proven Claims in accordance with the Claims Procedure Order. The amount of the Unresolved Claims Reserve is to be agreed upon by the Monitor, Hematite and the Plan Sponsor, and approved by the Court in the Sanction Order. Pursuant to the Plan, the Monitor will oversee the distribution of funds from the Unresolved Claims Reserve. As outlined earlier in this Third Report, at this early stage in the Claims Procedure, the amount of Unresolved Claims that may exist at the Distribution Record Date cannot be estimated.
85. The Plan also provides for an amount to be held as a reserve (the “**Administration Reserve**”) in an amount sufficient to pay the fees and expenses of the Monitor and the Monitor’s counsel in connection with administering the resolution of Unresolved Claims in accordance with the Claims Procedure Order and performing any other work required of the Monitor after the Effective Time. The amount of the Administration Reserve will be agreed upon by the Monitor, Hematite and the Plan Sponsor, and approved by the Court in

the Sanction Order. Any amount remaining in the Administration Reserve after completion of such work will be released by the Monitor to Hematite.

The Transaction

86. Pursuant to the Plan, the Plan Sponsor will acquire Hematite Holdings and Hematite Industrial, and the obligations of Hematite will be restructured. Woodbridge, Hematite Holdings, and Hematite Industrial will enter into a subscription agreement (the “**Subscription Agreement**”) prior to the Plan Implementation Date providing for the subscription by Woodbridge for certain new common shares of each of Hematite Holdings and Hematite Industrial (together, the “**New Common Shares**”).
87. The purchase price for the New Common Shares will be equal to the amount that is needed by Hematite, in excess of the Cash on Hand at the Effective Time to:
- (a) fund the Creditor Distribution Pool (including the Unresolved Claims Reserve);
 - (b) fund the Administration Reserve;
 - (c) pay amounts to Unaffected Creditors as required by the Plan (as discussed below);
 - (d) make any other payments to be made by Hematite pursuant to or as otherwise contemplated by the Plan; and
 - (e) leave Hematite with a sufficient amount of cash for working capital purposes immediately after the Effective Time (as determined by Hematite and Woodbridge in accordance with the Plan Sponsor Agreement);
- (collectively, the “**Plan Funding Amount**”, and together with Cash on Hand, the “**Available Cash**”).
88. On the Plan Implementation Date, Hematite will file the Articles of Reorganization for each of Hematite Holdings and Hematite Industrial, which will, in each case, among other things:

- (a) create an unlimited number of New Common Shares and set out the rights, privileges, restrictions and conditions attaching thereto; and
- (b) extinguish the Existing Shares of Hematite Holdings and Hematite Industrial for no consideration.

Payments and Distributions

Unaffected Claims

89. At or before the Effective Time, Hematite will make the following payments from Available Cash in full satisfaction and discharge of the following Unaffected Claims:
- (a) payment of all CCAA Priority Payment Claims in full;
 - (b) payment in full of all Claims secured by the CCAA Charges, other than the DIP Lender's Charge; and
 - (c) payment of any other amounts required to be paid in accordance with the Plan Sponsor Agreement, the Plan or the CCAA Proceedings at or before the Effective Time.
90. The Unaffected Claims that are not paid pursuant to the Plan will continue and not be compromised by the Plan.

Affected Claims

91. The Hematite Group, with oversight of and assistance from the Monitor, or the Monitor, for and on behalf of the Hematite Group, will distribute to each Affected Creditor with a Proven Claim (other than an Equity Claim) its share of the Creditor Distribution Pool (subject to the Unresolved Claims Reserve). No distribution will be made for an amount less than \$10. The Hematite Group's liability to an Affected Creditor for any distribution in an amount less than \$10 will be forever discharged and extinguished.

92. The first distribution date (the “**Initial Distribution Date**”) will be as soon as practicable following the Plan Implementation Date (the timing of which is discussed later in this Third Report).
93. The Unresolved Claims Reserve (as may be reduced from time to time as Unresolved Claims are ultimately resolved) will be set aside by the Hematite Group (pursuant to arrangements satisfactory to the Monitor) or held by the Monitor, in trust, until the final determination of all Unresolved Claims in accordance with the Claims Procedure Order.
94. To the extent that an Unresolved Claim becomes a Proven Claim, the Hematite Group, with oversight of and assistance from the Monitor, or the Monitor, for and on behalf of the Hematite Group, will distribute to the holder thereof an amount from the Unresolved Claims Reserve equal to the share of the Creditor Distribution Pool that such Creditor would have been entitled to receive in respect of its Proven Claim on the Initial Distribution Date had such Unresolved Claim been a Proven Claim on the Initial Distribution Date.
95. After all Unresolved Claims have been finally resolved in accordance with the Claims Procedure Order and any required distributions have been made with respect to Proven Claims, the Hematite Group, with oversight of and assistance from the Monitor, or the Monitor, for and on behalf of the Hematite Group, will distribute the amount remaining in the Unresolved Claims Reserve *pro rata* in respect of each Affected Claim that is a Proven Claim, provided that the amount remaining in the Unresolved Claims Reserve makes such a distribution economically practical, as determined by the Monitor, acting reasonably. If the Monitor is of the view that the amount remaining in the Unresolved Claims Reserve would not make such a distribution economically practical, then the amounts remaining in the Unresolved Claims Reserve will no longer be required to be set aside by the Hematite Group and, if held by the Monitor, will be returned to the Hematite Group.
96. If any distribution to an Affected Creditor is returned as undeliverable (an “**Undeliverable Distribution**”), then neither the Hematite Group nor the Monitor will be required to make further efforts to deliver the distribution to such Creditor unless and until the Hematite Group and Monitor are notified in writing by such Creditor of such Creditor’s current address at which time all such distribution will be made to such Creditor. The obligations

of the Hematite Group and Monitor to an Affected Creditor with an Undeliverable Distribution will expire on the second anniversary of the Plan Implementation Date, after which date any entitlement with respect to any Undeliverable Distributions will be forever discharged and forever barred. On the second anniversary of the Plan Implementation Date, the amount of any Undeliverable Distributions will be released to the Hematite Group.

97. If any cheque in payment of a distribution to an Affected Creditor is not cashed within six (6) months after the date of the applicable distribution (an “**Uncashed Distribution**”): (i) such cheque may be cancelled by the Hematite Group or the Monitor, as applicable, after which date any entitlement with respect to such distribution will be forever discharged and forever barred; and (ii) the amount otherwise payable pursuant to such cancelled cheque will be released to the Hematite Group.

Conditions Precedent to Plan Implementation

98. Implementation of the Plan is conditional on the satisfaction or waiver of certain conditions, including (but not limited to) that:
- (a) the Plan will have been approved by the Affected Creditors;
 - (b) the Sanction Order will have been issued by the Court, and the Sanction Order will have been recognized and given full force and effect in the United States by an Order of the U.S. Court in the Chapter 15 Proceedings;
 - (c) the Subscription Agreement will have been executed, delivered and become effective in accordance with its terms, subject only to the occurrence of the Plan Implementation Date, and Woodbridge will have paid the Plan Funding Amount to Hematite in accordance with the Subscription Agreement;
 - (d) definitive documentation will have been entered into in respect of the BDC Loan, in the form of an amended and restated loan agreement between BDC, Hematite Manufacturing Inc. and certain others, in form and content satisfactory to each and consistent with the arrangements reached prior to the commencement of the CCAA Proceedings;

- (e) arrangements satisfactory to Woodbridge and Hematite in respect of the repayment of, and the terms governing the DIP Facility and the Assigned TD Loans, from and after the Plan Implementation Date, will have become effective, subject only to the occurrence of the Plan Implementation Date;
- (f) each of the conditions precedent to the closing of the Transaction provided in the Plan Sponsor Agreement will have been satisfied or waived in accordance with the terms of the Plan Sponsor Agreement;
- (g) all relevant Persons will have executed, delivered and filed all documents and other instruments that, in the opinion of Hematite and Woodbridge, acting reasonably, are necessary to implement the provisions of the Plan and the Sanction Order;
- (h) no action or proceeding will be pending by any third party or enjoin or prohibit the Transaction; and
- (i) all applicable approvals and orders of, and all applicable submissions and filings with, governmental, regulatory and judicial authorities having jurisdiction for the completion of the transactions contemplated by the Plan will have been obtained or made.

Plan Implementation

99. Upon receipt of the Certificate of Amendment evidencing the filing of the Articles of Reorganization with respect to each of Hematite Holdings and Hematite Industrial, the Hematite Group will deliver to the Monitor and the Plan Sponsor, and file with the Court, a copy of a certificate (i) stating that each of the Plan Implementation Conditions has been satisfied or waived and that the Articles of Reorganization for each of Hematite Holdings and Hematite Industrial have been filed and have become effective as of the date set out in the applicable Certificate of Amendment, and (ii) designating an Effective Time on the Plan Implementation Date.
100. As soon as practicable following the occurrence of the Effective Time, the Monitor will serve on the service list in the CCAA Proceedings (the “**Service List**”) and post on the

Monitor's Website a certificate confirming that the Plan Implementation Date has occurred and the time of the Effective Time, and will file such certificate with the Court as soon as practicable after it has been delivered.

Plan Releases

101. The Plan provides that each of (i) Hematite; (ii) the CRO; (iii) the Monitor; (iv) Woodbridge; and (v) their respective Representatives (collectively, the “**Released Parties**”) will be fully, finally and irrevocably released and discharged from all Released Claims at the Effective Time, which will be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties.
102. From and after the Effective Time, all Persons will be permanently barred with respect to any Released Claims from: (i) commencing, directly or indirectly, any action or other proceeding of any kind against any of the Released Parties; (ii) enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property; (iii) commencing in any manner, directly or indirectly, any action or other proceeding of any kind against any Person who makes a claim or might reasonably be expected to make a claim, in any manner or forum, against one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Encumbrance of any kind against the Released Parties or their property; or (v) taking any actions to interfere with the implementation or consummation of the Plan.

Modification of the Plan

103. The Plan and the proposed Meeting Order contemplate that the Applicants may amend, restate, modify and/or supplement the Plan (including to address or further address the treatment of claims subject to the Claims Procedure Order), on terms satisfactory to the Plan Sponsor, so long as any such amendment is filed with the Court and:
 - (a) if made prior to or at the Meeting, communicated to Affected Creditors, in the manner outlined earlier in this Third Report; and
 - (b) if made following the Meeting, approved by the Court.

104. Notwithstanding the foregoing, after the Meeting and before the Plan Implementation Date the Hematite Group may amend, restate, modify and/or supplement the Plan with the consent of the Plan Sponsor and the Monitor, without the consent of the Affected Creditors or approval of the Court, provided that any such amendment, restatement, modification and/or supplement:
- (a) is filed with the Court;
 - (b) is posted on the Monitor's Website and notice thereof is provided to the Service List;
 - (c) does not materially decrease the anticipated recovery of Affected Creditors under the Plan and is otherwise not materially adverse to the financial or economic interests of Affected Creditors, in each case as determined by the Monitor; and
 - (d) does not amend the conditions precedent to Plan implementation.
105. Finally, the Company may make any amendment, restatement, modification or supplement to the Plan at any time and from time to time with the consent of the Monitor and the Plan Sponsor, without the consent of the Affected Creditors or approval of the Court, provided that any such amendment, restatement, modification and/or supplement:
- (a) is filed with the Court;
 - (b) is posted on the Monitor's Website and notice thereof is provided to the Service List; and
 - (c) concerns a matter which is of an administrative nature required to better give effect to the implementation of the Plan, or is to cure any errors, omissions or ambiguities, and in either case is not materially adverse to the financial or economic interests of the Affected Creditors as determined by the Monitor.

Monitor's Recommendation

106. The Monitor is not anticipating to report to the Court or to provide further information to the Affected Creditors prior to the Meeting Date, and as such is providing its recommendation on both the filing and the creditors' acceptance of the Plan in this Third Report.
107. In the Monitor's view, the only realistic alternative to the Plan in the circumstances is a liquidation of the Applicants.
108. The Applicants' business can only survive as an enterprise and a going concern with the support of the Customers and secured creditors. The Monitor understands from the Applicants that stakeholder support is highly dependent upon Customer approval of the ownership and control of the business going forward. As a result of significant efforts by the Applicants and Woodbridge, the Customers are supportive of Woodbridge's ultimate stewardship of Hematite's business. Without this support and the arrangements that have been made with respect to the claims of the senior secured creditors, the business would not likely be able to continue as a going concern. Given the Company's severe liquidity constraints, the only realistic alternative to the Plan would be liquidation.
109. In addition, the Monitor notes that:
- (a) pursuant to the Plan Sponsor Agreement, the Applicants are required to obtain the Meeting Order by November 18, 2020 and the Sanction Order by December 18, 2020 and
 - (b) failure of the Company to comply with the Plan Sponsor Agreement is an event of default pursuant to the DIP Loan Agreement. Absent the cooperation of the DIP Lender, Hematite would not have sufficient liquidity to operate the business or to pursue a going-concern alternative to the Plan.
110. In order to evaluate the Plan as against the likely alternative, the Monitor has prepared an analysis of a range of recoveries which may be available to unsecured creditors of the Hematite Group in a liquidation scenario pursuant to a bankruptcy (the "**Liquidation**

Analysis”). As a result of, among other things, the specialized nature of Hematite’s business and its fixed assets, as well as the high degree of encumbrances on the assets, the Liquidation Analysis indicates that the estimated range of liquidation values is anticipated to result in a significant shortfall to the secured creditors, and no recovery for unsecured creditors. A copy of the Liquidation Analysis is attached hereto as **Confidential Appendix “1”**.

111. As part of its evaluation of the Plan, the Monitor has reviewed the Books and Records for any payments made which could be considered voidable transactions pursuant to subsection 95(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”). The Monitor reviewed Hematite’s individual cash disbursements recorded in the amount of \$100,000 or greater:
- (a) in the last three (3) months prior to the Filing Date, for creditors with whom the Monitor would have expected the Company to be dealing at arms’ length in the ordinary course; and
 - (b) in the last 12 months prior to the Filing Date, for creditors with whom the Monitor understands the Company is affiliated or related (but, for greater certainty, is not an Applicant).

Based on the Monitor’s review of the above, there was no evidence to suggest any payments made by Hematite could be considered a voidable transaction pursuant to section 95(1) of the BIA.

112. As described in the November Nadeau Affidavit, the classification of creditors was determined with regard to, among other things, the creditors’ legal interests, the remedies available to them, the extent to which they would recover their claims by exercising those remedies and the consideration offered to them under the Plan. On that basis, it is the Monitor’s view that one class of Affected Creditors is appropriate in the circumstances.
113. Therefore, the Monitor recommends that the Plan be filed pursuant to the proposed Meeting Order, and that the Affected Creditors vote in favour of the Plan, for the following reasons:

- (a) the Plan is anticipated to allow the Hematite Group to continue as a going concern, preserving jobs for approximately 280 employees, a supply channel for customers, and a sales channel for suppliers;
- (b) the Plan is the product of extensive negotiations between Hematite and the Plan Sponsor, with the assistance of the Monitor;
- (c) the Plan provides for some recovery for Affected Creditors and the Liquidation Analysis indicates that, in a liquidation scenario, no recovery for Affected Creditors would be anticipated;
- (d) the Plan is a balance of the interests of the Plan Sponsor, the Company, and the Company's stakeholders. Given, among other things, the treatment of the Unaffected Claims and the Excluded Claims, even in the unlikely event of recoveries to unsecured creditors in a liquidation scenario, these would be distributed *pro rata* to a significantly higher amount of claims in aggregate than the amount of Affected Claims expected under the Plan;
- (e) the classification of creditors in the Plan is fair and reasonable;
- (f) the Plan contemplates the payment of the priority amounts as required pursuant to subsections 6(3), (5) and (6) of the CCAA;
- (g) the Plan has a reasonable prospect of being implemented; and
- (h) in the Monitor's view, the Plan is fair and reasonable.

XIII. CREDITORS' MEETING

114. The Plan contemplates that the meeting of Affected Creditors will be held in accordance with the Meeting Order (the "**Meeting**"). The proposed Meeting Order contemplates hosting the Meeting virtually through videoconference due to the COVID-19 pandemic on December 11, 2020 at 11:00 a.m. (Toronto Time). The Monitor notes that the Office of the Superintendent of Bankruptcy has encouraged licensed insolvency trustees to make every reasonable effort to hold meetings electronically during the pandemic and videoconference

meetings have been authorized by the Court in other CCAA proceedings on multiple occasions.

115. The proposed Meeting Order permits the Applicants, in consultation with the Monitor and with the approval of the Plan Sponsor, to may make any changes with respect to the date, time, and method of the Meeting as considered necessary or desirable in the circumstances.

Meeting Materials

116. The proposed Meeting Order approves the following (collectively, the “**Meeting Materials**”):

- (a) the Information Statement (a copy of which is attached as **Exhibit “H”** to the November Nadeau Affidavit);
- (b) the Notice of Meeting and Sanction Hearing (a copy of which is attached as **Exhibit “I”** to the November Nadeau Affidavit); and
- (c) the Proxy and Election Notice for Affected Creditors.

117. In consultation with the Monitor and with the approval of the Plan Sponsor, the Applicants may make such changes to the Meeting Materials, or prepare supplements to the Information Statement, as considered necessary or desirable in the circumstances.

118. Also pursuant to the proposed Meeting Order, the Monitor is directed to, *inter alia*, as soon as practicable after the granting of the Meeting Order:

- (a) post copies of the Meeting Materials and the Meeting Order on the Monitor’s Website, to remain posted until at least one (1) business day following the Plan Implementation Date;
- (b) send the Meeting Materials (by email, if known, otherwise by regular mail, fax or courier) to:
 - (i) all Affected Creditors with Affected Claims in respect of which a Proof of Claim has been filed in a proper and timely manner in accordance with the

Claims Procedure Order and that is not barred pursuant to the Claims Procedure Order;

- (ii) the parties listed on the Consolidated List Required Pursuant to Rule 1007(a)(4) of the Federal Rules of Bankruptcy Procedure filed on September 24, 2020 with the U.S. Court;
- (iii) the Service List; and
- (iv) any Affected Creditor or holder of a D&O Claim who makes a written request to the Monitor for a copy of the Meeting Materials;

(collectively, the “**Meeting Parties**”); and

- (c) cause notice of the Meeting to be published for a period of one (1) business day in *The Globe and Mail* (National Edition) and *USA Today* (National Edition).

119. The Monitor shall, in respect of any supplemental Information Statement, and any supplements or amendments to the Meeting Materials prepared:

- (a) promptly post such materials to the Monitor’s Website; and
- (b) if prior to the Meeting, send to the Meeting Parties; or if at the Meeting, provide notice to those present at the Meeting prior to the vote to approve the Plan.

Conduct at the Meeting

120. The proposed Meeting Order:

- (a) directs the Monitor to designate a representative to act as chair of the Meeting (the “**Chair**”) to decide all matters relating to the conduct of the Meeting, and to designate a secretary for the Meeting (the “**Secretary**”); and
- (b) authorizes the Monitor to appoint scrutineers (the “**Scrutineers**”) for the supervision and tabulation of the attendance, quorum and votes cast at the Meeting;
- (c) directs that the only Persons entitled to notice of, or to attend, the Meeting are:
 - (i) the Monitor and its counsel;
 - (ii) those entitled to vote at the Meeting pursuant to the Meeting Order (in person or by proxy) and their legal counsel and advisors;
 - (iii) the Applicants’ officers, legal counsel and advisors;
 - (iv) the CRO;
 - (v) the Plan Sponsor’s officers, legal counsel and advisors; and
 - (vi) the Scrutineers and Secretary.

Any other Person may be admitted to the Meeting on invitation of the Chair.

121. Quorum is one (1) Affected Creditor with an Affected Claim as of December 4, 2020 that is a Proven Claim (a “**Voting Claim**”).

Voting

122. The proposed Meeting Order provides that Affected Creditors with a Proven Claim or Unresolved Claim will be entitled to vote at the Meeting. Each Voting Claim shall have one (1) vote and a value equal to its Proven Claim. Votes in respect of Unresolved Claims will be counted but recorded separately (as described further below).

123. The Plan shall be approved by a majority in number of the Affected Creditors holding Voting Claims representing at least two-thirds in value of the Voting Claims that are in attendance personally or by proxy at the Meeting (the “**Required Majorities**”) voting in favour of the Plan. The result of the vote will be binding on all Affected Creditors, whether or not any such Affected Creditor was present at the Meeting or voted in respect of the Plan.
124. A voting Proxy must be received by the Monitor no later than 5:00 p.m. on the date that is three (3) business days prior to the Meeting, and the Chair is entitled to rely on such duly filed Proxy for voting at the Meeting.
125. Each Convenience Creditor with a Voting Claim shall be deemed to vote in favour of the Plan unless such Convenience Creditor has notified the Monitor in writing of its intention to vote against the Plan prior to the Meeting of Affected Creditors and does vote against the Plan at such Meeting either personally or by proxy.
126. If, after reviewing the votes cast at the Meeting, it appears that approval or rejection of the Plan by the Affected Creditors could be decided by the votes cast in respect of Unresolved Claims, the Applicants and the Monitor, in consultation with the Plan Sponsor and on notice to the Service List, will request this Court’s directions and, if necessary, a deferral of the Sanction Hearing (as defined below) and expedited determination of such Unresolved Claims, as appropriate.
127. The Monitor will file a report with the Court no later than three (3) business days following the Meeting, which shall be served on the Service List and posted on the Monitor’s Website as soon as practicable after it is filed with this Court, with respect to:
- (a) the results of the voting at the Meeting on the resolution to approve the Plan;
 - (b) whether the Required Majorities have approved the Plan;
 - (c) whether the votes cast in respect Unresolved Claims, if any, would affect the result of that vote; and
 - (d) any other matter that the Monitor considers relevant.

Conclusion

128. The Monitor expects that it will be able to complete the tasks that the proposed Meeting Order directs. The Monitor is satisfied that the Meeting Materials appropriately describe the material terms of the Plan. The Monitor is satisfied that the procedures in the Meeting Order will provide Affected Creditors with sufficient notice of the Meeting and an adequate opportunity to vote on the Plan.

XIV. SANCTION HEARING

129. Should the Plan be approved by the Required Majorities, the proposed Meeting Order directs the Applicants to bring seek the Sanction Order at the Sanction Hearing.

130. The Meeting Order further provides that any party who wishes to oppose the entry of the Sanction Order shall serve on the Service List a notice setting out the basis for such opposition and a copy of the materials to be used to oppose the granting of the Sanction Order at least two (2) business days before the Sanction Hearing Date, or such shorter time as this Court may allow.

XV. SEALING

131. The Applicants are seeking to seal the Liquidation Analysis attached as **Confidential Appendix “1”** to this Third Report until further Order of this Court, as it contains confidential financial and other information of the Applicants that could prejudice the Company if publicly available. The Monitor is supportive of the request for a sealing Order in the circumstances, as no creditor is anticipated to be prejudiced by same. The material conclusion in the Liquidation Analysis from the perspective of Affected Creditors is that no recovery is anticipated for them in a liquidation scenario. In the Monitor’s view, there is no material benefit to Affected Creditors, and the potential for material detriment to the Company, if the details of the Liquidation Analysis were to be disclosed.

XVI. MONITOR’S CONCLUSION AND RECOMMENDATIONS

132. The Applicants are seeking this Court’s approval of:

- (a) the Meeting Order;
- (b) the Flow-Through Payment Order; and
- (c) the Continued Equipment Payments Order.

133. For the stated reasons herein, the Monitor recommends that the Court grants the relief being sought by the Applicants, should the Court see fit to do so.

All of which is respectfully submitted this 16th day of November 2020.

KPMG Inc.
In its capacity as Monitor of
Hematite Group
And not in its personal or corporate capacity

Per:



Katherine Forbes
CPA, CA, CIRP, LIT
Senior Vice President



Tim Montgomery
CIRP, LIT
Vice President

APPENDIX “C” – Addendum to the Third Report of the Monitor

Court File No.: 20-00647824-00CL

HEMATITE GROUP

**ADDENDUM TO THE THIRD REPORT
OF KPMG INC., IN ITS CAPACITY AS
MONITOR**

December 10, 2020

**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
HEMATITE HOLDINGS INC., HEMATITE MANUFACTURING INC.,
HEMATITE INDUSTRIAL PRODUCTS INC., CANADIAN PAVACO INC.,
PAVACO HOLDINGS U.S. INC., HEMATITE, INC. AND
HEMATITE AUTOMOTIVE PRODUCTS INC.
(collectively "Hematite Group")**

Applicants

**ADDENDUM TO THE THIRD REPORT OF KPMG INC.
In its capacity as Monitor of the Applicants**

December 10, 2020

I. INTRODUCTION

1. This report is an addendum to the third report of KPMG Inc. in its capacity as monitor of the Applicants dated November 16, 2020 (the “**Third Report**”). This addendum to the Third Report (the “**Addendum to the Third Report**”) adopts the definitions contained in the Third Report.

II. PURPOSE OF ADDENDUM TO THE THIRD REPORT

2. The purpose of this Addendum to the Third Report is to provide holders of Affected Claims with updated information in respect of the estimated recoveries on Affected Claims, since the date of the Third Report, and in advance of the Meeting, which is scheduled to occur on December 11, 2020 at 11:00am [Toronto Time].

III. UPDATE ON ESTIMATED RECOVERIES ON AFFECTED CLAIMS

3. Since the date of the Third Report, the Monitor has received an additional 5 Claims in the amount of approximately \$5.6 million in aggregate (the “**Additional Late Claims**”).
4. As at the date of this Addendum to the Third Report, the Monitor has adjudicated the majority of Claims received, however the 10-day dispute period has not yet lapsed on several material Claims disallowed or revised by the Monitor. As a result, as at the date of this Addendum to the Third Report, Unresolved Claims are approximately \$12.7 million in aggregate, and the Monitor provisionally estimates that the aggregate Claims of Affected Creditors may be approximately \$7.9 million, as summarized below:

CLAIMS FILED - ESTIMATED AFFECTED CLAIMS		
<i>As at the date of this Addendum to the Third Report</i>		
Claims Status	#	Amount
Resolved Affected Claims ⁽¹⁾	129	\$ 7,869,381
Unresolved Affected Claims ⁽²⁾	30	\$ 12,733,212
Estimated Affected Claims	159	20,602,593
Less: Actual Convenience Creditor Claims ⁽³⁾	97	(915,225)
Estimated Affected Claims (excluding Convenience Creditors)	62	\$ 19,687,368
Creditor Distribution Pool		\$ 5,500,000
Less: Estimated Convenience Creditor Distributions ⁽³⁾		(468,314)
Remaining Creditor Distribution Pool		5,031,686
% Recovery on Estimated Affected Claims ⁽⁴⁾		26%
Notes		
1 Includes i) Claims that have been allowed by the Monitor, and ii) Claims for which the Monitor has issued a Notice of Disallowance or Revision, and the 10 day dispute period has elapsed.		
2 Includes i) Claims for which the Monitor has issued a Notice of Disallowance or Revision, and the 10 day dispute period has yet to elapse, and ii) Claims that the Monitor is in the process of reviewing.		
3 Includes i) all Affected Creditors with Claims less than the Election Amount (\$10k), and ii) claimants with Claims in excess of the Election Amount who elected to be a Convenience Creditor.		
4 Figures above include Additional Late Claims (5 claims in the amount of \$5.6M). Should these Additional Late Claims ultimately not be included in the Claims Procedure, the percentage recovery on Estimated Affected Claims would be approximately 36%.		

5. Assuming the foregoing, this would result in an estimated recovery on Claims filed, before the consideration of the Unresolved Claims Reserve, of 26% on a preliminary basis.
6. The Monitor is of the view that it is appropriate to admit these Additional Late Claims into the Claims Procedure for review and adjudication considering that Claimants have each provided a reasonable basis for late filing. The Monitor understands that the Applicants and the Plan Sponsor are also supportive of admitting these Additional Late Claims into the Claims Procedure, and that the Company intends to seek approval from the Court at the Sanction Hearing in order to do so.
7. Should the Additional Late Claims not be included in the Claims Procedure, this would result in an estimated recovery on Claims filed, before the consideration of the Unresolved Claims Reserve, of 36% on a preliminary basis.
8. As noted in the Third Report, at the Effective Time, all Affected Claims are released, discharged and barred in accordance with the Plan.

All of which is respectfully submitted this 10th day of December, 2020.

KPMG Inc.
In its capacity as Monitor of
Hematite Group
And not in its personal or corporate capacity

Per:



Katherine Forbes
CPA, CA, CIRP, LIT
Senior Vice President

A handwritten signature in blue ink that reads "G Bourikas".

George Bourikas
CIRP, LIT
Vice President

APPENDIX “D” – Excerpt of the Sales Representation Agreement

SALES REPRESENTATION AGREEMENT

This SALES REPRESENTATION AGREEMENT ("Agreement") is made and entered into to be effective February 1, 2010 by and between Pavaco Plastics Inc. ("Pavaco") having its principal place of business at 659 Speedvale Avenue West, Guelph, Ontario, Canada and The Stewart Company ("Representative"), having its principal place of business at 3415 Fujita Street, Torrance, California 90505.

It is mutually agreed that:

1. Relationship of Parties

Pavaco appoints Representative, and Representative agrees to act as the exclusive sales representative for all Products sold to Customers in the territory, as hereinafter defined. Representative is not granted any right except to solicit orders of the Products for Pavaco's approval. Representative shall not (i) enter into any contracts or accept any purchase orders on behalf of Pavaco (ii) assume or create any obligation or responsibility, express or implied in behalf of or in the name of Pavaco or bind Pavaco in any manner.

Representative will at all times act as an independent contractor, and nothing stated or implied herein shall be construed to make Representative, nor shall Representative in any way represent himself to be, an employee of Pavaco or any affiliated company.

Representative shall be solely responsible for, and hold Pavaco harmless from, any expenses Representative may incur in connection with the representation of Pavaco unless otherwise expressly provided herein.

2. Products

The Products of Pavaco which are subject to this Agreement shall be all products now offered by Pavaco to the automotive industry for application to motor vehicles including replacement parts, except pickup truck bed liners or parts thereof ("Products"), and such Products as may be offered hereafter by Pavaco so long as no conflict of interest exists by virtue of Representative's relationship with other principals that may prohibit Representative from acting as the sales representative for such Products.

the giving of Notice of Nonrenewal as set forth in paragraph 9 herein;

(b) Breach of this Agreement by either party following written notice of such breach ("Notice of Breach") and failures of such party to substantially cure the breach within sixty days of receiving such notice;

(c) Written notice to cancel by either party ("Notice to Cancel"), with or without cause, at any time during the term of this Agreement;

(d) The date of Termination shall be: (i) in the case of subparagraph (a), the end of the respective five-year term in which notice of Nonrenewal was received, or the last renewal period, whichever is applicable; (ii) in the case of subparagraph (b), sixty days following the Notice of Breach if it remains uncured; (iii) in the case of subparagraph (c) ninety days following receipt of Notice to Cancel.

11. Remedies

(a) At the end of the last renewal period or in the event one party gives the other party Notice of Nonrenewal, Representative shall be entitled to receive monthly the full commission on all sales of then current Products to Customers in the Territory for a period of two years following the Date of Termination. This clause shall be extended so as to include any new sales to Customers in the Territory that result in an order being received at Pavaco within ninety (90) days of the effective date of Termination.

(b) In the event of a default by Pavaco which remains uncured, or if Pavaco elects to cancel this Agreement prior to the end of any term, Pavaco shall pay to Representative a full commission on sales of all then current Products to Customers in the Territory for a period of three (3) years following the Date of Termination if such default or cancellation occurs during the initial term of this Agreement, and for a period of two (2) years following the Date of Termination if such default or cancellation occurs during subsequent terms. The commissions shall be payable monthly commencing on the Date of Termination. This clause shall be extended so as to include any new sales to Customers in the Territory that result in an order being received at Pavaco within ninety (90) days of the effective date of Termination.

(c) In the event of a default by Representative which remains uncured, or if Representative cancels this Agreement prior to the end of any term, Pavaco shall pay to Representative a commission on all sales of then current Products to Customers in the Territory for a period of one year following the Date of Termination. This clause shall be extended so as to include any new sales to Customers in the Territory that result in an order being received at Pavaco within ninety (90) days of the effective date of Termination.

(d) During any period of time where commissions are payable under this Agreement, Pavaco shall furnish Representative with a monthly summary of all sales of Products made to Customers in the Territory. In the event any sums payable hereunder are not promptly paid when due, the unpaid balance shall bear interest at an annual rate equal to the lesser of (i) five points above the federal discount rate then in effect, or (ii) the maximum rate permitted under the laws of the state of California.

(e) In the event either party employs an attorney to enforce any provision of this Agreement, the prevailing party shall be entitled to receive from the nonprevailing party its costs of arbitration and attorneys' fees.

(f) All disputes arising under this Agreement shall be resolved by Arbitration in Toronto, Ontario, Canada. Except as otherwise set forth in this Agreement, the commercial arbitration rules of the American Arbitration Association in effect at the Date of Termination shall be applied, including rules for selection of a single arbitrator, who shall have authority to determine the extent to which discovery may be conducted in any Arbitration hereunder. Decisions of the arbitrator shall be final and binding upon the parties and there shall be no judicial review thereof.

(g) In the event of a dispute, Representative and its agents shall have the right to conduct an audit of Pavaco books and records relating to sales of Products to Customers upon reasonable notice.

(h) The foregoing remedies are the exclusive remedies available to the parties hereto for breach of this Agreement, or cancellation thereof, and each party hereby waives any other remedies it may have in law or in equity against the other party.

12. Assignment

This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of all parties; provided that this Agreement shall not be assigned or transferred by Representative, directly or indirectly, without the prior written consent of Pavaco.

13. Notices

All notices, approvals and other communications provided for herein shall be validly given and made, if in writing and delivered or mailed, postage prepaid, certified mail, return receipt requested, addressed to the other party at the address of the party set forth above. Either party by notice as herein provided

APPENDIX “E” – Notice of Meeting and Sanction Hearing Globe & Mail Publication

U.S. cuts softwood duties on most Canadian producers

Montreal's Resolute singled out for increase over 'alleged subsidies that are tied to paper,' company says

BRENT JANG/VANCOUVER

The U.S. Department of Commerce is reducing duties for most Canadian softwood producers, but singled out **Resolute Forest Products Inc.** for higher rates.

In its latest assessment released on Tuesday, the Commerce Department said the combined countervailing and anti-dumping tariff will be 8.99 per cent imposed on most Canadian lumber producers, compared with 20.23 per cent currently.

The Commerce Department's decision will translate into lumber duties starting to fall next week. The duties will drop to 8.97 per cent from 23.56 per cent at **West Fraser Timber Co. Ltd.**, and fall to 4.92 per cent from 20.52 per cent at **Canfor Corp.**

West Fraser and Canfor are both based in British Columbia. J.D. Irving Ltd. of New Brunswick will see its duties decrease to 4.23 per cent from 19.38 per cent.

Montreal-based Resolute, however, faces an increase to 20.25 per cent from 17.90 per cent.

"Resolute is being counter-vailed for alleged subsidies that are tied to paper. Hence, Resolute is being penalized for being diversified, for being in Central Canada and for having to buy damaged wood," Resolute spokesman Seth Kursman said in a statement. The company also produces pulp and paper.

Susan Yurkovich, president of the BC Lumber Trade Council, said that while the lower rates for most producers are a step in the right direction, the duties in the long-running trade dispute are unwarranted.

"Our view is that we ultimately win these fights, but it takes a long time, a pile of resources and huge amounts of money," Ms. Yurkovich said in an interview.

"It's a massive distraction for what we should be doing is focusing on meeting demand for people globally who want to build and use wood."

Canada has already complained to the World Trade Organization. In August, the WTO sided with Canada, though that process has been stalled because the United States has refused to appoint its nominees to the WTO's appellate body, Ms. Yurkovich said.

The Commerce Department started imposing preliminary duties on Canadian lumber in April, 2017. The current tariffs of 20.23 per cent took effect in January,



A worker inspects lumber at the West Fraser Pacific Inland Resources sawmill in Smithers, B.C., in February. JESSE WINTER/REUTERS

2018, consisting of 14.19 per cent in countervailing duties and 6.04 per cent in anti-dumping levies. The new rates, which the Commerce Department set after its preliminary findings in February this year, are pegged at 7.42 per cent for countervailing and 1.57 per cent for anti-dumping.

No refunds are expected to be given to Canadian producers until the trade dispute is resolved, which could take another two or three years.

Zoltan van Heyningen, executive director of the U.S. Lumber Coalition, said his group will vigorously challenge the lower rates. "Cash deposits are held by the



A worker inspects lumber at the West Fraser Pacific Inland Resources sawmill in Smithers, B.C., in February. JESSE WINTER/REUTERS

United States until the final conclusion of litigation in these cases," he said in an e-mail to The Globe and Mail.

The issue of Canadian lumber shipments into the United States is not a direct part of the North American free-trade agreement nor the U.S.-Mexico-Canada Agreement (USMCA), but under NAFTA's Chapter 19, Canada and the United States agreed to set up trade panels to settle disputes. The USMCA, which took effect on July 1, retains that appeal process.

Tuesday's announcement "will have no effect on the over \$4.3-billion of Canadian lumber duties being held on deposit by the U.S.

government," CIBC World Markets Inc. analyst Hamir Patel said in a research note. "While we continue to believe the majority of these deposits will eventually be returned back to Canadian producers as part of an eventual softwood lumber agreement, we do not believe any deal is likely to materialize until late 2022 at the earliest."

Mr. Patel said the Canadian government and the incoming U.S. administration of president-elect Joe Biden won't likely focus on solving the softwood issue immediately since the dispute "is not currently causing any major job losses in Canada, given robust commodity prices."

The American lumber lobby has repeatedly argued that Canada dumps softwood into the United States at below market value. Canada counters that there have been no subsidies given to Canadian producers and no dumping into the U.S. market has occurred.

Preliminary findings from a second administrative review by the Commerce Department are expected in early 2021.

"The U.S. lumber industry will continue to push for the trade laws to be enforced to the fullest extent possible in the second administrative review to allow U.S. manufacturers and workers the chance to prosper," U.S. Lumber Coalition co-chairman Jason Brochu said in a statement.

Banking regulator warns against premature return of dividend hikes

JAMES BRADSHAW
BANKING REPORTER

Canada's banking regulator is cautioning against lifting restrictions on banks' dividend payments and share buybacks too soon as cases of the novel coronavirus spike again.

Since mid-March, the Office of the Superintendent of Financial Institutions has told the country's banks not to raise dividend payments or to buy back shares. The temporary measure compels banks to reserve capital as a cushion against the possibility of further shocks to the economy or the financial system.

OSFI superintendent Jeremy Rudin, in a speech delivered virtually to risk managers at banks on Monday, said that capital will be its top concern if the economy takes a sharp turn for the worse. As a result, OSFI will only consider relaxing its controls on bank capital when there are "few if any" plausible scenarios that could cause that to happen, he said.

"This means that there is no set date nor specific economic indicator that will trigger our decision."

Mr. Rudin added that the regulator will err on the side of caution when considering

payouts to investors. As long as the restrictions are in place, he suggested, banks can hang on to surplus capital and return it to investors after the pandemic is over. But he said that if financial institutions are allowed to use it too soon, and the economy falters again, that capital "cannot be recaptured when it is needed."

"From our perspective, keeping the restrictions on a bit too long is not as serious a mistake as taking them off too soon," he said.

In spite of promising results from clinical trials of vaccine candidates, as a regulator, "it is my job to remind you that it can get worse before it gets better," Mr. Rudin told the bankers in his speech. "In severe but still plausible scenarios, it could get much worse."

With the restrictions in place, banks have stockpiled billions of dollars in excess capital, and some analysts are predicting that a key capital ratio will improve again for many banks when they report fiscal fourth-quarter earnings next week.

In late August, when an analyst asked on a conference call whether Royal Bank of Canada had too much capital, chief executive officer Dave McKay responded: "No, I would say we're appropriately reserved," and added: "The capital is not burning a hole in our pocket."

Former PI Financial owner accused of fraud

MARK RENDELL
CAPITAL MARKETS REPORTER

The former owner of Vancouver-based investment bank PI Financial Corp. is facing accusations of fraud after allegedly falsifying documents and creating fake brokerage accounts to borrow approximately \$72-million, part of which he used to purchase PI Financial.

Gary Ng, co-founder of Winnipeg-based broker Chippingham Financial Group Ltd., acquired PI Financial for \$100-million in 2018 through a personal holding company. He financed the all-cash deal with a pair of loans — worth \$80-million and \$20-million — that were supposedly secured against assets he claimed he held in his own investment accounts. He borrowed an additional \$72-million in 2019 and 2020 for separate deals.

According to a statement of allegations filed by the Investment Industry Regulatory Organization ahead of a disciplinary hearing, Mr. Ng greatly inflated his net worth to fool three lenders: an unnamed U.S. investment firm, an unnamed Canadian "asset management firm," and an unnamed Canadian "private company." He altered documents to put his name on corporate client accounts he did not own and created fake accounts and account balances, which were used as collateral for the loans, IIROC alleges.

Mr. Ng and Metcalfe perpetrated a fraudulent scheme by deceiving lenders into providing them with millions of dollars in loans in reliance on falsified and fictitious documentation purportedly evidencing substantial financial assets as security when this was not true, IIROC said in the statement of allegations.

When reached by phone, Mr. Ng declined to comment. The Globe was unable to reach Mr. Metcalfe for comment.

The IIROC hearing against Mr. Ng and Mr. Metcalfe is scheduled to begin in January. They face fines of up to \$5-million for each offence and a permanent ban from participation in the Canadian securities market, among other penalties. The allegations have not been proven.

PI Financial, a mid-sized investment bank with more than 300 employees, is no longer owned by Mr. Ng. In July the company announced that its ownership was being transferred to a joint venture controlled by H.I.G. Capital and RCM Capital Management. The company did not give any explanation for the sale at the time.

IIROC says that PI Financial reported Mr. Ng and Mr. Metcalfe's fraudulent behaviour after becoming aware of it in late January, 2020.

"We identified unusual correspondence during an unrelated document request," PI Financial said in a statement about the allegations.

"[We] immediately alerted our regulators, and have been co-operating with IIROC on its investigation. None of the alleged misconduct was related to the firm's capital or client accounts, and throughout this entire period we have been serving our clients as usual — there has been no impact on our operations whatsoever," the firm said.

Mr. Ng and Mr. Metcalfe, who served as chairman and vice-chairman of PI Financial, respectively, resigned from the company in February. Both failed to show up for scheduled interviews with IIROC and face counts of failing to co-operate with investigators.

Over the past several years, 36-year-old Mr. Ng had presented himself to investors and the media as a financial prodigy. As IIROC puts it: "[He] represented himself to others as an extremely successful businessperson who created enormous personal wealth through highly successful technology, real estate and manufacturing investments in Canada and China."

Mr. Ng co-founded Chippingham Financial in Winnipeg in 2012. In 2018, he began acquiring other financial services firms through his holding company, Ng Group, including Montreal-based Rothenberg Capital Management Inc. and PI Financial.

During its investigation, IIROC found no evidence that PI Financial clients had suffered losses as a result of the alleged fraud.

"There has been no suggestion that PI was re-miss in its procedures, however, in light of the issues raised in this investigation we undertook a review of our internal controls," PI said in a statement. "That review concluded that PI's controls and governance were and are not deficient. We continue to co-operate with regulators in this matter."

JPMORGAN FINED FOR FAILINGS IN ASSET, WEALTH BUSINESS

WASHINGTON **JPMorgan Chase & Co.** has agreed to pay US\$250-million for risk management and other control failings in its asset and wealth management business, a U.S. regulator said Tuesday, in the second chunky penalty for the bank in less than two months.

The Office of the Comptroller of the Currency (OCC) said it found that JPMorgan's risk management practices were "deficient and it lacked sufficient controls to avoid conflicts of interest."

The bank has since remediated the deficiencies that led to this action, it said.

JPMorgan boasts one of the world's largest and most complex asset and wealth management businesses, with US\$1.3-trillion in fiduciary assets and US\$27.8-trillion of non-fiduciary custody assets, the OCC said.

For several years, however, the company operated a weak management and control framework for its fiduciary activities and had an insufficient audit program for, and inadequate internal controls over, those activities, the OCC said.

In its consent order with the bank, the OCC did not require changes to the way the bank manages client assets. REUTERS

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LEGALS

COURT FILE NO. CV-20-00647824-00CL
IN THE 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 HEMATITE HOLDINGS INC., HEMATITE MANUFACTURING INC.,
HEMATITE INDUSTRIAL PRODUCTS INC., CANADIAN PAVACO INC.,
PAVACO HOLDINGS U.S. INC., HEMATITE INC. AND
HEMATITE AUTOMOTIVE PRODUCTS INC. (the "Applicants")

NOTICE OF MEETING AND SANCTION HEARING

This notice is being published pursuant to the order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated November 18, 2020 (the "Meeting Order") which established the procedures for the Applicants to conduct a meeting of their creditors to vote on the plan of compromise, arrangement and reorganization of the Applicants (the "Plan") under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") and the *Business Corporations Act* (Ontario). All capitalized terms used in this notice that are not defined herein have the meaning given to them in the Plan and the Meeting Order.

The Meeting will be held at the following date, time and location:

Date: December 11, 2020
Time: 11:00 a.m. (Eastern Time)
Location: Videconference

Only those Affected Creditors holding Affected Claims that are Proven Claims or Unresolved Claims will be eligible to attend the Meeting and vote on the resolution to approve the Plan, either personally or by proxy. Any proxy must be sent by e-mail, or only if it cannot be sent by e-mail, delivered to the Monitor in each case so that it is received by no later than 5:00 p.m. (Toronto Time) on the date that is three (3) Business Days prior to the Meeting or any adjournment of the Meeting.

If the Plan is approved at the Meeting and the other necessary conditions are met, the Applicants intend to apply to the Court for an Order sanctioning the Plan pursuant to the CCAA (the "Sanction Order") on December 18, 2020 (the "Sanction Hearing"). Any person wishing to oppose the relief sought at the Sanction Hearing must serve on the Service List a notice providing the basis for such opposition and a copy of the materials to be used to oppose the granting of the Sanction Order at least two (2) Business Days before the date set for the Sanction Hearing, or such shorter time as the Court, by Order, may allow.

Copies of the Plan, the Meeting Order, the Information Statement prepared by the Applicants and a Proxy and Election Notice and other information is available on the Monitor's Website at following URL: <http://home.kpmg.ca/hematitegroup>.

KPMG Inc.
Court-appointed Monitor of the Applicants

Attention: Jajo Tang
333 Bay Street, Suite 4600
Toronto, ON, M5H 2S5

Telephone: (416) 777 3978
Fax: (416) 777 3364
Email: hematitegroup@kpmg.ca



APPENDIX “F” – Minutes of the Meeting

**MINUTES OF THE MEETING
OF THE AFFECTED CREDITORS OF
HEMATITE GROUP (“HEMATITE” OR THE “COMPANY”)**

Date	December 11, 2020
Location	Meeting held via Teleconference due to COVID-19
Time	11:00 AM (Toronto time)
Persons in Attendance	See attendance Register attached hereto as Schedule “A”.
Chair	Katherine J. Forbes of KPMG Inc., the Court-appointed Monitor of Hematite.
Secretary	George Bourikas of KPMG Inc.
Scrutineer	Zack Burstein of KPMG Inc.
Technical Support	Timothy Montgomery of KPMG Inc.

In these minutes of the meeting of the Affected Creditors of Hematite (the “**Meeting**”), capitalized terms used and not otherwise defined shall have the meanings given to them, as applicable, in the Company’s Plan of Compromise, Arrangement and Reorganization dated November 18, 2020 (the “**Plan**”) or the Meeting Order of the Ontario Superior Court of Justice (Commercial List) dated November 18, 2020 (the “**Meeting Order**”).

The Chair called the Meeting to order at 11:03 AM (Toronto time) on December 11, 2020.

The Chair introduced the persons in attendance at the Meeting on behalf of the Company, the Plan Sponsor, and the Monitor, which included an announcement of the various roles in the meeting (i.e. Attendance, Chair, Secretary, Scrutineer, Technical Support), and that the Meeting would be recorded by the Monitor for the purposes of the Monitor’s records.

The Chair proceeded to explain the primary purpose of the Meeting, outlined the contents of the Meeting, and covered certain housekeeping items that related to the conduct of a virtual meeting. The Chair explained that any Meeting attendee experiencing technical difficulties could reach out to Technical Support directly for assistance.

The Chair referenced the supplemental information provided to creditors by the Monitor in advance of the meeting, and explained that there were certain claims received by the Monitor after the Claims Bar Date, and that the Hematite Group, the Plan Sponsor and the Monitor were prepared to register the late claims and record votes in respect of those claims, and that the results on the vote on the Plan would be tabulated both including and excluding these late claims, and announced at the end of the Meeting.

The Chair outlined who was eligible to attend the Meeting and asked that anyone in attendance who was not eligible to either identify themselves or disconnect from the call. At 11:16 AM (Toronto time) the Chair announced that quorum pursuant to the Meeting Order was established.

The Chair proceeded to provide an overview of:

- a. The Notice of the Meeting that was provided to all Affected Creditors;
- b. The CCAA proceedings;
- c. The Plan; and
- d. The Monitor's recommendation for Affected Creditors to vote in favour of the Plan.

The Chair took a pause to allow for questions from Meeting attendees. No questions were raised.

The Chair continued to explain the procedures governing the upcoming vote on the Plan and paused to allow for questions from Meeting attendees.

Jeremy Herman, being counsel to Gerald Larocque (a former employee of the Hematite Group who had filed an unsecured claim in the proceedings), raised a question about the effects that the Plan would have on his client's claim if it was passed. Trevor Courtis of McCarthy Tétrault, being counsel to the Hematite Group, explained that all Affected Claims would receive a pro-rata distribution of the funds available for distribution, based on the amount of their claim. Mr. Courtis referred to the Monitor's Addendum to the Third Report which estimated that the distribution on Affected Claims is approximately 25%.

The Chair proceeded to read the Resolution that would be voted on, as follows:

BE IT RESOLVED THAT:

The Plan of Compromise, Arrangement, and Reorganization of:

- HEMATITE HOLDINGS INC.,
- HEMATITE MANUFACTURING INC.,
- HEMATITE INDUSTRIAL PRODUCTS INC.,
- CANADIAN PAVACO INC.,
- PAVACO HOLDINGS U.S. INC.,
- HEMATITE, INC., AND
- HEMATITE AUTOMOTIVE PRODUCTS INC.

Presented to the Affected Creditors at the Meeting is hereby authorized and approved.

The Chair, holding the Proxy of A.V. Gauge & Fixture Inc., made the motion to approve the Resolution. Andrew Harmes, being counsel to Mitsubishi Chemical Advanced Materials Inc. seconded the motion. The Chair called for any opposition to the motion, for which there was none.

The Chair called any Affected Creditor in attendance who had i) yet to file a proxy to vote, or ii) filed a proxy to vote, but wished to change their vote, to proceed to cast their vote.

The Chair made a final call for votes and asked the Scrutineer to tabulate all votes received. The results of the vote to approve the Resolution were announced as follows:

RESOLVED CLAIMS ONLY	Claims (#)	%	Claims (\$)	%
Votes For Plan	111	99%	6,759,860.92	98%
Votes Against Plan	1	1%	105,837.42	2%
Total Votes	112	100%	6,865,698.33	100%

INCLUDING ABOVE & UNRESOLVED CLAIMS	Claims (#)	%	Claims (\$)	%
Votes For Plan	122	98%	13,101,917.77	99%
Votes Against Plan	2	2%	171,446.52	1%
Total Votes	124	100%	13,273,364.28	100%

INCLUDING ABOVE & ADDITIONAL LATE CLAIMS	Claims (#)	%	Claims (\$)	%
Votes For Plan	126	98%	18,721,040.22	99%
Votes Against Plan	2	2%	171,446.52	1%
Total Votes	128	100%	18,892,486.74	100%

The Chair explained that the Resolution had been passed by the required majorities, declared the Plan approved by the class of Affected Creditors, and explained that the Hematite Group would proceed with its motion to have the Plan sanctioned by the Court on December 18, 2020.

Andrew Harmes, being counsel to Mitsubishi Chemical Advanced Materials Inc. brought a motion to terminate the Meeting. The Chair, holding the Proxy of A.V. Gauge & Fixture Inc., seconded the motion to terminate the Meeting. The Chair called for any opposition to the motion, for which there was none, and proceeded to terminate the Meeting.

The Meeting was terminated at 11:47 AM (Toronto time).

SCHEDULE "A"
ATTENDANCE REGISTER

Attendance Register	
Hematite Group Creditor's Meeting - December 11, 2020	
Company Name	Representative Name
Mccarthy Tetrault LLP	Trevor Courtis
KPMG Inc	Katherine J. Forbes
KPMG Inc	Tim Montgomery
KPMG Inc	George Bourikas
KPMG Inc	Zack Burstein
KPMG Inc	Manoj Oommen
KPMG Inc	Jojo Tang
Gowling (WLG) Canada LLP	Clifton Prophet
Gowling (WLG) Canada LLP	David Cohen
Bennett Jones LLP	Raj Sahni
Goodmans LLP	Andrew Harmes
Hematite Group	Jacques Nadeau
Hematite Group	Blair Davidson
Dentons Canada LLP	Robert Kennedy
Dickinson Wright LLP	Lisa S. Corne
Toyota Tsusho America & Toyota Tsusho Canada	Gerry Beckett
Abate Energy Group Inc	John O'Neill
Mitsubishi Chemical Advanced Materials Inc	Andrew Harmes
9982698 Canada Ltd	John O'Neill
Pinnacle Capital Partners	Mike Panayi
The Robert D. Stewart Company	Jonathan Yantzi
Tenowo Inc	Roger Boschung
Mintz Global Screening Inc	Lyne Sigouin
Chillers Inc	Siegfried Wiebe
Everworks Inc	Lisa Peck
Loose Plastics Inc	Bryant Brandel
Nothern Stampings Inc	Austin Fletcher
N/A	Jeremy Herman

APPENDIX “G” – The Plan

**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
HEMATITE HOLDINGS INC., HEMATITE MANUFACTURING INC.,
HEMATITE INDUSTRIAL PRODUCTS INC., CANADIAN PAVACO INC.,
PAVACO HOLDINGS U.S. INC., HEMATITE, INC. AND
HEMATITE AUTOMOTIVE PRODUCTS INC.**

Applicants

PLAN OF COMPROMISE, ARRANGEMENT AND REORGANIZATION

November 18, 2020

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PLAN OF COMPROMISE, ARRANGEMENT AND REORGANIZATION

This is the plan of compromise, arrangement and reorganization of the Hematite Group pursuant to the CCAA and OBCA.

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In the Plan:

“**Administration Reserve**” is defined in Section 5.2.

“**Affected Claim**” means any Claim that is not an Unaffected Claim and includes, for greater certainty, a Tooling Claim, a Restructuring Claim and an Equity Claim.

“**Affected Creditor**” means a Creditor with an Affected Claim.

“**Applicable Law**” means:

- (i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty, as well as the common law; and
- (ii) any applicable and enforceable rule, regulation, requirement, order, judgment, injunction, award or decree of a Governmental Authority.

“**Articles of Reorganization**” means, as applicable to each of Hematite Holdings and Hematite Industrial:

- (i) the articles of reorganization of Hematite Holdings attached as Schedule A; and
- (ii) the articles of reorganization of Hematite Industrial attached as Schedule B.

“**Assigned TD Loans**” means the loans and other indebtedness assigned to the DIP Lender pursuant to the assignment and assumption agreement dated September 21, 2020 between The Toronto-Dominion Bank, the DIP Lender and certain members of the Hematite Group, among others;

“**Available Cash**” means the aggregate of Cash on Hand and the Plan Funding Amount.

“**BDC**” means BDC Capital Inc.

“**BDC A&R Loan Agreement**” means an amended and restated loan agreement between BDC (as lender), Hematite Manufacturing (as borrower) and certain others, in form and content satisfactory to each, providing for the restructuring of the existing loan by BDC to Hematite Manufacturing on terms consistent with the term sheet attached to the letter agreement between BDC, Hematite Manufacturing and certain others dated September 17, 2020.

“**Business Day**” means a day other than a Saturday, Sunday, statutory or civic holiday in Toronto, Ontario.

“**Cash on Hand**” means the cash on hand of the Hematite Group immediately prior to the Effective Time which, for greater certainty, does not include the Plan Funding Amount.

“**CCAA**” means the *Companies’ Creditors Arrangement Act* (Canada).

“**CCAA Charges**” means all court-ordered charges created by the Initial Order or any subsequent order in the CCAA Proceedings.

“**CCAA Priority Payment Claims**” means claims for amounts required to be paid by sections 6(3), (5) and (6) of the CCAA.

“**CCAA Proceedings**” means the proceedings under the CCAA in respect of the Hematite Group, commenced by the Initial Order.

“**Certificate of Amendment**” means, in the case of the Articles of Reorganization of each of Hematite Holdings and Hematite Industrial, the certificate of amendment to be issued under section 186 of the OBCA in respect of the Articles of Reorganization.

“**Chapter 15 Proceedings**” means the proceedings commenced by the Hematite Group on September 22, 2020 pursuant to Chapter 15 of the U.S. Bankruptcy Code.

“**Claim**” means:

- (i) any right or claim of any Person that may be asserted or made in whole or in part against any member of the Hematite Group, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever and any interest accrued thereon and costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) and, whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, surety, insurance deductible or otherwise, and whether or not such right is executory or anticipatory in nature including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or to be commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing prior to the Filing Date or relates to a time period prior to the Filing Date, and includes any other claims that would have been claims provable in bankruptcy had such member of the

Hematite Group become bankrupt on the Filing Date and also includes an Equity Claim and a Secured Claim, and

- (ii) any Restructuring Claim,

provided, however, that “Claim” does not include any investigation, action, suit, order or proceeding in respect of any member of the Hematite Group by or before a regulatory body (as defined in the CCAA), unless such investigation, action, suit, order or proceeding constitutes a “claim” within the meaning of the CCAA.

“**Claims Procedure Order**” means the claims procedure order of the Court made on October 13, 2020 and any supplemental claims procedure order made in respect of the process governing the proof of claims, in each case as amended from time to time.

“**Convenience Creditor**” is defined in Section 3.4(2)(a).

“**Court**” means the Ontario Superior Court of Justice (Commercial List).

“**Creditor**” means a Person having a Claim and includes the transferee or assignee of a transferred Claim that is recognized as a Creditor by the Monitor in accordance with the Claims Procedure Order, or a trustee, liquidator, receiver, receiver and manager or other Person acting on behalf of such Person.

“**Creditor Distribution Pool**” means \$5.5 million to fund distributions to Affected Creditors with Proven Claims as provided in the Plan, which amount includes the amount to be held in the Unresolved Claims Reserve but does not include the amount to be held in the Administration Reserve.

“**CRO**” means Mr. Blair Davidson.

“**Customers**” means Toyota Motor Engineering & Manufacturing North America, Inc., FCA US LLC, Ford Motor Company and their respective subsidiaries and affiliates.

“**D&O Claim**” is defined in the Claims Procedure Order.

“**DIP Lender**” means Woodbridge Foam Corporation.

“**DIP Loan**” means the loan provided by the DIP Lender to the Hematite Group pursuant to the revolving DIP loan agreement dated as of September 17, 2020, as amended from time to time.

“**Director**” means any Person who, as at the Effective Time, is a former or present director or officer of any member of the Hematite Group or any other Person of a similar position or who by Applicable Law is deemed to be or is treated similarly to a director or officer of a member of the Hematite Group or who currently manages or supervises the management of the business and affairs of a member of the Hematite Group or did so in the past.

“**Distribution Date**” means a Business Day upon which distributions are made by the Hematite Group to Affected Creditors in accordance with the provisions of the Plan.

“Distribution Record Date” means the date that is seven (7) Business Days prior to the Plan Implementation Date.

“Effective Time” means such time on the Plan Implementation Date as the Hematite Group and the Plan Sponsor may determine.

“Election Amount” means \$10,000.

“Election Notice” means a duly and timely filed election in the form contemplated by the Meeting Order pursuant to which an Affected Creditor with Proven Claims exceeding in aggregate the Election Amount elects to receive, subject to the terms and implementation of the Plan, payment of the Election Amount as a Convenience Creditor in full satisfaction of such Proven Claims pursuant to Section 3.4(2)(a).

“Employees” means all individuals currently or formerly employed by a member of the Hematite Group immediately prior to the Effective Time, whether on a full-time, part-time, salaried, hourly, unionized or non-unionized basis, including current employees on long-term disability or any other leave of absence, but which term, for greater certainty, does not include contractors.

“Encumbrance” means any mortgage, charge, pledge, lien (statutory or otherwise), hypothec, security interest (whether contractual, statutory or otherwise), encumbrance, statutory or possessory lien, trust or deemed trust (whether contractual, statutory or otherwise), execution, levy, charge, interest in property, or other financial or monetary claim or lease of personal property that creates a security interest, in respect of any assets that the Hematite Group owns or to which the Hematite Group is entitled or that secures payment or performance of an obligation, or similar charge of any kind.

“Equity Claim” means a Claim that constitutes an “equity claim” as that term is defined in section 2 of the CCAA, excluding any Claim by a member of the Hematite Group against another member of the Hematite Group.

“Existing Agreement” is defined in Section 8.2(m);

“Existing Shares” means, in the case of each of Hematite Holdings and Hematite Industrial, the common shares and any other shares or similar securities in its capital immediately prior to the Plan Implementation Date.

“Filing Date” means September 18, 2020.

“Governmental Authority” means any domestic or foreign legislative, executive, judicial or administrative body or Person having jurisdiction in the relevant circumstances.

“Hematite Group” means the Applicants in the CCAA Proceedings.

“Hematite Holdings” means Hematite Holdings Inc.

“Hematite Industrial” means Hematite Industrial Products Inc.

“**Hematite Manufacturing**” means Hematite Manufacturing Inc.

“**Initial Distribution Date**” means the first Distribution Date determined by the Hematite Group, which will be as soon as practicable following the Plan Implementation Date.

“**Initial Order**” means the order obtained from the Court upon application by the Hematite Group on the Filing Date commencing the CCAA Proceedings, as amended and/or amended and restated from time to time.

“**Insured Claims**” is defined in Section 2.3(j).

“**Meeting**” means the meeting of Affected Creditors to consider and vote on the Plan held pursuant to the Meeting Order.

“**Meeting Order**” means the order directing the calling and holding of the Meeting of Affected Creditors to consider and vote on the Plan, as amended from time to time, in form and content satisfactory to the Hematite Group and the Plan Sponsor.

“**Monitor**” means KPMG Inc., in its capacity as the monitor appointed pursuant to the Initial Order, and any successor thereto appointed in accordance with any further order of the Court.

“**New Common Shares**” means, in the case of each of Hematite Holdings and Hematite Industrial, the new common shares contemplated by its Articles of Reorganization and created upon the issuance of the related Certificate of Amendment.

“**New Redeemable Shares**” means, in the case of each of Hematite Holdings and Hematite Industrial, the new redeemable shares to be issued in exchange for the Existing Shares, in accordance with and as contemplated by its Articles of Reorganization and upon the issuance of the related Certificate of Amendment.

“**Non-Released Claims**” means, collectively: (i) the right to enforce against the Hematite Group its obligations under the Plan; (ii) the right to enforce the Unaffected Claims against the Hematite Group; (iii) solely as against a Director in his or her capacity as such, any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA; (iv) any claim against a Released Party, based on facts not known by the claimant prior to the Effective Time nor reasonably capable of being known prior to the Effective Time, if the Released Party is determined by a final order of a court of competent jurisdiction to have committed fraud; (v) any claim against the Hematite Group for the purchase or supply of goods or services delivered after the Filing Date; and (vi) the right to enforce against the Hematite Group any agreement in force on the Plan Implementation Date that was entered into by the Hematite Group between the filing of the Plan and the Plan Implementation Date, or, subject to the terms of the Sanction Order contemplated by Section 8.2(m) of the Plan, that was entered into prior to the Filing Date and not disclaimed during the CCAA Proceedings pursuant to the applicable paragraph of the Initial Order and related provision of the CCAA.

“**OBCA**” means the *Business Corporations Act* (Ontario).

“**Order**” means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Authority.

“**Person**” means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency, officer or instrumentality thereof or any other entity.

“**Plan**” means this plan of compromise, arrangement and reorganization of the Hematite Group pursuant to the CCAA and OBCA, including all Schedules.

“**Plan Funding Amount**” means the amount needed by the Hematite Group, in excess of the Cash on Hand at the Effective Time, to fund the Creditor Distribution Pool (including the Unresolved Claims Reserve) in accordance with Article 5, to fund the Administration Reserve, to pay all amounts set out in Section 6.2 to the extent they are not already paid prior to the Effective Time, to make any other payments to be made by the Hematite Group pursuant to or as otherwise contemplated by the Plan, and to leave the Hematite Group with a sufficient amount of cash for working capital purposes immediately after the Effective Time as determined by the Hematite Group and the Plan Sponsor in accordance with the Plan Sponsor Agreement.

“**Plan Implementation Conditions**” is defined in Section 9.1.

“**Plan Implementation Date**” means the date of the Certificate of Amendment.

“**Plan Sponsor**” means Woodbridge Foam Corporation.

“**Plan Sponsor Agreement**” means the plan sponsor agreement between the Hematite Group and the Plan Sponsor made as of September 17, 2020, as amended from time to time.

“**Proof of Claim**” means a proof of claim filed in accordance with the Claims Procedure Order.

“**Proven Claim**” means a Claim (or the portion thereof) that has been finally determined: (i) in the case of an Affected Claim, for voting and distribution purposes; and (ii) in the case of any Unaffected Claim, for the purposes of any payment or performance thereof contemplated by the Plan, in each case in accordance with the Claims Procedure Order or any other Order of the Court.

“**Released Parties**” is defined in Section 7.1.

“**Released Claims**” means any and all demands, claims (including claims for contribution or indemnity), actions, causes of action, counterclaims, suits, debts, sums of money, liabilities, accounts, covenants, damages, judgments, orders (including orders for injunctive relief or specific performance and compliance orders), expenses, executions, encumbrances and recoveries on account of any liability, obligation, demand or cause of action of whatever nature (including for, in respect of or arising out of environmental matters, pensions or post-employment benefits or alleged oppression, misrepresentation, wrongful conduct, fraud or breach of fiduciary duty by any member of the Hematite Group or its Representatives) that any Creditor or other Person has or may be entitled to assert, whether known or unknown, matured or unmatured, contingent or actual, direct, indirect or derivative, at common law, in equity or under

statute, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act, omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing, matter or occurrence existing or taking place at or prior to the Effective Time, or such later time as actions are taken to implement the Plan and the Transaction, that in any way relate to or arise out of or in connection with (i) any Claims, including Claims that are enumerated in section 19(2) of the CCAA and that are compromised under the Plan in accordance with such section as a consequence of the applicable Creditor's vote in favour of or other form of consent to the Plan; (ii) the assets, obligations, business or affairs of each of the members of the Hematite Group; (iii) the CCAA Proceedings or any matter or transaction involving any of the members of the Hematite Group occurring in or in connection with the CCAA Proceedings (including the Plan, the Plan Sponsor Agreement, the Transaction and the development of each); or (iv) any D&O Claims, including Affected Claims and D&O Claims but excluding Non-Released Claims.

“Representatives” means, in relation to a Person, such Person's current and former directors, officers, partners, employees, consultants, legal counsel, actuaries, advisers and agents, including their respective heirs, executors, administrators and other legal representatives, successors and assigns, and each of their respective employees and partners.

“Restructuring Claim” means any right of any Person against any member of the Hematite Group in connection with any indebtedness, liability or obligation of any kind owed to such Person arising out of the disclaimer, restructuring, repudiation or termination after the Filing Date of any contract, lease, agreement or other arrangement, whether written or oral, including any such right of an employee arising as a result of the termination of employment of such employee on or after the Filing Date, provided that a “Restructuring Claim” does not include any Unaffected Claim.

“Restructuring Steps” is defined in Section 4.2.

“Sanction Order” means the order to be made under the CCAA and OBCA sanctioning the Plan, approving the Articles of Reorganization, and providing for the releases and other relief contemplated in the Plan, as such order may be amended from time to time, in form and content satisfactory to the Hematite Group and the Plan Sponsor.

“Schedules” is defined in Section 1.5.

“Secured Claims” means all Proven Claims of a Creditor to the extent that they are secured by a valid Encumbrance that is duly and properly registered or otherwise perfected in accordance with Applicable Law in the appropriate jurisdiction as of the Filing Date or thereafter to the extent permitted by the Initial Order or a further Order of the Court, to the extent of the value of such Encumbrance as at the Filing Date (having regard to the value of the assets subject to such Encumbrance and the priority of such Encumbrance) and which Claims are entitled to be proven as secured claims pursuant to the provisions of the CCAA.

“Subscription Agreement” means the subscription agreement between the Plan Sponsor, Hematite Holdings and Hematite Industrial, to be entered into prior to the Plan Implementation Date, providing for the subscription by the Plan Sponsor for New Common Shares of each of Hematite Holdings and Hematite Industrial, for an aggregate purchase price equal to the Plan

Funding Amount (to be allocated between Hematite Holdings and Hematite Industrial in the manner contemplated by the subscription agreement), in form and content satisfactory to the Plan Sponsor, Hematite Holdings and Hematite Industrial.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Tooling Claim**” means an Affected Claim or portion thereof that relates to the unpaid purchase price for tooling for a Customer ordered by and delivered to a member of the Hematite Group.

“**Tooling Claim Amount**” means, at the time it is being determined, the original amount of a Tooling Claim that is a Proven Claim, less all Tooling Payments in respect of the Tooling Claim, if any, made to the Affected Creditor up to such time and that were not taken into account in the determination of the original amount of the Tooling Claim.

“**Tooling Payment**” means a payment made by the Hematite Group after the Filing Date on account of a Tooling Claim, whether from a Tooling Receipt or otherwise (including the portion of any distribution in respect of an Affected Claim attributable to a Tooling Payment Amount, as contemplated by Section 3.7).

“**Tooling Receipt**” means a payment received by the Hematite Group from a Customer after the Filing Date for tooling that is the subject of a Tooling Claim.

“**Transaction**” means the restructuring of the obligations of the Hematite Group and the acquisition of Hematite Holdings and Hematite Industrial by the Plan Sponsor (and/or one or more of its affiliates) by way of the Plan, the Plan Sponsor Agreement and the CCAA Proceedings, and all transactions contemplated thereby or as conditions thereto.

“**Unaffected Claim**” is a Claim identified in Section 2.3.

“**Unaffected Creditor**” means a Creditor with an Unaffected Claim.

“**Uncashed Distribution**” is defined in Section 6.6(2).

“**Undeliverable Distribution**” is defined in Section 6.6(1).

“**Unresolved Claim**” means an Affected Claim (or the portion thereof) that at the relevant time is not a Proven Claim and is not barred pursuant to the Claims Procedure Order, but in respect of which a Proof of Claim has been filed in a proper and timely manner in accordance with the Claims Procedure Order.

“**Unresolved Claims Reserve**” is defined in Section 5.2.

1.2 Certain Rules of Interpretation

For the purposes of the Plan:

- (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and

conditions means that such document will be substantially in such form or substantially on such terms and conditions;

- (b) any reference in the Plan to an Order or an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified or supplemented;
- (c) unless otherwise specified, all references to currency are in Canadian dollars;
- (d) the division of the Plan into “Articles” and “Sections” and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of “Articles” and “Sections” intended as complete or accurate descriptions of the content thereof;
- (e) the use of words in the singular or plural, or with a particular gender, including a definition, will not limit the scope or exclude the application of any provision of the Plan or a schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (f) the words “includes” and “including” and similar terms of inclusion will not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather will mean “includes but is not limited to” and “including but not limited to”, so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive;
- (g) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day means prior to 5:00 p.m. (Toronto time) on such Business Day;
- (h) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;
- (i) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature or Governmental Authority includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;
- (j) references to a specified “Article” or “Section” will, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified article or section of the Plan, whereas the terms “the Plan”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions will be deemed

to refer generally to the Plan and not to any particular article, section or other portion of the Plan and includes any documents supplemental hereto; and

- (k) references to “Affected Creditor”, “Secured Creditor” or “Unaffected Creditor” refer to Creditors of the applicable member of the Hematite Group in such capacity.

1.3 **Successors and Assigns**

The Plan will be binding upon and enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and permitted assigns of any Person named or referred to in or subject to the Plan.

1.4 **Governing Law and Jurisdiction**

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of the Plan and all proceedings taken in connection with the Plan and its provisions will be subject to the exclusive jurisdiction of the Court.

1.5 **Schedules**

The following are the Schedules to the Plan (the “**Schedules**”), which are incorporated by reference into the Plan and form a part of it:

- Schedule A – Articles of Reorganization of Hematite Holdings
- Schedule B – Articles of Reorganization of Hematite Industrial
- Schedule C – TD Lease Agreements

ARTICLE 2 **PURPOSE AND EFFECT OF THE PLAN**

2.1 **Purpose**

The purposes of the Plan are to:

- (a) complete a restructuring of the Hematite Group by implementing the Restructuring Steps and filing the Articles of Reorganization of each of Hematite Holdings and Hematite Industrial;
- (b) provide for the compromise of all Affected Claims by providing to holders of the relevant Affected Claims that are Proven Claims a distribution from the Creditor Distribution Pool;
- (c) effect a release and discharge of all Affected Claims and Released Claims;

- (d) implement the acquisition of Hematite Holdings and Hematite Industrial by the Plan Sponsor (and/or one or more of its affiliates); and
- (e) ensure the Hematite Group continues to operate as a going concern,

in the expectation that Affected Creditors generally will derive a greater benefit from implementation of the Plan than they would derive from a bankruptcy or liquidation of the Hematite Group.

2.2 **Affected Claims and Released Claims**

The Plan provides for a compromise with Affected Creditors and a full, final and irrevocable release and discharge of the Affected Claims and the Released Claims. The Plan will become effective at the Effective Time in accordance with its terms and will be binding on and enure to the benefit of the Hematite Group, the Affected Creditors, the Released Parties, the Plan Sponsor and all other Persons named or referred to in, or subject to, the Plan.

2.3 **Unaffected Claims**

Subject to the express provisions hereof providing for the payment or restructuring by separate arrangement of certain Unaffected Claims and the treatment of Insured Claims and Tooling Claims, the Plan does not compromise the following (collectively, the “**Unaffected Claims**”):

- (a) Claims secured by the CCAA Charges;
- (b) Claims that are accepted as or determined to be Secured Claims pursuant to the Claims Procedure Order;
- (c) CCAA Priority Payment Claims;
- (d) Claims of a member of the Hematite Group against another member of the Hematite Group;
- (e) any Claim pursuant to, or related to, the master lease agreements, as amended, supplemented or otherwise modified from time to time, between Hematite Manufacturing and TD Equipment Finance Canada, a division of The Toronto-Dominion Bank, listed in Schedule C hereto;
- (f) any Claim by Woodbridge Foam Corporation or its affiliates against any member of the Hematite Group, including a Claim for or related to:
 - (i) the Assigned TD Loans;
 - (ii) the Plan Sponsor Agreement;
 - (iii) the DIP Loan; and
 - (iv) the services agreement between Woodbridge Foam Corporation and the Hematite Group dated September 18, 2020;

- (g) any Claim pursuant to, or related to, the letter of offer of financing no. 076542-03 dated December 21, 2017, as amended, supplemented and otherwise modified from time to time, between BDC, Hematite Manufacturing and certain others;
- (h) any Claim by a Customer in relation to any warranty, recall, product liability or other obligation of a member of the Hematite Group to such Customer pursuant to the purchase agreements, purchase orders, and/or other contracts set out in the arrangements entered into between such Customer, Hematite Holdings and Woodbridge Foam Corporation;
- (i) Claims of Employees and Directors that are unrelated to the cessation of employment for all amounts owing to them in their capacity as such by statute or otherwise for or in connection with accrued salary, accrued wages, accrued bonuses, fees and expenses, reimbursement obligations, accrued vacation leave and accrued vacation pay;
- (j) subject to and solely as provided in Section 3.6, that portion of a Claim arising from a cause of action for which the Hematite Group is covered by insurance, only to the extent of such coverage and limited to the actual recovery received from the applicable insurer(s) by the Hematite Group (“**Insured Claims**”);
- (k) subject to and solely as provided in Section 3.7, Tooling Claims but only to the extent of Tooling Payments, if any, made after the Distribution Record Date;
- (l) Claims by any Director under any directors’ or officers’ indemnity policy or agreement with the Hematite Group to the extent not otherwise covered by the CCAA Charges; and
- (m) Claims by the Monitor, counsel to the Monitor, the CRO, or counsel to the Hematite Group.

Nothing in the Plan will affect the Hematite Group’s rights and defences, both legal and equitable, with respect to any Unaffected Claims including all rights or entitlements to set-offs or recoupments against such Unaffected Claims.

2.4 **Equity Claims**

At the Effective Time, the Plan will be binding on all holders of Equity Claims. Holders of Equity Claims will not receive a distribution or other consideration under the Plan and will not be entitled to vote on the Plan in respect of their Equity Claims. On the Plan Implementation Date all Equity Claims will be fully, finally, irrevocably and forever compromised, released, discharged and barred without any compensation of any kind whatsoever.

ARTICLE 3
CLASSIFICATION AND TREATMENT OF CREDITORS AND RELATED MATTERS

3.1 Claims Procedure

The procedure for determining the validity and quantum of the Affected Claims for the purposes of the Plan will be governed by the Claims Procedure Order, the Meeting Order, the CCAA, the Plan and any further Order of the Court. For the avoidance of doubt, the Claims Procedure Order will remain in full force and effect from and after the Plan Implementation Date.

3.2 Classification of Creditors

In accordance with the Meeting Order, Affected Creditors will form a single class for the purposes of considering and voting on the Plan.

3.3 Meeting of Affected Creditors

The Meeting will be held in accordance with the Meeting Order and any further Order of the Court. The only Persons entitled to attend the Meeting are those specified in the Meeting Order and any further Order of the Court.

3.4 Treatment of Affected Claims

- (1) At the Effective Time, all Affected Claims will be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred subject only to the right of Affected Creditors with Proven Claims (other than Equity Claims) to receive distributions pursuant to this Section 3.4.
- (2) On the Initial Distribution Date (or such later date in accordance with Section 6.4 in respect of any Unresolved Claim that becomes a Proven Claim, if any),
 - (a) each Affected Creditor with:
 - (i) Proven Claims (other than Equity Claims) not exceeding in aggregate the Election Amount, or
 - (ii) Proven Claims (other than Equity Claims) exceeding the aggregate of the Election Amount but who has duly filed an Election Notice with the Monitor,

will receive, in full satisfaction of such Proven Claims (in each case, a “**Convenience Creditor**”), payment in an amount equal to the lesser of the Election Amount and the actual amount of such Proven Claims; and
 - (b) each Affected Creditor with Proven Claims (other than Equity Claims) that exceed in aggregate the Election Amount and who has not duly filed an Election Notice will receive, in full satisfaction of such Proven Claims, its *pro rata* share of the balance of the Creditor Distribution Pool after deducting (i) the amount

held in the Unresolved Claims Reserve, and (ii) the amounts paid to Convenience Creditors in accordance with Section 3.4(2)(a).

- (3) For greater certainty, an Affected Creditor with a Proven Claim will receive distributions as set forth in this Section 3.4 only to the extent that such Proven Claim is not an Equity Claim and has not been paid, released or otherwise satisfied prior to the Effective Time.

3.5 **Unaffected Claims**

Unaffected Creditors will not be entitled to vote on the Plan. Unaffected Claims will be paid in accordance with Section 6.2 or otherwise satisfied in accordance with the applicable agreements and other arrangements between Unaffected Creditors and the Hematite Group.

3.6 **Insured Claims**

Notwithstanding anything to the contrary herein, from and after the Effective Time, any Person having an Insured Claim will be irrevocably limited to recovery in respect of such Insured Claim solely from the proceeds of the applicable insurance policies, and any Person with an Insured Claim will have no right to, and will not, directly or indirectly, make any claim or seek any recoveries from any Person, other than enforcing such Person's rights to be paid by the applicable insurer(s) from the proceeds of the applicable insurance policies. This Section 3.6 may be relied upon by the Hematite Group and any other Released Party in defence or estoppel of or to enjoin any claim, action or proceeding brought in contravention of this section. Nothing in the Plan will prejudice, compromise, release or otherwise affect any right or defence of any insured or insurer in respect of an Insured Claim. Notwithstanding the forgoing, an Affected Claim that includes an Insured Claim may still receive a distribution in respect of the portion of the Affected Claim, if any, that is not an Insured Claim.

3.7 **Tooling Claims**

Notwithstanding anything to the contrary herein, from and after the Effective Time, any Person having a Tooling Claim will be irrevocably limited to recovery in respect of such Tooling Claim solely from Tooling Receipts that relate specifically to such Tooling Claim, and any Person with a Tooling Claim will have no right to, and will not, directly or indirectly, make any claim or seek any recoveries from the Hematite Group or any other Person, other than enforcing such Person's right to be paid from time to time the Tooling Claim Amount from any Tooling Receipts. This Section 3.7 may be relied upon by the Hematite Group and any other Released Party in defence or estoppel of or to enjoin any claim, action or proceeding brought in contravention of this Section. Nothing in the Plan will prejudice, compromise, release or otherwise affect any right or defence in respect of a Tooling Claim. Notwithstanding the foregoing, an Affected Claim that includes a Tooling Claim may still receive a distribution in respect of (i) the portion of the Affected Claim, if any, that is not a Tooling Claim, and (ii) the Tooling Claim Amount as of the Distribution Record Date, provided that the portion of such distribution attributable to the Tooling Claim Amount will be treated as a Tooling Payment for the purposes of determining the Tooling Claim Amount at any time after the Distribution Record Date.

3.8 **Unresolved Claims**

No Affected Creditor will be entitled to receive any distribution hereunder with respect to an Unresolved Claim or any portion thereof unless and until, and then only to the extent that, such Unresolved Claim is finally resolved in the manner set out in the Claims Procedure Order and becomes a Proven Claim entitled to the treatment described in Section 3.4.

3.9 **Extinguishment of Claims**

At the Effective Time and in accordance with the terms of the Plan and Sanction Order, the treatment of Affected Claims (including Unresolved Claims) and Released Claims, in each case as set forth herein, will be final and binding on the Hematite Group, Affected Creditors and any Person holding a Released Claim. All Affected Claims and all Released Claims will be fully, finally, irrevocably and forever released, discharged, cancelled and barred and the Hematite Group will thereupon have no further obligation whatsoever in respect of the Affected Claims and the Released Claims, as applicable; provided that (i) nothing herein releases the Hematite Group from the obligation to make distributions or provide entitlements in the manner and to the extent provided for in the Plan; and (ii) such discharge and release of the Hematite Group will be without prejudice to the right of an Affected Creditor in respect of an Unresolved Claim to prove such Unresolved Claim in accordance with the Claims Procedure Order.

3.10 **Guarantees and Similar Covenants**

No Person who has a claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim that is compromised or released under the Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim that is compromised or released under the Plan will be entitled to any greater rights as against the Hematite Group than the Person whose Claim is compromised or released under the Plan.

3.11 **Set-Off**

The law of set-off applies to all Claims in accordance with Applicable Law. Without limiting the generality of the foregoing, the Hematite Group will be entitled to set-off from any payments or distributions to be made to a Creditor hereunder, any amounts that became due and owing to the Hematite Group after the Filing Date from such Creditor.

ARTICLE 4 **RESTRUCTURING STEPS AND REORGANIZATION**

4.1 **Articles of Reorganization**

Upon satisfaction or waiver of each of the Plan Implementation Conditions in accordance with Section 9.1, each of Hematite Holdings and Hematite Industrial will file its Articles of Reorganization. Subject to and without limitation to their terms, in each case the Articles of Reorganization will:

- (a) create an unlimited number of New Common Shares and set out the rights, privileges, restrictions and conditions attaching thereto; and

- (b) create an unlimited number of New Redeemable Shares and set out the rights, privileges, restrictions and conditions attaching thereto; and
- (c) change each Existing Share into 0.000001 of a New Redeemable Share and automatically redeem each New Redeemable Share in accordance with the terms thereof.

4.2 **Restructuring Steps**

At the Effective Time on the Plan Implementation Date, the following will occur, and be deemed to have occurred, in the order set out below unless otherwise specified in this Section 4.2 and become effective, without any further act or formality:

- (a) the Articles of Reorganization of each of Hematite Holdings and Hematite Industrial will be effective and the New Common Shares and New Redeemable Shares of each to be issued pursuant to or in connection with the Plan will be validly issued and, in connection therewith, the Plan Funding Amount will be paid to Hematite Holdings and Hematite Industrial (as allocated by them in accordance with the Subscription Agreement);
- (b) the New Redeemable Shares of each of Hematite Holdings and Hematite Industrial will be redeemed and cancelled in accordance with their terms;
- (c) to the extent not already paid, the Hematite Group will set aside (pursuant to arrangements satisfactory to the Monitor) or deliver to the Monitor, in trust, an amount required to satisfy the CCAA Priority Payment Claims and all Claims secured by the CCAA Charges, in full, which Unaffected Claims will be paid by the Hematite Group or Monitor, for and on behalf of the Hematite Group, to the respective Unaffected Claim holders from such funds within five (5) Business Days after the Plan Implementation Date (unless otherwise agreed with an Unaffected Claim holder);
- (d) the Hematite Group will set aside (pursuant to arrangements satisfactory to the Monitor) or deliver to the Monitor, in trust (i) the Creditor Distribution Pool (including the amount thereof to be held in the Unresolved Claims Reserve) in accordance with Article 5, and (ii) the Administration Reserve in accordance with Article 5;
- (e) the Hematite Group will pay any other amounts that it is required to pay on or before the Effective Time in accordance with the Plan Sponsor Agreement, the Plan or other applicable agreement;
- (f) all Affected Claims and Released Claims will be fully, finally, irrevocably and forever released, discharged, cancelled and barred in accordance with Section 3.9 and Article 7, and all notes, certificates and other instruments evidencing Affected Claims (and all guarantees associated with each of the foregoing) will be deemed cancelled and extinguished and be null and void in accordance with Section 6.8;

- (g) the arrangements between the DIP Lender and the Hematite Group contemplated by Section 9.1(g) in respect of the DIP Loan and the Assigned TD Loans will be effective; and
- (h) the term of office of those individuals who are Directors of the Hematite Group immediately prior to the Effective Time will terminate and the Plan Sponsor will appoint replacement directors and officers as of the Effective Time,

(collectively, the “**Restructuring Steps**”). The failure of the Plan to incorporate any provision of a document evidencing a Restructuring Step will not derogate from the enforceability of such provision.

4.3 **Stated Capital**

In the case of each of Hematite Holdings and Hematite Industrial, the aggregate stated capital for the purposes of the OBCA of the New Common Shares issued to the Plan Sponsor (and/or to one or more of its affiliates as it may direct) pursuant to the Plan and the Subscription Agreement will be as determined by the directors of Hematite Holdings or Hematite Industrial, as applicable, in consultation with the Plan Sponsor.

4.4 **Corporate Approvals**

The execution, delivery, implementation and consummation of all matters contemplated under the Plan involving corporate action of the Hematite Group, including the Restructuring Steps and filing of Articles of Reorganization by each of Hematite Holdings and Hematite Industrial, will be authorized and approved under the Plan and by the Court as part of the Sanction Order in all respects and for all purposes without any requirement of further action by any Person.

ARTICLE 5 **CASH POOL AND UNRESOLVED CLAIMS RESERVE AND ADMINISTRATION** **RESERVE**

5.1 **Creditor Distribution Pool**

At or before the Effective Time, the Hematite Group will set aside (pursuant to arrangements satisfactory to the Monitor) or deliver to the Monitor, in trust, the amount of the Creditor Distribution Pool (less the amount of the Unresolved Claims Reserve, which amount will be set aside or delivered to the Monitor pursuant to Section 5.2), from which cash distributions will be made to Affected Creditors with Proven Claims on and subject to the terms of Article 6. The Monitor will oversee the distribution of funds from the Creditor Distribution Pool in accordance with the provisions of Article 6.

5.2 **Unresolved Claims Reserve and Administration Reserve**

- (1) At or before the Effective Time, the Hematite Group will set aside (pursuant to arrangements satisfactory to the Monitor) or deliver to the Monitor:

- (a) the amount approved by the Court in the Sanction Order to be held as a reserve for Unresolved Claims (the “**Unresolved Claims Reserve**”), in an amount to be agreed by the Monitor, the Hematite Group and the Plan Sponsor, and from which distributions required by the Plan in respect of Unresolved Claims will be made if such Unresolved Claims (or parts thereof) are determined to be Proven Claims in accordance with the Claims Procedure Order; and
 - (b) the amount approved by the Court in the Sanction Order to be held as a reserve (the “**Administration Reserve**”), in an amount to be agreed by the Monitor, the Hematite Group and the Plan Sponsor, to pay the fees and expenses of the Monitor and its counsel in administering the resolution of Unresolved Claims in accordance with the Claims Procedure Order and performing such other activities as may be required of the Monitor after the Effective Time.
- (2) The Unresolved Claims Reserve will be held by the Hematite Group or the Monitor, as the case may be, for those entitled to a payment from it under the Plan (and for the Hematite Group to the extent of any surplus), and the Monitor will oversee the distribution of funds from the Unresolved Claims in accordance with the provisions of Section 6.4.
 - (3) The Monitor and its counsel shall be entitled to payment from the Administration Reserve of their fees and expenses in connection with administering the resolution of Unresolved Claims in accordance with the Claims Procedure Order and performing any other work required of the Monitor after the Effective Time. Any amount remaining in the Administration Reserve after completion of such work will no longer be required to be set aside by the Hematite Group and, if held by the Monitor, will be returned to the Hematite Group.

ARTICLE 6
PROVISIONS REGARDING DISTRIBUTIONS, PAYMENTS AND CURRENCY

6.1 Distributions Generally

All distributions to Affected Creditors and other payments to be effected pursuant to the Plan will be made pursuant to this Article 6. For greater certainty, all payments and distributions pursuant to this Article 6 will be subject to satisfaction or waiver of the conditions specified in Article 9 and the occurrence of the Effective Time, will occur or be deemed to occur in accordance with the timing set out in Section 4.2.

6.2 Payments of Certain Unaffected Claims

At or before the Effective Time, the Hematite Group will make the following payments from Available Cash by wire transfer of immediately available funds in full satisfaction and discharge of the following:

- (a) payment to each holder of a CCAA Priority Payment Claim of all amounts required to satisfy such holder’s CCAA Priority Payment Claim in full;

- (b) payment in full of all Claims secured by the CCAA Charges, other than the DIP Lender's Charge (as defined in the Initial Order); and
- (c) payment of any other amounts required to be paid in accordance with the Plan Sponsor Agreement, the Plan or the CCAA at or before the Effective Time.

6.3 **Distribution Mechanics for Affected Claims**

In accordance with Section 3.4, the Hematite Group, with oversight of and assistance from the Monitor, or the Monitor, for and on behalf of the Hematite Group, will distribute to each Affected Creditor with a Proven Claim (other than an Equity Claim) its share of the Creditor Distribution Pool by way of (in the sole discretion of the Hematite Group or Monitor, as applicable): (i) cheque sent by prepaid ordinary mail to the address on file with the Hematite Group on the Distribution Record Date; or (ii) wire transfer of immediately available funds to an account designated in writing by the Affected Creditor to the Hematite Group and the Monitor (with any wire transfer or similar fee being satisfied from the distribution amount). No distribution will be made for an amount less than \$10. The Hematite Group's liability to an Affected Creditor for any distribution in an amount less than \$10 will be forever discharged and extinguished.

6.4 **Distributions in Respect of Unresolved Claims**

- (1) The Unresolved Claims Reserve (as may be reduced from time to time as Unresolved Claims are ultimately resolved) will be set aside by the Hematite Group (pursuant to arrangements satisfactory to the Monitor) or held by the Monitor, in trust, until the final determination of all Unresolved Claims in accordance with the Claims Procedure Order.
- (2) To the extent that an Unresolved Claim becomes a Proven Claim, the Hematite Group, with oversight of and assistance from the Monitor, or the Monitor, for and on behalf of the Hematite Group, will distribute to the holder thereof an amount from the Unresolved Claims Reserve equal to the share of the Creditor Distribution Pool that such Creditor would have been entitled to receive in respect of its Proven Claim on the Initial Distribution Date had such Unresolved Claim been a Proven Claim on the Initial Distribution Date.
- (3) After all Unresolved Claims have been finally resolved in accordance with the Claims Procedure Order and any required distributions have been made with respect to Proven Claims, the Hematite Group, with oversight of and assistance from the Monitor, or the Monitor, for and on behalf of the Hematite Group, will distribute the amount remaining in the Unresolved Claims Reserve *pro rata* to each Affected Creditor with a Proven Claim, other than the Convenience Creditors and holders of Equity Claims, provided that the amount remaining in the Unresolved Claims Reserve makes such a distribution economically practical (having regard to the funds to be distributed and the cost of such distribution), as determined by the Monitor, acting reasonably. If the Monitor is of the view that the amount remaining in the Unresolved Claims Reserve would not make such a distribution economically practical, then the amounts remaining in the Unresolved

Claims Reserve will no longer be required to be set aside by the Hematite Group and, if held by the Monitor, will be returned to the Hematite Group.

6.5 **Allocation of Distributions**

All distributions made pursuant to the Plan to Affected Creditors will be allocated first towards the repayment of the amount of the Affected Claim attributable to principal and, if greater than the amount of principal, then second towards the repayment of any amount of such Claim attributable to unpaid interest.

6.6 **Treatment of Unclaimed Distributions**

- (1) If any distribution to an Affected Creditor under this Article 6 is returned as undeliverable (an “**Undeliverable Distribution**”), then neither the Hematite Group nor the Monitor will be required to make further efforts to deliver the distribution to such Creditor unless and until the Hematite Group and Monitor are notified in writing by such Creditor of such Creditor’s current address at which time all such distribution will be made to such Creditor. The obligations of the Hematite Group and Monitor to an Affected Creditor with an Undeliverable Distribution will expire on the second anniversary of the Plan Implementation Date, after which date any entitlement with respect to any Undeliverable Distributions will be forever discharged and forever barred, without any compensation therefor, notwithstanding any Applicable Laws to the contrary. For greater clarity, nothing herein will require the Hematite Group or the Monitor to attempt to locate any Creditor or other Person with respect to an Undeliverable Distribution. No interest will be payable in respect of an Undeliverable Distribution. On the second anniversary of the Plan Implementation Date, the amount of any Undeliverable Distributions will be released to the Hematite Group.
- (2) If any cheque in payment of a distribution to an Affected Creditor under this Article 6 is not cashed within six (6) months after the date of the applicable distribution (an “**Uncashed Distribution**”): (i) such cheque may be cancelled by the Hematite Group or the Monitor, as applicable, after which date any entitlement with respect to such distribution will be forever discharged and forever barred and the obligations of the Hematite Group and Monitor with respect thereto will expire, without any compensation therefor, notwithstanding any Applicable Laws to the contrary; and (ii) the amount otherwise payable pursuant to such cancelled cheque will be released to the Hematite Group. For greater clarity, nothing herein will require the Hematite Group or the Monitor to attempt to locate any Creditor or other Person with respect to an Uncashed Distribution.

6.7 **Withholding Rights**

The Hematite Group and any other Person facilitating payments pursuant to the Plan will be entitled to deduct and withhold from any such payment to any Person such amounts as may be required to be deducted or withheld under any Applicable Law and to remit such amounts to the appropriate Governmental Authority or other Person entitled thereto. To the extent that amounts are so withheld or deducted and remitted to the appropriate Governmental Authority or other

Person, such withheld or deducted amounts will be treated for all purposes hereof as having been paid to such Person as the remainder of the payment in respect of which such withholding or deduction was made. Without in any way limiting the generality of the foregoing, the Hematite Group (or the Monitor on its behalf) will deduct from any distribution to a Creditor hereunder any amounts as indicated by Employment and Social Development Canada in a Notice of Debt, and remit such amounts to Employment and Social Development Canada pursuant to the *Employment Insurance Act* (Canada). Any Creditor whose address on file with the Hematite Group on the Distribution Record Date is not a Canadian address will be treated as a non-resident of Canada for purposes of any applicable non-resident withholding tax on all payments hereunder, subject to receipt by the Hematite Group of information satisfactory to it (in its sole discretion) that such Creditor is not a non-resident. No gross-up or additional amount will be paid on any payment hereunder to the extent the Hematite Group or any other Person deducts or withholds amounts pursuant to this Section 6.7. Notwithstanding any withholding or deduction, each Person receiving a payment will have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Authority (including income and other tax obligations on account of such distribution).

6.8 **Cancellation of Certificates and Notes, etc.**

At the Effective Time, all debentures, notes, certificates, indentures, guarantees, agreements, invoices and other instruments evidencing Affected Claims (and all guarantees associated with each of the foregoing) and Existing Shares will not entitle any holder thereof to any compensation or participation other than as expressly provided for in the Plan and will be deemed cancelled and extinguished and be null and void.

6.9 **Calculations**

All amounts to be paid by the Hematite Group hereunder will be calculated by the Hematite Group, with the assistance of the Monitor. All calculations made by the Hematite Group will be conclusive, final and binding upon the Affected Creditors, the Hematite Group and all other Persons, absent manifest error.

6.10 **Currency Matters**

Distributions to Affected Creditors with Proven Claims will be paid in Canadian dollars and any such Claims that are denominated in a currency other than the lawful money of Canada will be converted to the equivalent thereof in the lawful money of Canada at the noon rate of exchange as quoted by the Bank of Canada on the Filing Date, in accordance with the Claims Procedure Order.

ARTICLE 7 **RELEASES**

7.1 **Plan Releases**

At the Effective Time, each of (i) the members of the Hematite Group, (ii) the CRO, (iii) the Monitor, (iv) the Plan Sponsor, and (v) their respective Representatives (collectively, the “**Released Parties**”), will be fully, finally and irrevocably released and discharged from all

Released Claims which will be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties. Notwithstanding the foregoing, nothing in this Section 7.1 will release Non-Released Claims.

7.2 **Injunctions**

From and after the Effective Time, all Persons are permanently and forever barred, estopped, stayed and enjoined with respect to any and all Released Claims from: (i) commencing, conducting, continuing or making in any manner, directly or indirectly, any action, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against any of the Released Parties; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property; (iii) commencing, conducting, continuing or making in any manner, directly or indirectly, any action, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes a claim or might reasonably be expected to make a claim, in any manner or forum, including by way of contribution or indemnity or other relief, against one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Encumbrance of any kind against the Released Parties or their property; or (v) taking any actions to interfere with the implementation or consummation of the Plan. All Persons who have previously commenced a Released Claim in any court, which Released Claim has not been finally determined, dismissed or discontinued prior to the Effective Time, shall forthwith after the Effective Time take steps to discontinue and/or dismiss, without costs, such Released Claim.

ARTICLE 8 **COURT SANCTION**

8.1 **Application for Sanction Order**

If the Plan is approved by the majority of Affected Creditors required by the CCAA, the Hematite Group will apply for the Sanction Order on or before the date set for the Sanction Order hearing or such later date as the Court may set.

8.2 **Sanction Order**

The Hematite Group will apply for a Sanction Order that will, among other things:

- (a) declare that (i) the Plan has been approved by the required majorities of Affected Creditors in conformity with the Meeting Order and the CCAA; (ii) the Hematite Group has complied with the provisions of the CCAA and the Orders of the Court made in the CCAA Proceedings in all respects; (ii) neither the Hematite Group nor Monitor has done or purported to do anything that is not authorized by the CCAA; and (iii) the Plan and the transactions contemplated thereby are fair and reasonable;

- (b) declare that the Plan and all associated steps, compromises, arrangements, releases, transactions and reorganizations effected thereby are sanctioned and approved;
- (c) declare that the articles of Hematite Holdings and Hematite Industrial will be amended as set out in the applicable Articles of Reorganization as of the Effective Time;
- (d) declare that all warrants, options and agreements to purchase Existing Shares are of no further force or effect as of the Effective Time;
- (e) declare that the New Common Shares and New Redeemable Shares of each of Hematite Holdings and Hematite Industrial issued pursuant to or in connection with the Plan will be validly issued and outstanding as fully paid and non-assessable as of the Effective Time;
- (f) approve and authorize the Restructuring Steps;
- (g) order that, as of the Effective Time, any and all Affected Claims are and are deemed to be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred, and the ability of any Person to proceed against any of the Applicants in respect of or relating to any Affected Claims, whether directly, indirectly, derivatively or otherwise is forever discharged, enjoined and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims are permanently stayed, excepting only any proceeding to enforce the obligation of the Hematite Group to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Plan and the Sanction Order;
- (h) order that, as of the Effective Time, any and all Released Claims are and are deemed to be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred, and the ability of any Person to proceed against any of the Released Parties in respect of or relating to any Released Claims, whether directly, indirectly, derivatively or otherwise is forever discharged, enjoined and restrained, and all proceedings with respect to, in connection with or relating to such Released Claims are permanently stayed;
- (i) order that any Person that did not file a proof of claim in respect of a Claim by the applicable bar date in accordance with the Claims Procedure Order, and any Person with an Affected Claim that is not a Proven Claim or Unresolved Claim, is fully, finally, irrevocably and forever barred from making any such Claim and is not be entitled to any consideration under the Plan, and such Person's Claim is fully, finally, irrevocably and forever barred and extinguished;
- (j) authorize the Hematite Group and the Monitor to take all steps and actions, and to do all things, necessary or appropriate to implement the Plan in accordance with and subject to its terms and conditions, and to enter into, execute, deliver, complete, implement and consummate all of the steps, transactions, distributions,

payments, deliveries, allocations, instruments and agreements contemplated by, and subject to the terms and conditions of, the Plan;

- (k) declare that each of the CCAA Charges will be terminated, discharged, expunged and released at the applicable time set out in the Sanction Order;
- (l) declare that, notwithstanding: (i) the pendency of the CCAA Proceedings; (ii) any applications for a bankruptcy, receivership or other order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada), the CCAA or otherwise in respect of the Hematite Group and any bankruptcy, receivership or other order issued pursuant to any such applications; and (iii) any assignment in bankruptcy made or deemed to be made in respect of the Hematite Group, the transactions contemplated by the Plan will be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Hematite Group or their assets and will not be void or voidable by creditors of the Hematite Group, nor will the Plan, or the payments and distributions contemplated pursuant thereto constitute nor be deemed to constitute a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada), CCAA or any other applicable federal or provincial legislation, nor will the Plan constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation;
- (m) declare that all contracts, leases and other agreements and arrangements to which any of the Applicants is a party, whether written or oral (each, including any and all amendments or supplements thereto, an “**Existing Agreement**”) that have not been terminated or disclaimed pursuant to the applicable paragraph of the Initial Order and related provision of the CCAA will be and remain in full force and effect, unamended as of the Effective Time, and no Person who is a party to any such Existing Agreement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set off, dilution or other remedy) or make any demand under or in respect of any such Existing Agreement and no automatic termination will have any validity or effect, by reason of:
 - (i) any event that occurred on or prior to the Effective Time and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events or default arising as a result of the insolvency of the Hematite Group);
 - (ii) the insolvency of the Hematite Group or the fact that the Hematite Group sought or obtained relief under the CCAA;
 - (iii) any compromises or arrangements effected pursuant to the Plan or any action taken or transaction effected pursuant to the Plan; or

- (iv) any change in the control of the Hematite Group arising from the implementation of the Plan and the transactions contemplated by the Plan Sponsor Agreement;
- (n) declare that the stay of proceedings under the Initial Order continues until the Effective Time;
- (o) approve the conduct of the CRO and Director of the Hematite Group during the CCAA Proceedings;
- (p) approve all conduct the Monitor and the Monitor's Representative in relation to the Hematite Group and bar all claims against them arising from or relating to the services provided to the Hematite Group up to and including the date of the Sanction Order;
- (q) declare that the Hematite Group and the Monitor may apply to the Court for advice and direction in respect of any matters arising from or in relation to the Plan; and
- (r) approve the Unresolved Claims Reserve and Administration Reserve amounts.

ARTICLE 9
PLAN CONDITIONS PRECEDENT AND IMPLEMENTATION

9.1 Conditions Precedent to Plan Implementation

The Plan is subject to the satisfaction of the following conditions (the “**Plan Implementation Conditions**”), which may be waived (except in the case of Sections 9.1(a) and (b) below which may not be waived) only by the mutual agreement, in writing, of the Hematite Group and the Plan Sponsor:

- (a) the Plan will have been approved by the Affected Creditors;
- (b) the Sanction Order will have been issued by the Court, consistent with the terms of Section 8.2, with such minor amendments as may be approved by the Hematite Group, the Monitor and the Plan Sponsor;
- (c) the Sanction Order will have been recognized and given full force and effect in the United States by an order of the U.S. Bankruptcy Court in the Chapter 15 Proceedings;
- (d) the Subscription Agreement will have been executed, delivered and become effective in accordance with its terms, subject only to the occurrence of the Plan Implementation Date, and the Plan Sponsor will have paid the Plan Funding Amount to Hematite Holdings and Hematite Industrial in accordance with and as allocated by the Subscription Agreement;

- (e) the BDC A&R Loan Agreement and all guarantees and security required pursuant thereto will have been executed, delivered and become effective in accordance with their terms, subject only to the occurrence of the Plan Implementation Date, on terms and conditions satisfactory to BDC and the Hematite Group;
- (f) arrangements satisfactory to the DIP Lender and the Hematite Group in respect of the repayment of, and the terms governing, the DIP Loan and the Assigned TD Loans from and after the Plan Implementation Date have become effective, subject only to the occurrence of the Plan Implementation Date;
- (g) each of the conditions precedent to the closing of the Transaction provided in the Plan Sponsor Agreement will have been satisfied or waived in accordance with the terms of the Plan Sponsor Agreement;
- (h) all relevant Persons will have executed, delivered and filed all documents and other instruments that, in the opinion of the Hematite Group and Plan Sponsor, acting reasonably, are necessary to implement the provisions of the Plan and the Sanction Order;
- (i) no action or proceeding will be pending by any third party to enjoin or prohibit the Transaction; and
- (j) all applicable approvals and orders of, and all applicable submissions and filings with, Governmental Authorities having jurisdiction for the completion of the steps and transactions contemplated by the Plan (including the steps and transactions which are Plan Implementation Conditions) will have been obtained or made, as the case may be, in each case to the extent deemed necessary or advisable by the Hematite Group and Plan Sponsor, in form and substance satisfactory to the Hematite Group and Plan Sponsor.

9.2 **Hematite Group's Certificate – Plan Implementation**

Upon receipt of the Certificate of Amendment for each of Hematite Holdings and Hematite Industrial, the Hematite Group will deliver to the Monitor and the Plan Sponsor, and file with the Court, a copy of a certificate (i) stating that each of the Plan Implementation Conditions has been satisfied or waived and that the Articles of Reorganization for each of Hematite Holdings and Hematite Industrial have been filed and have become effective as of the date set out in the applicable Certificate of Amendment, and (ii) designating an Effective Time on the Plan Implementation Date.

9.3 **Monitor's Certificate – Plan Implementation**

As soon as practicable following the occurrence of the Effective Time, the Monitor will serve on the service list in the CCAA Proceedings and post on the Monitor's Website a certificate confirming that the Plan Implementation Date has occurred and the time of the Effective Time, and will file such certificate with the Court as soon as practicable after it has been delivered.

ARTICLE 10
GENERAL

10.1 **Binding Effect**

At the Effective Time and in accordance with the sequence of steps set out in Section 4.2, the Plan will become effective and binding on and enure to the benefit of the Hematite Group, the Affected Creditors, the Released Parties, the Plan Sponsor and any other Person named or referred to in or subject to the Plan and their respective heirs, executors, successors and assigns. Without limiting the generality of the foregoing, at the Effective Time:

- (a) the treatment of Affected Claims and Released Claims under the Plan will be final and binding for all purposes upon and enure to the benefit of the Hematite Group, the Released Parties, all Affected Creditors, the Plan Sponsor and all other Persons named or referred to in, or subject to, the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;
- (b) all Affected Claims will be forever discharged and released, excepting only with respect to any distribution thereon in the manner and to the extent provided for in the Plan;
- (c) all Released Claims will be forever discharged, released, enjoined and barred;
- (d) each Affected Creditor and each Person holding a Released Claim will be deemed to have consented and agreed to all of the provisions of the Plan in its entirety; and
- (e) each Affected Creditor and each Person holding a Released Claim (to the extent that contractual releases have not been executed and delivered by such Person) will be deemed to have:
 - (i) executed and delivered to the Hematite Group and to the other Released Parties, as applicable, all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety;
 - (ii) waived any default by or rescinded any demand for payment against the Hematite Group that has occurred on or prior to the Effective Time pursuant to, based on or as a result of any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Affected Creditor or Person holding a Released Claim and the Hematite Group with respect to an Affected Claim or Released Claim, respectively; and
 - (iii) agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing as at the moment before the Effective Time between such Affected Creditor or Person holding a Released Claim and the Hematite Group with

respect to an Affected Claim or Released Claim, respectively, and the provisions of the Plan, then the provisions of the Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

10.2 **Deeming Provisions**

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

10.3 **Modification of the Plan**

- (1) The Hematite Group reserves the right, at any time and from time to time, to amend, restate, modify and/or supplement the Plan (including to address or further address the treatment of claims subject to the Claims Procedure Order), provided that any such amendment, restatement, modification or supplement is on terms satisfactory to the Plan Sponsor and must be contained in a written document which is filed with the Court and (i) if made prior to or at the Meeting, communicated to Affected Creditors in the manner contemplated by the Meeting Order; and (ii) if made following the Meeting, approved by the Court.
- (2) Notwithstanding Section 10.3(1), after the Meetings and before the Plan Implementation Date the Hematite Group may amend, restate, modify and/or supplement the Plan with the consent of the Plan Sponsor and the Monitor, without the consent of the Affected Creditors or approval of the Court, provided that any such amendment, restatement, modification and/or supplement (i) is filed with the Court; (ii) is posted on the website maintained by the Monitor and notice thereof is provided to the Service List maintained by the Monitor for the CCAA; (iii) does not materially decrease the anticipated recovery of Affected Creditors under the Plan and is otherwise not materially adverse to the financial or economic interests of Affected Creditors, in each case as determined by the Monitor; and (iv) does not amend the Plan Implementation Conditions.
- (3) Notwithstanding Sections 10.3(1) and (2), any amendment, restatement, modification or supplement to the Plan may be made by the Hematite Group at any time and from time to time with the consent of the Monitor and the Plan Sponsor, without the consent of the Affected Creditors or approval of the Court, provided that any such amendment, restatement, modification and/or supplement (i) is filed with the Court; (ii) is posted on the website maintained by the Monitor and notice thereof is provided to the Service List maintained by the Monitor for the CCAA; and (iii) (A) concerns a matter which is of an administrative nature required to better give effect to the implementation of the Plan, or (B) is to cure any errors, omissions or ambiguities, and in either case is not materially adverse to the financial or economic interests of the Affected Creditors as determined by the Monitor.
- (4) Any amended, restated, modified or supplementary Plan filed with the Court and, if required by this Section, approved by the Court, will for all purposes be and be deemed to be a part of and incorporated in the Plan.

10.4 **Paramountcy**

From and after the Effective Time, any conflict between:

- (a) the Plan or the Sanction Order; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, note, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Hematite Group as at the moment before the Effective Time,

will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which will take precedence and priority.

10.5 **Severability of Plan Provisions**

If, prior to the Plan Implementation Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Hematite Group and with the consent of the Monitor and the Plan Sponsor, will have the power to either (a) sever such term or provision from the balance of the Plan and provide the Hematite Group with the option to proceed with the implementation of the balance of the Plan, or (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as so altered or interpreted. Notwithstanding any such holding, alteration or interpretation, and provided that the Hematite Group proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

10.6 **Protections of the Monitor**

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in the CCAA Proceedings with respect to the Hematite Group (and not in its personal capacity). The Monitor will not be responsible or liable for any obligations of the Hematite Group. The Monitor will have the powers and protections granted to it by the Plan, the CCAA and any other Order made in the CCAA Proceedings. KPMG Inc. will incur no personal liability whatsoever whether on its own part or in respect of any failure on the part of the Hematite Group to observe, perform or comply with any of its obligations under the Plan. Any release, discharge or other benefit conferred upon the Monitor pursuant to the Plan will enure to the benefit of KPMG Inc. The Monitor in its personal capacity will be a third party beneficiary to the Plan entitled to enforce such releases, discharges and benefits in accordance with the terms of the Plan.

10.7 **Plan Sponsor**

The Plan Sponsor's obligations are limited to the obligations of the Plan Sponsor expressly set out in the Plan Sponsor Agreement and this Plan. In no event will the Plan Sponsor assume, be

deemed to assume or otherwise be liable for any obligations of, or Claims against, any member of the Hematite Group or any other Person. In the event of any conflict between the Plan Sponsor Agreement and the terms of this Plan, the terms of this Plan shall govern.

10.8 **Different Capacities**

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless otherwise provided in the Meeting Order expressly agreed by the Hematite Group and the Person in writing or unless its Claims overlap or are otherwise duplicative.

10.9 **Notices**

Any notice or other communication to be delivered hereunder must be in writing and reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail or by facsimile or email addressed to the respective parties as follows:

If to the Hematite Group:

Hematite Group
659 Speedvale Avenue West
Guelph, Ontario
N1K 1E6

Attention: John Pavanel

Tel: (519) 823-8350

With copies to (which will not constitute notice)

McCarthy Tétrault LLP
66 Wellington Street West
Suite 5300
Toronto, Ontario Canada
M5K 1E6

Fax No: 416-868-0673

Attention: James D. Gage and Trevor Courtis

Email: jgage@mccarthy.ca and tcourtis@mccarthy.ca

If to an Affected Creditor: to the mailing address, facsimile number or email address provided on such Affected Creditor's Proof of Claim or such more recent address particulars of an Affected Creditor as noted in the files of the Hematite Group or the Monitor;

If to the Monitor:

KPMG Inc.
Bay Adelaide Centre
Suite 4600, 333 Bay Street
Toronto, Ontario
M5H 2S5

Attention: Katherine Forbes
Email: katherineforbes@kpmg.ca

With copies to (which will not constitute notice)

Gowlings WLG
First Canadian Place
100 King Street West
Suite 1600
Toronto, Ontario
M5X 1G5

Attention: David Cohen and Cliff Prophet
Email: David.cohen@gowlingwlg.com and Clifton.prophet@gowlingwlg.com

If to the Plan Sponsor:

Woodbridge Foam Corporation
4240 Sherwoodtowne Blvd.
Mississauga, Ontario
L4Z 2G6

Attention: Roland Deschamps
Email: RolandDeschamps@woodbridgegroup.com

With copies to (which will not constitute notice)

Bennett Jones LLP
Suite 3400
One First Canadian Place
P.O. Box 130
Toronto, Ontario
M5X 1A4

Attention: Raj Sahni and Ian Michael
Email: sahnir@bennettjones.com and michaeli@bennettjones.com

or to such other address as any party may from time to time notify the others in accordance with this section, or, in the case of an address change for the Hematite Group or the Monitor, by posting notice of such address change on the Monitor's website

posting notice of such address change on the Monitor's website (home.kpmg/ca/en/home/services/advisory/deal-advisory/creditorlinks/hematite-group.html) Any such communication so given or made will be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 4:00 p.m. (Toronto time) on such day. Otherwise, such communication will be deemed to have been given and made and to have been received on the next following Business Day.

10.10 **Further Assurances**

Each of the Persons named or referred to in, or subject to, the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the Restructuring Steps and the Transaction notwithstanding any provision of the Plan that deems any event or transaction to occur without further formality.

10.11 **Language**

This Plan, as well as any notices, schedules or other documents related thereto has been and will be prepared in the English language only. To the extent a French language or other translation is prepared, any such translation will be for informational purposes only, it being intended that the English language version will govern and prevail in all respects.

10.12 **Acts to Occur on Next Business Day**

If any distribution, payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such distribution, payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

10.13 **Non-Consummation of the Plan**

If the Plan is revoked at any time prior to the Effective Time, it will be null and void in all respects. Nothing contained in the Plan and no act taken in preparation for the implementation of the Plan will (a) constitute or be deemed to constitute a waiver or release of any Claims by or against the Hematite Group or any other Person; (b) prejudice the rights of the Hematite Group or any other Person in any further proceeding involving the Hematite Group; or (c) constitute an admission of any sort by the Hematite Group or any Person.

DATED as of the 18th day of November, 2020.

SCHEDULE A
ARTICLES OF REORGANIZATION
HEMATITE HOLDINGS

- 6. The terms and conditions to which the reorganization is made subject by the Order have been complied with.
Les conditions que l'ordonnance impose à la réorganisation ont été respectées.

These articles are submitted under section 186 of the *Business Corporations Act* and are signed in duplicate.
Les présents statuts sont déposés en vertu de l'article 186 de la Loi sur les sociétés par actions. Ils sont signés en double exemplaire.

Hematite Holdings Inc.

Name of Corporation / *Dénomination sociale de la société*

By/
Par :

Signature / *Signature*

Description of Office / *Fonction*

SCHEDULE "1"

The Articles of the Corporation are amended as follows:

1. to replace the authorized share capital of the Corporation with the following:
 - (a) an unlimited number of common shares;
 - (b) an unlimited number of New Common Shares; and
 - (c) an unlimited number of New Redeemable Shares;
2. to delete the existing rights, privileges, restrictions and conditions attaching to the authorized share capital of the Corporation and substituting therefor Schedule "A-1" annexed hereto; and
3. to change each issued common share into 0.000001 of a New Redeemable Share and automatically redeem each New Redeemable Share in accordance with the terms of such New Redeemable Shares.

SCHEDULE "A-1"

1. The common shares shall have attached thereto the following rights, privileges, restrictions and conditions:
 - (a) **Voting.** The holders thereof shall be entitled to receive notice of, to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote.
 - (b) **Dividends.** The holders thereof shall be entitled to receive dividends, subject to the rights of holders of any other class of shares of the Corporation entitled to receive dividends in priority to or rateably with holders of the common shares, if, as and when declared by the directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends.
 - (c) **Distribution Rights.** Subject to the rights of the holders of any other class of shares of the Corporation, to receive the remaining property of the Corporation upon liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs.

2. The New Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:
 - (a) **Voting.** The holders thereof shall be entitled to receive notice of, to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote.
 - (b) **Dividends.** The holders thereof shall be entitled to receive dividends, subject to the rights of holders of any other class of shares of the Corporation entitled to receive dividends in priority to or rateably with holders of the New Common Shares, if, as and when declared by the directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends.
 - (c) **Distribution Rights.** Subject to the rights of the holders of any other class of shares of the Corporation, to receive the remaining property of the Corporation upon liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs.

3. The New Redeemable Shares shall have attached thereto the following rights, privileges, restrictions and conditions:
 - (a) **Fractional Interests.** No holder of a fractional interest in a New Redeemable Share will be entitled to be registered on the books of the Corporation in respect of such fraction of a New Redeemable Share.
 - (b) **Redemption by the Corporation.** All the outstanding New Redeemable Shares and fractional interests therein as at the Effective Time (as defined in the Plan of Compromise, Arrangement and Reorganization of the Corporation and certain of its subsidiaries dated November 18, 2020 (the "**Plan**")) on the Plan Implementation

Date (as defined in the Plan) will be automatically redeemed by the Corporation as at such time, without notice to the holders of such New Redeemable Shares, on payment of \$0.01 for each whole New Redeemable Share, such amount being herein referred to as the "**Redemption Price**". The Corporation will pay or cause to be paid to each holder of New Redeemable Shares or fractional interests therein to be redeemed the Redemption Price by cheque, provided that if the aggregate Redemption Price payable to any particular holder is less than \$10, the aggregate Redemption Price payable to such holder will be deemed to be \$0.00 and the New Redeemable Shares or fractional interests therein held by such holder will be redeemed as at the close of business of the Plan Implementation Date without any payment or further act or formality.

- (c) **Voting Rights.** The holders of the New Redeemable Shares or fractional interests therein will not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and will not be entitled to vote any such meeting.

**SCHEDULE B
ARTICLES OF REORGANIZATION
HEMATITE INDUSTRIAL**

Empty box for Ontario Corporation Number

Form 9
Business
Corporations
Act

Formule 9
Loi sur les
sociétés par
actions

**ARTICLES OF REORGANIZATION
STATUTS DE RÉORGANISATION**

1. The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)
Dénomination sociale de la société : (Écrire en LETTRES MAJUSCULES SEULEMENT) :

H	E	M	A	T	I	T	E		I	N	D	U	S	T	R	I	A	L		P	R	O	D	U	C	T	S		
I	N	C	.																										

2. The new name of the corporation if changed by the reorganization: (Set out in BLOCK CAPITAL LETTERS)
Nouvelle dénomination sociale de la société si elle est modifiée par suite de la réorganisation : (Écrire en LETTRES MAJUSCULES SEULEMENT) :

3. Date of incorporation/amalgamation: / *Date de la constitution ou de la fusion :*

2010, 03, 19

Year, Month, Day / année, mois, jour

4. The reorganization was ordered by the court on / *La cour a ordonné la réorganisation le*

Year, Month, Day / année, mois, jour

and a certified copy of the Order of the court is attached to these articles as Exhibit "A". / *une copie certifiée conforme de l'ordonnance de la cour constitue l'annexe «A».*

5. In accordance with the Order for reorganization the articles of the corporation are amended as follows:
Conformément à l'ordonnance de réorganisation, les statuts de la société sont modifiés de la façon suivante :
See Schedule 1

- 6. The terms and conditions to which the reorganization is made subject by the Order have been complied with.
Les conditions que l'ordonnance impose à la réorganisation ont été respectées.

These articles are submitted under section 186 of the *Business Corporations Act* and are signed in duplicate.
Les présents statuts sont déposés en vertu de l'article 186 de la Loi sur les sociétés par actions. Ils sont signés en double exemplaire.

Hematite Industrial Products Inc.

Name of Corporation / *Dénomination sociale de la société*

By/
Par :

Signature / *Signature*

Description of Office / *Fonction*

SCHEDULE "1"

The Articles of the Corporation are amended as follows:

1. to replace the authorized share capital of the Corporation with the following:
 - (a) an unlimited number of common shares;
 - (b) an unlimited number of voting Class A Special shares;
 - (c) an unlimited number of New Common Shares; and
 - (d) an unlimited number of New Redeemable Shares;
2. to delete the existing rights, privileges, restrictions and conditions attaching to the authorized share capital of the Corporation and substituting therefor Schedule "A-1" annexed hereto;
3. to change each issued common share into 0.000001 of a New Redeemable Share and automatically redeem such New Redeemable Shares in accordance with the terms of such New Redeemable Shares; and
4. to change each issued voting Class A Special share into 0.000001 of a New Redeemable Share and automatically redeem such New Redeemable Shares in accordance with the terms of such New Redeemable Shares.

SCHEDULE "A-1"

1. The common shares shall have attached thereto the following rights, privileges, restrictions and conditions:
 - (a) **Voting.** The holders thereof shall be entitled to receive notice of, to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote.
 - (b) **Dividends.** The holders thereof shall be entitled to receive dividends, subject to the rights of holders of any other class of shares of the Corporation entitled to receive dividends in priority to or rateably with holders of the common shares, if, as and when declared by the directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends.
 - (c) **Distribution Rights.** Subject to the rights of the holders of any other class of shares of the Corporation, to receive the remaining property of the Corporation upon liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs.

2. The Class A Special shares ("**Class A shares**") shall have attached thereto the following rights, privileges, restrictions and conditions:
 - (a) **Interpretation.** Where used in this section:
 - (i) "**Redemption Amount**" in respect of the Class A shares is the amount which is equal to the fair market value of the property transferred to or exchanged with the Corporation on the first issuance of Class A shares, less the amount of non-share consideration, if any, paid, assumed or delivered by the Corporation as partial consideration for the purchase, acquisition or exchange of such property, divided by the number of such Class A shares issued by the Corporation as consideration or partial consideration for the purchase, acquisition or exchange of such property. In the event that Canada Revenue Agency ("**CRA**") determines that the fair market value of any property transferred to or exchanged with the Corporation in exchange for non-share consideration, if any, and the Class A shares is greater or less than the amount agreed and determined by the Corporation and the holders of the Class A shares, the Redemption Amount of the Class A shares so issued shall be increased or decreased to reflect the value as ultimately determined. The adjustment to the Redemption Amount per share shall be equal to the total increase or decrease ultimately determined, divided by the number of the Class A shares so issued. The Redemption Amount of the Class A shares so adjusted shall be deemed, retroactively to the date of first issuance, to have been their Redemption Amount. In the event that any of the Class A shares have been redeemed prior to the date of any such ultimate determination, cash settlements shall be made by the prior holder of such shares so redeemed or the Corporation, as the case may be, together with interest thereon calculated on a daily basis at the prime commercial lending rate charged by the Corporation's bankers from time to time for the relevant

period. Reference to value as ultimately determined herein shall have the following meaning:

- A. such amount as may be agreed upon by CRA, the Corporation and the holders of such shares to have been the fair market value of the property transferred or exchanged for such shares; or
 - B. in the absence of such agreement, such amount shall be determined by a Court having competent jurisdiction in the matter (after all appeal rights have been exhausted or all times for appeal have expired without appeals having been taken) to be the fair market value of the property transferred or exchanged for such shares.
- (ii) "**Act**" means the Business Corporations Act (Ontario), as amended, revised or replaced from time to time
- (b) **Redemption.** The Corporation may, upon giving notice as hereinafter provided, redeem the whole or any part of the Class A shares on payment for each share to be redeemed of the Redemption Amount thereof plus all dividends declared thereon but unpaid. Not less than thirty (30) days' notice in writing of such redemption shall be given by mailing such notice to the registered holder or holders of the shares to be redeemed, specifying the date and place or places of redemption. If notice of any such redemption be given by the Corporation in the manner aforesaid and an amount sufficient to redeem the shares be deposited with any trust company or chartered bank in Canada as specified in the notice on or before the date fixed for redemption, dividends on the Class A shares to be redeemed shall cease after the date so fixed for redemption and the holders thereof shall thereafter have no rights against the Corporation in respect thereof except, upon the surrender of certificates for such shares, to receive payment therefor out of the moneys so deposited.
- (c) **Retraction.** A holder of Class A shares shall be entitled to require the Corporation to redeem at any time or times all or any of the Class A shares registered in the name of such holder on the books of the Corporation by tendering to the Corporation at its registered office a share certificate representing the Class A shares which the registered holder desires to have the Corporation redeem together with a request in writing specifying:
- (i) that the registered holder desires to have some or all of the Class A shares represented by such certificate redeemed by the Corporation; and
 - (ii) the business day (in this paragraph referred to as the "**Redemption Date**") on which the holder desires to have the Corporation redeem such Class A shares.

All requests for redemption shall specify a Redemption Date which shall be not less than thirty (30) days after the day on which the request in writing is given to the Corporation. Upon receipt of a share certificate representing the Class A shares which the registered holder desires to have the Corporation redeem together with such request the Corporation shall on the Redemption Date, redeem

such Class A shares by paying to such registered holder the Redemption Amount of such shares plus all dividends declared thereon but unpaid. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers for the time being in Canada. The said Class A shares shall be redeemed on the Redemption Date and from and after the Redemption Date such shares shall cease to be entitled to dividends and the holder or holders thereof shall not be entitled to exercise any of the rights of holders of Class A shares in respect thereof unless payment is not made in accordance with the provisions hereof, in which event the rights of the holders of the said shares shall remain unaffected.

- (d) **Non-Cumulative Dividends.** The holders of Class A shares in priority to the holders of all other classes of shares, shall be entitled to non-cumulative cash dividends, as and when declared by resolution of the directors and in the discretion of the directors, out of monies of the Corporation properly applicable to the payment of dividends, at a rate not to exceed 8% per annum of the Redemption Amount in respect of the Class A shares. The directors, when declaring any dividends on Class A shares, or any other class of shares of the Corporation, may, in their sole discretion, elect to declare dividends on the said Class A shares in priority to or to the exclusion of any other class or classes of shares.
 - (e) **Voting.** Each holder of Class A shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation, except meetings at which only holders of a specified class of shares or series of shares are entitled to attend, and at all such meetings shall be entitled to one vote in respect of each Class A share held by such holder.
 - (f) **Distribution Rights.** In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purposes of winding-up its affairs, the holders of the Class A shares shall be entitled to receive from the assets of the Corporation a sum equivalent to the aggregate Redemption Amount of all the Class A shares held by them, plus all dividends declared thereon but unpaid, before any amount shall be paid or any assets of the Corporation distributed to the holders of any common shares or any other shares ranking junior to the Class A shares. After payment to the holders of the Class A shares of the amount so payable to them as provided above, they shall not be entitled to share in any further distribution of the assets of the Corporation.
3. The New Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:
- (a) **Voting.** The holders thereof shall be entitled to receive notice of, to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote.
 - (b) **Dividends.** The holders thereof shall be entitled to receive dividends, subject to the rights of holders of any other class of shares of the Corporation entitled to receive dividends in priority to or rateably with holders of the New Common Shares, if, as and when declared by the directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends.

- (c) **Distribution Rights.** Subject to the rights of the holders of any other class of shares of the Corporation, to receive the remaining property of the Corporation upon liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs.
- 4. The New Redeemable Shares shall have attached thereto the following rights, privileges, restrictions and conditions:
 - (a) **Fractional Interests.** No holder of a fractional interest in a New Redeemable Share will be entitled to be registered on the books of the Corporation in respect of such fraction of a New Redeemable Share.
 - (b) **Redemption by the Corporation.** All the outstanding New Redeemable Shares and fractional interests therein as at the Effective Time (as defined in the Plan of Compromise, Arrangement and Reorganization of the Corporation dated November 18, 2020 (the "**Plan**")) on the Plan Implementation Date (as defined in the Plan) will be automatically redeemed by the Corporation as at such time, without notice to the holders of such New Redeemable Shares, on payment of \$0.01 for each whole New Redeemable Share, such amount being herein referred to as the "**Redemption Price**". The Corporation will pay or cause to be paid to each holder of New Redeemable Shares or fractional interests therein to be redeemed the Redemption Price by cheque, provided that if the aggregate Redemption Price payable to any particular holder is less than \$10, the aggregate Redemption Price payable to such holder will be deemed to be \$0.00 and the New Redeemable Shares or fractional interests therein held by such holder will be redeemed as at the close of business of the Plan Implementation Date without any payment or further act or formality.
 - (c) **Voting Rights.** The holders of the New Redeemable Shares or fractional interests therein will not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and will not be entitled to vote any such meeting.

SCHEDULE C
TD LEASE AGREEMENTS

1. Master equipment lease no. T000000658 dated April 5, 2018 between Pavaco Plastics Inc. (now named Hematite Manufacturing Inc.), as lessee, and TD Equipment Finance Canada, a division of the Toronto-Dominion Bank, as lessor, and the schedules thereto (being Schedule No. 18003130 dated April 5, 2018, and Schedule No. 18003120 dated April 5, 2018).

2. Master equipment lease no. 23296 dated February 22, 2013 between Pavaco Products Inc. (now named Hematite Manufacturing Inc.), as lessee, and TD Equipment Finance Canada, a division of the Toronto-Dominion Bank, as lessor, and the schedules thereto (being Schedule No. 10 dated April 25, 2016, and Schedule No. 12 dated August 22, 2016 and Schedule No. 13 dated November 23, 2016)

APPENDIX “H” – Affidavit of David Cohen sworn on December 16, 2020

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
HEMATITE HOLDINGS INC., HEMATITE MANUFACTURING INC.,
HEMATITE INDUSTRIAL PRODUCTS INC., CANADIAN PAVACO INC.,
PAVACO HOLDINGS U.S. INC., HEMATITE, INC. AND
HEMATITE AUTOMOTIVE PRODUCTS INC.

Applicants


AFFIDAVIT OF DAVID F.W. COHEN
(sworn December 16, 2020)

I, David F.W. Cohen, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a Partner at the law firm of Gowling WLG (Canada) LLP ("**Gowling WLG**"), and as such have knowledge of the matters hereinafter deposed to.
2. Pursuant to an Order of the Ontario Superior Court of Justice [Commercial List] dated September 18, 2020 as amended and restated pursuant to an Order dated September 28, 2020 (the "**Initial Order**") KPMG Inc. ("**KPMG**") was appointed pursuant to the *Companies' Creditors Arrangement Act* as the monitor (in such capacity, the "**Monitor**") of the Applicants.
3. The Monitor retained Gowling WLG as Canadian counsel to advise it with regard to the matters related to its appointment and the exercise of its powers and the performance of its duties.
4. Pursuant to paragraphs 31-32 of the Initial Order, the Monitor and its legal counsel are entitled to be paid their reasonable fees at their standard rates and charges, and are required to pass their accounts from time to time.

5. Gowling WLG's fees and disbursements for the period ended November 30, 2020 are summarized in the invoices rendered to the Monitor (the "**Invoices**"). The Invoices are a fair and accurate description of the services provided, the disbursements incurred and the amounts charged by Gowling WLG. The Invoices contain information and advice over which lawyer and client privilege is asserted, and for which privilege is not waived. As a result, redacted copies of the Invoices are attached hereto and marked as **Exhibit "A"**. Copies of the complete Invoices have been provided to the Monitor and I am advised by the Monitor that it has reviewed the Invoices and that it considers Gowling WLG's fees and disbursements fair and reasonable.
6. Attached hereto and marked as **Exhibit "B"** is a summary of the lawyers whose services are reflected on the Invoices, including year of call, hourly rate and the total fees and hours billed.
7. The total amount being claimed for the work performed by Gowling WLG for the period ending November 30, 2020 is \$423,421.50, including \$374,095.50 for fees, \$636.10 for disbursements and \$48,689.90 for HST.
8. Gowling WLG's rates and disbursements are consistent with those in the market for these types of matters and have been previously approved by this Honourable Court in similar proceedings.
9. This Affidavit is sworn in connection with a motion by the Monitor to have the Monitor's Fees and Disbursements in relation to these proceedings approved by this Court.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on this 16th day of December, 2020.




Commissioner for Taking Affidavits or
Notary Public



David F.W. Cohen

**THIS IS EXHIBIT "A"
REFERRED TO IN THE AFFIDAVIT OF
DAVID F.W. COHEN SWORN BEFORE
ME ON DECEMBER 16th, 2020**



A Commissioner for Oaths and Notary
Public in and for the Province of Ontario

Invoice

KPMG Inc.
 ATTN: Katherine Forbes
 Partner, Restructuring & Turnaround
 333 Bay Street, Suite 4600
 Bay Adelaide Centre
 Toronto ON M5H 2S5

September 30, 2020
 INVOICE: 19470232

Our Matter: T1023654 / 93144
 RE: Hematite Holdings Inc. and certain related entities - CCAA Proceedings

		HST (13.0%)
Fees for Professional Services	\$80,751.00	\$10,497.63
Disbursements (Taxable)	396.43	
Disbursements (Non-Taxable)	<u>185.90</u>	
Total Disbursements	582.33	51.54
Total Fees and Disbursements	81,333.33	
Total Taxes	10,549.17	10,549.17
Total Invoice	91,882.50	
Please remit balance due:	In Canadian Dollars	\$91,882.50

Important Notice: Please Read

Please make all payments by wire transfer or electronic funds transfer (EFT)

Our complete banking details are on the remittance copy (last page) of this invoice. Note that our bank moved in November 2019 so please ensure your records include our new bank address and transit number

Bank address: 84 Bank Street, Ottawa, ON K1P 5N4, Transit number: 0010-00186

If you have any questions, please contact payments.ca@gowlingwlg.com

D. F. W. Cohen Signed for & on behalf of Gowling WLG (Canada) LLP

Our services are provided in accordance with our Terms of Business (www.gowlingwlg.com/TermsOfBusiness), subject to any other written engagement agreement entered into between the parties.

September 30, 2020

INVOICE: 19470232

KPMG Inc. Toronto
Our Matter: T1023654
Hematite Holdings Inc. and certain related
entities - CCAA Proceedings

FOR PROFESSIONAL SERVICES RENDERED on your behalf including:

Date	Hours	Timekeeper	Description
2020-09-10	4.40	David F W Cohen	Engaged in discussions regarding CCAA Proceedings for Hematite sponsored plan by Woodbridge Foam Corporation; Calls with KPMG, Bennett Jones and Richter.
2020-09-10	2.00	Cliff Prophet	Preliminary background from K. Forbes and T. Montgomery;
2020-09-11	1.60	Cliff Prophet	Preparation for and call with client re issues on filing and arrangements for interim financing;
2020-09-13	6.10	David F W Cohen	Call with KPMG; Communications with Bennett Jones and Richter; attendance to issues regarding preparation of Monitor's pre-liminary report. Review [REDACTED] and [REDACTED]
2020-09-14	10.50	David F W Cohen	Review and revise draft Court materials. attend to planning calls with KPMG; calls with Bennett Jones and Richter; review proposed [REDACTED] and review security reviews; attend to related matters planning for filing of materials by Sept 16;
2020-09-14	0.40	Cliff Prophet	Review of pre-filing liabilities; discussion with D. Cohen re same;
2020-09-15	9.40	David F W Cohen	Attendance to review affidavit and draft first day CCAA order; calls and correspondence regarding such; evaluate strategy for various aspects of the filing
2020-09-15	4.20	Thomas F. Gertner	Meeting with D. Cohen to discuss engagement and security review; discussion of security issues with D. Cohen; attended to internal correspondence re: the same; reviewed draft affidavit re: the same;
2020-09-15	0.80	Melissa McDonald	Hematite Manufacturing Inc., etc. - attendance to corporate searches (x4), bankruptcy & insolvency act searches (x5), bank act searches (x5), certified PPSA searches (x5);
2020-09-15	0.50	Cliff Prophet	Call with client; call with D. Cohen;
2020-09-15	2.10	Cliff Prophet	Calls with D. Cohen and K. Forbes; review of draft materials; review of issues re DIP sizing and re dealing with limited pre-filing payments;
2020-09-16	8.70	David F W Cohen	Attendance to preparation of Court filing materials; calls with KPMG; Calls with Bennett Jones; Calls with McCarthy's; planning for hearing.
2020-09-16	2.50	David F W Cohen	Review and revise Monitor's report; calls regarding such;
2020-09-16	3.30	Thomas F. Gertner	Attended to informal security review and review of searches; email correspondence re: the same; call with D. Cohen, C.

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September 30, 2020
 INVOICE: 19470232

			Prophet and KPMG re: draft materials;
2020-09-16	5.50	Cliff Prophet	Review and comment on draft initial order and Nadeau affidavit; e-mails and calls with J. Gage and T. Courtis of McCarthy;
2020-09-16	1.30	Cliff Prophet	Review DIP loan draft and comment on same;
2020-09-16	1.00	Cliff Prophet	Calls and co-ordinating with McCarthy;
2020-09-17	6.90	David F W Cohen	Discussions and review of issues regarding [REDACTED]; preparation for hearing; correspondence and emails with KPMG; review and comment on revised Monitor's report
2020-09-17	0.50	Thomas F. Gertner	Attended to preparing consent act; attended to various correspondence and calls re: service of materials;
2020-09-17	0.60	Thomas F. Gertner	Attended to finalizing and compiled pre-filing report; attended to various correspondence re: the same;
2020-09-17	3.10	Cliff Prophet	Further review and comment on DIP Loan agreement; discussion re ongoing discussions with BDC;
2020-09-17	6.90	Cliff Prophet	Review and revise pre-filing report; multiple e-mails with McCarthy; calls with client on financial records issues;
2020-09-17	0.50	Cliff Prophet	Instructions for service; dealing with McCarthy; e-mail to Court; preparation for hearing;
2020-09-17	0.40	Cliff Prophet	Calls with McCarthy and further work on pre-filing report;
2020-09-18	4.30	David F W Cohen	Attendance to pre-hearing call; attendance to initial CCAA hearing; follow-up from hearing; Call with KPMG, Richter and McCarthy.
2020-09-18	0.30	Thomas F. Gertner	Attended hearing;
2020-09-18	0.80	Cliff Prophet	Prepare for and attend Court for hearing of initial application of company;

Total Fees for Professional Services \$80,751.00

SUMMARY OF FEES

TK Name	Billed Rate	Hours	Amount
Cohen, David F.	975.00	52.80	51,480.00
Gertner, Thomas F.	565.00	8.90	5,028.50
McDonald, Melissa	125.00	0.80	100.00
Prophet, Cliff	925.00	26.10	24,142.50
Total		88.60	<u>\$80,751.00</u>

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September 30, 2020
INVOICE: 19470232

DISBURSEMENTS

Taxable Costs

Corporate Searches - Taxable	\$396.43
Total Taxable Disbursements	<u>\$396.43</u>

Non-Taxable Costs

Corporate Searches - Agency	\$185.90
Total Non-Taxable Disbursements	<u>\$185.90</u>



September 30, 2020
INVOICE: 19470232

Remittance Copy

Client: 93144 KPMG Inc. Toronto
Matter: T1023654
RE: Hematite Holdings Inc. and certain related entities - CCAA Proceedings
Amount Due: \$91,882.50 CAD

PAYMENT BY CHEQUE:

Please return this page with your payment payable to **Gowling WLG (Canada) LLP**

Remit to: Gowling WLG (Canada) LLP
PO Box 466, STN D
Ottawa, ON K1P 1C3
Canada

PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:
SWIFTCODE: CIBCCATT

BENEFICIARY BANK: Canadian Imperial Bank of Commerce
84 Bank Street, Ottawa, ON K1P 5N4

TRANSIT NUMBER: **0010-00186**

BENEFICIARY ACCOUNT NAME: Gowling WLG (Canada) LLP
160 Elgin Street, Suite 2600, Ottawa, ON K1P 1C3

BENEFICIARY ACCOUNT NUMBER(S): CDN Account: 41-02916
USD Account: 02-21015

US Corresponding Bank for US Dollar wires:
Wells Fargo Bank, N.A. BIC: PNBUS3N NYC - ABA:026005092

If paying by wire transfer or corporate EFT please e-mail the remittance details to
payments.ca@gowlingwlg.com

Please note that we cannot accept payment by Interac e-Transfer®



Invoice

KPMG Inc.
 ATTN: Katherine Forbes
 Partner, Restructuring & Turnaround
 333 Bay Street, Suite 4600
 Bay Adelaide Centre
 Toronto ON M5H 2S5

September 30, 2020
 INVOICE: 19470233

Our Matter: T1023654 / 93144
 RE: Hematite Holdings Inc. and certain related entities - CCAA Proceedings

		HST (13.0%)
Fees for Professional Services	\$54,083.00	\$7,030.79
Total Fees	54,083.00	
Total Taxes	7,030.79	7,030.79
Total Invoice	61,113.79	
Please remit balance due:	In Canadian Dollars	\$61,113.79

Important Notice: Please Read

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GOWLING WLG (CANADA) LLP
 1 First Canadian Place, 100 King Street West,
 Suite 1600, Toronto, Ontario, M5X 1G5, Canada
 GST/HST: 11936 4511 RT

T +1 (416) 862 7525
gowlingwlg.com

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September 30, 2020
 INVOICE: 19470233

KPMG Inc. Toronto
 Our Matter: T1023654
 Hematite Holdings Inc. and certain related
 entities - CCAA Proceedings

FOR PROFESSIONAL SERVICES RENDERED on your behalf including:

Date	Hours	Timekeeper	Description
2020-09-19	1.70	David F W Cohen	Review and revise communications materials; discussion regarding next steps
2020-09-20	1.30	Cliff Prophet	Review and comment on Chapter 15 material;
2020-09-21	1.10	Cliff Prophet	Further review of Chapter 15 material; e-mails to client and McCarthy re same;
2020-09-22	1.50	David F W Cohen	Discussion regarding critical supplier designation and funding issues;
2020-09-22	1.00	Cliff Prophet	Dealings with counsel for debtor re Chapter 15 filings; review of creditor communications;
2020-09-22	1.20	Cliff Prophet	Discussion re dealings with suppliers and pre-filing amounts; analysis of same;
2020-09-23	7.10	David F W Cohen	Attendance to further diffusions regarding [REDACTED] correspondence with KPMG regarding email acknowledgement of payment terms for supplier; review revised draft order regarding [REDACTED]; mark-up of draft order; review and comment on draft monitor's report;
2020-09-23	4.90	Cliff Prophet	Begin drafting First Report of Monitor;
2020-09-23	3.10	Cliff Prophet	Continued drafting of First Report of Monitor;
2020-09-24	7.30	David F W Cohen	Review correspondence; consider [REDACTED] call with KPMG regarding [REDACTED] management of payments to tooling suppliers; further review of Monitor's report; call with Woodbridge counsel and with debtor counsel.
2020-09-24	0.50	Thomas F. Gertner	Reviewed and revised first report; correspondence with C. Prophet re: the same;
2020-09-24	12.50	Cliff Prophet	Drafting and revising First Report of Monitor; calls with client re comments;
2020-09-25	4.70	David F W Cohen	Correspondence to KPMG; Call with Woodbridge Counsel; review "contract employee" amendment to draft; Correspondence to KPMG regarding discussion with Woodbridge Counsel.
2020-09-25	1.00	Thomas F. Gertner	Finalized and served report; correspondence re: affidavit of service;

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September 30, 2020
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2020-09-25	3.90	Cliff Prophet	Completing First report of Monitor and instructions for filing;
2020-09-28	2.30	David F W Cohen	Attend Hearing and follow up call regarding issues arising from such; call with KPMG and consideration of claims process and timeline for case.
2020-09-28	0.20	Thomas F. Gertner	Attended to correspondence re: filing of Monitor's report; commissioned affidavit re: the same;
2020-09-28	1.30	Cliff Prophet	Prepare for and attend Court re Amended and Restated Initial Order; e-mails with Monitor;
2020-09-28	0.80	Cliff Prophet	Discussion re tooling issues and call with counsel to supplier;
2020-09-28	0.40	Cliff Prophet	Call with client re claims process; review of prior materials on claims processes;

Total Fees for Professional Services

\$54,083.00

SUMMARY OF FEES

TK Name	Billed Rate	Hours	Amount
Cohen, David F.	975.00	24.60	23,985.00
Gertner, Thomas F.	565.00	1.70	960.50
Prophet, Cliff	925.00	31.50	29,137.50
Total		57.80	<u>\$54,083.00</u>

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September 30, 2020
INVOICE: 19470233

Remittance Copy

Client: 93144 KPMG Inc. Toronto
Matter: T1023654
RE: Hematite Holdings Inc. and certain related entities - CCAA Proceedings
Amount Due: \$61,113.79 CAD

PAYMENT BY CHEQUE:

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Remit to: Gowling WLG (Canada) LLP
PO Box 466, STN D
Ottawa, ON K1P 1C3
Canada

PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:
SWIFTCODE: CIBCCATT

BENEFICIARY BANK: Canadian Imperial Bank of Commerce
84 Bank Street, Ottawa, ON K1P 5N4

TRANSIT NUMBER: **0010-00186**

BENEFICIARY ACCOUNT NAME: Gowling WLG (Canada) LLP
160 Elgin Street, Suite 2600, Ottawa, ON K1P 1C3

BENEFICIARY ACCOUNT NUMBER(S): CDN Account: 41-02916
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Invoice

KPMG Inc.
 ATTN: Katherine Forbes
 Partner, Restructuring & Turnaround
 333 Bay Street, Suite 4600
 Bay Adelaide Centre
 Toronto ON M5H 2S5

October 28, 2020
 INVOICE: 19486157

Our Matter: T1023654 / 93144
 RE: Hematite Holdings Inc. and certain related entities - CCAA Proceedings

		HST (13.0%)
Fees for Professional Services	\$85,198.50	\$11,075.80
Disbursements (Taxable)	<u>23.92</u>	
Total Disbursements	23.92	3.11
Total Fees and Disbursements	85,222.42	
Total Taxes	11,078.91	11,078.91
Total Invoice	96,301.33	
Please remit balance due:	In Canadian Dollars	\$96,301.33

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October 28, 2020
 INVOICE: 19486157

KPMG Inc. Toronto
Our Matter: T1023654
Hematite Holdings Inc. and certain related
entities - CCAA Proceedings

FOR PROFESSIONAL SERVICES RENDERED on your behalf including:

Date	Hours	Timekeeper	Description
2020-09-28	0.80	David F W Cohen	Call with Cliff Prophet regarding claims process; Call to Woodbridge counsel regarding claims process (2 calls);
2020-09-29	0.20	David F W Cohen	Review employee communications letter
2020-09-29	4.30	David F W Cohen	Correspondence to the Monitor regarding the claims process and results of discussions with Woodbridge; Multiple correspondence and discussions regarding pre-filing tooling payments;
2020-09-29	1.40	Cliff Prophet	Call with D. Cohen re claims process; discussion with client re claims process; call with J. Gage;
2020-09-30	6.90	David F W Cohen	Correspondence back and forth with Hematite counsel regarding pre-filing tooling payments; correspondence with Monitor regarding tooling payments; review and consider issues related to pre-filing tooling payments in an effort to harmonize and standardize the approach and ensure compliance with the amended and restated initial order; Correspondence regarding Monitor's efforts to obtain additional background information on pre-filing tooling contracts; review of [REDACTED] correspondence to Monitor regarding [REDACTED] [REDACTED] correspondence from N. Brearton regarding employee claims in context of claims process
2020-09-30	0.70	Cliff Prophet	Consider claims process and tooling issues;
2020-10-01	0.70	David F W Cohen	Correspondence with Monitor regarding assisting the debtor in a Claims Notice Process; Call regarding claims process.
2020-10-01	1.10	Cliff Prophet	Consider tooling issue; discussions re claims process;
2020-10-02	1.70	David F W Cohen	Review updated case timetable; call with Hematite counsel and Monitor regarding claims process choice; call with Woodbridge counsel and Cliff Prophet regarding claims process approach and pre-filing tooling payments; call regarding claims process; correspondence regarding WFC services agreement; review of draft claims procedure order;
2020-10-02	0.40	Cliff Prophet	Forwarding draft report and further consideration re form of claims process;
2020-10-02	1.80	Cliff Prophet	Meet with McCarthy re claims process; advice to client re same;
2020-10-05	1.30	David F W Cohen	Attendance to consider draft claims procedure order; review correspondence [REDACTED]

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2020-10-05	1.20	Cliff Prophet	Review claims process order draft; call with N. Brearton re same;
2020-10-05	0.60	Cliff Prophet	Communicate with McCarthy re claims process;
2020-10-05	0.60	Cliff Prophet	Review Nadeau affidavit;
2020-10-05	1.30	Cliff Prophet	Further discussions on claims process; brief review of Order;
2020-10-06	5.30	David F W Cohen	Attendance to consider claims process alternatives and calls with client regarding such; [REDACTED]
2020-10-06	2.30	Thomas F. Gertner	Inter-office discussions with D. Cohen re: tooling issues; internal correspondence re: the same; attended call with D. Cohen and C. Prophet to discuss various issues;
2020-10-06	0.50	Cliff Prophet	E-mail from counsel to FCA and response; call with N. Brearton re supplier issue; call with D. Cohen and update;
2020-10-06	2.30	Cliff Prophet	Review and comment on affidavit and claims process order; e-mails with McCarthy;
2020-10-06	0.40	Cliff Prophet	Consider tooling payment issue;
2020-10-07	5.40	David F W Cohen	Call with Monitor; correspondence regarding OEM request for timeline; discussion regarding [REDACTED] issues; call with N. Brearton; call with Woodbridge advisor; summarize [REDACTED] correspondence from C. Prophet re [REDACTED] analysis; review final debtor motion record; review draft factum;
2020-10-07	3.00	Cliff Prophet	Discussion with D. Cohen re pre-filing tooling payments; [REDACTED] e-mails to client re same; call with client re same;
2020-10-07	0.40	Cliff Prophet	E-mails with McCarthy re claims process;
2020-10-08	1.40	David F W Cohen	review draft monitor's report; call with Woodbridge advisor regarding approach to tooling payment;
2020-10-08	1.70	Cliff Prophet	Review tooling situation and note to client re same; e-mails with client; review of Claims Process Order and comment to McCarthy;
2020-10-08	0.70	Cliff Prophet	Call with [REDACTED]; review of draft factum prepared by company;
2020-10-09	4.60	David F W Cohen	Correspondence with C Prophet regarding tooling payment issues; correspondence from Monitor regarding tooling arrangements; review revised Monitor's report; review correspondence from J Stamm regarding certain OEM concerns with draft order; track revisions to Monitor's report requested by debtor and Woodbridge; multiple correspondences regarding monitor's report and court materials and draft Amended Initial Order; consider [REDACTED]



October 28, 2020
INVOICE: 19486157

2020-10-09	3.60	Thomas F. Gertner	Reviewed and updated various proof of claim forms; finalized and served report;
2020-10-09	2.20	Cliff Prophet	Review and revise Second Report of Monitor;
2020-10-09	1.50	Cliff Prophet	Multiple e-mails to and calls with McCarthy re Second Report, claims process forms and form of CPO;
2020-10-09	1.60	Cliff Prophet	Review of language requested by [REDACTED]
2020-10-12	3.40	David F W Cohen	Correspondence regarding the hearing; correspondence regarding the US proceedings; review correspondence from Norton Rose (Toyota and other OEM related); call with Woodbridge advisor; Correspondence to Woodbridge [REDACTED]; correspondence with debtor counsel regarding excluded claims;
2020-10-12	2.00	Cliff Prophet	Multiple calls and e-mails re reservation of rights for OEM warranty claims and re preparation of claims forms and noticing requirements;
2020-10-13	2.30	David F W Cohen	Correspondence between Norton Rose and debtor counsel; review debtor correspondence to Court; correspondence back and forth between the Monitor and Gowling regarding the tooling order structure; review proposed newspaper publication regarding the claims process;
2020-10-13	1.50	Cliff Prophet	Prepare for and attend hearing on Claims Process Order; review and comment on exclusionary language re OEM claims; e-mails;
2020-10-13	2.40	Cliff Prophet	Call with McCarthy and Goodman re supplier issue; review and approve newspaper notice; e-mails to client; e-mail to McCarthy re supplier issue and tooling;
2020-10-14	1.30	Cliff Prophet	E-mails with J. Leslie and calls re tooling issues;
2020-10-15	1.20	David F W Cohen	Review correspondence between C. Prophet and J. Gage; correspondence from Monitor regarding adjustments to the format of the cash flow budget and reply thereto; correspondence regarding [REDACTED]
2020-10-15	1.50	Cliff Prophet	E-mail to J. Gage re [REDACTED] call to J. Gage re same;
2020-10-16	0.20	David F W Cohen	Correspondence with Monitor re. Fabriweld;
2020-10-19	0.70	David F W Cohen	Prepared for call with Fabriweld; call with Monitor and Fabriweld;
2020-10-20	0.80	Cliff Prophet	Attend call on tooling issues;
2020-10-21	0.60	Cliff Prophet	Review e-mail from S. Dedic; call with McCarthy;
2020-10-22	3.10	David F W Cohen	Attendance to [REDACTED] and correspondence from Brendan O'Neill; correspondence regarding [REDACTED] calls with Woodbridge advisor;
2020-10-22	2.10	Cliff Prophet	Call with McCarthy re US proceedings and re tooling arrangements;

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Errors and omissions excluded



GOWLING WLG

October 28, 2020
INVOICE: 19486157

2020-10-23	2.80	David F W Cohen	Telephone call with C. Prophet regarding tooling issues; call with client; correspondence regarding tooling issue;
2020-10-23	4.10	Cliff Prophet	Multiple meetings on tooling issue; review of NDA requested by supplier; review of arrangements for meeting and advice to client re same;

Total Fees for Professional Services \$85,198.50

SUMMARY OF FEES

TK Name	Billed Rate	Hours	Amount
Cohen, David F.	975.00	46.30	45,142.50
Gertner, Thomas F.	565.00	5.90	3,333.50
Prophet, Cliff	925.00	39.70	36,722.50
Total		91.90	<u>\$85,198.50</u>

DISBURSEMENTS

Taxable Costs

Conference Call Expenses	\$23.92
Total Taxable Disbursements	<u>\$23.92</u>

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October 28, 2020
INVOICE: 19486157

Remittance Copy

Client: 93144 KPMG Inc. Toronto
Matter: T1023654
RE: Hematite Holdings Inc. and certain related entities - CCAA Proceedings
Amount Due: \$96,301.33 CAD

PAYMENT BY CHEQUE:

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TRANSIT NUMBER: **0010-00186**

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160 Elgin Street, Suite 2600, Ottawa ,ON K1P 1C3

BENEFICIARY ACCOUNT NUMBER(S): CDN Account: 41-02916
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Invoice

KPMG Inc.
 ATTN: Katherine Forbes
 Partner, Restructuring & Turnaround
 333 Bay Street, Suite 4600
 Bay Adelaide Centre
 Toronto ON M5H 2S5

November 19, 2020
 INVOICE: 19499521

Our Matter: T1023654 / 93144
 RE: Hematite Holdings Inc. and certain related entities - CCAA Proceedings

		HST (13.0%)
Fees for Professional Services	\$83,947.50	\$10,913.17
Disbursements (Taxable)	<u>10.99</u>	
Total Disbursements	10.99	1.43
Total Fees and Disbursements	83,958.49	
Total Taxes	10,914.60	10,914.60
Total Invoice	94,873.09	
Please remit balance due:	In Canadian Dollars	\$94,873.09

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D. F. W. Cohen Signed for & on behalf of Gowling WLG (Canada) LLP

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November 19, 2020
INVOICE: 19499521

KPMG Inc. Toronto
Our Matter: T1023654
Hematite Holdings Inc. and certain related
entities - CCAA Proceedings

FOR PROFESSIONAL SERVICES RENDERED on your behalf including:

Date	Hours	Timekeeper	Description
2020-10-24	0.80	Cliff Prophet	Multiple emails re meeting to discuss tooling payments;
2020-10-25	1.50	David F W Cohen	Preparation for and attendance to monitor and company call regarding tooling.
2020-10-25	0.90	Cliff Prophet	Multi-party meeting re tooling payments;
2020-10-26	3.30	David F W Cohen	Attendance to conference call with debtor and counsel and monitor regarding tooling; follow-up review of draft email; telephone call with financial advisor to Woodbridge; telephone call with N. Brearton
2020-10-26	0.40	David F W Cohen	Review correspondence from Monitor; telephone call with Monitor
2020-10-26	0.50	Cliff Prophet	Comment on revised NDA;
2020-10-26	0.80	Cliff Prophet	Review and advise re [REDACTED]
2020-10-27	2.30	David F W Cohen	Correspondence re Toyota Credit leases; review correspondence from Richter to Monitor; correspondence to Richter and Bennett Jones regarding [REDACTED] correspondence; ; correspondence from Norton Rose; correspondence from T. Montgomery regarding Toyota vehicle leases;
2020-10-28	0.50	David F W Cohen	Attendance to e-mail regarding NDA;
2020-10-29	2.20	David F W Cohen	Review draft CCAA Plan and correspondence to C. Prophet regarding such.
2020-10-29	0.60	Thomas F. Gertner	Call with KPMG to discuss claims process; call with C. Prophet re: the same;
2020-10-29	3.00	Cliff Prophet	Review and comment on draft plan of arrangement;
2020-10-30	1.70	David F W Cohen	Call with Monitor regarding draft CCAA Plan and Draft Order; telephone call to C. Prophet; Review of correspondence;
2020-10-30	2.30	Thomas F. Gertner	Correspondance with KPMG re: claims process questions; call with KPMG to discuss comments to draft plan; revised plan re: the same; internal correspondance re: the same;
2020-10-30	6.80	Cliff Prophet	Review and comment on draft plan of arrangement; revise same; call with K. Forbes and T. Montgomery; discussion with D. Cohen; review and comment on meeting order; e-mail to K. Forbes;
2020-10-31	0.30	Thomas F. Gertner	Reviewed proofs of claim; email correspondance with the Monitor re: the same;

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Errors and omissions excluded



November 19, 2020
INVOICE: 19499521

2020-11-02	0.90	David F W Cohen	Correspondence to creditors; follow up regarding Toyota credit; issues re surrender of US collateral
2020-11-02	0.70	Cliff Prophet	Review and comment on company correspondence to surrender leased collateral;
2020-11-03	2.30	David F W Cohen	Addressing issues with OEM's regarding tooling; disclaimer of sales agency agreement; correspondence regarding the foregoing; review drafts.
2020-11-03	0.30	Thomas F. Gertner	Telephone call with C. Prophet to discuss certain claims received to date;
2020-11-03	0.50	Cliff Prophet	Instructions to T. Gertner re dealing with certain potential priority claims;
2020-11-03	0.30	Cliff Prophet	Brief review of meeting order and e-mail to J. Gage;
2020-11-04	3.30	David F W Cohen	Review and comment on draft court materials and call regarding such and correspondence.
2020-11-04	3.70	Cliff Prophet	Full review of meeting order and proxy form and comment on same; full review of tooling order; e-mails re same;
2020-11-04	2.40	Cliff Prophet	Telephone call with K. Forbes re [REDACTED] notices to CRA; dealing with plan distributions;
2020-11-05	2.40	David F W Cohen	Attendance to call with C. Prophet; call with monitor, Debtor and counsel regarding tooling order, critical vendor and timelines; review of timelines; call with Woodbridge counsel.
2020-11-05	0.30	Thomas F. Gertner	Attended to claims process issues;
2020-11-05	3.70	Cliff Prophet	Review of correspondence on meeting order, plan and tooling order; attend call with company counsel and counsel to Woodbridge;
2020-11-06	1.40	David F W Cohen	Attend to tooling issues; correspondence with C. prophet regarding claim issues;
2020-11-06	2.30	Cliff Prophet	Prepare for and attend update call with KPMG re various issues;
2020-11-06	2.60	Cliff Prophet	Review and prepare revisions to draft plan of arrangement;
2020-11-06	1.00	Cliff Prophet	Continued review and revisions of draft plan of arrangement; communicate with client;
2020-11-07	0.20	Thomas F. Gertner	Correspondance re: claims process issues;
2020-11-09	3.60	David F W Cohen	Correspondence with Toyota Finance; correspondence regarding [REDACTED] critical supplier issue correspondence; correspondence to C. Prophet regarding affidavit and other Court materials; correspondence regarding [REDACTED] correspondence from Jamey Gage regarding Court materials;
2020-11-09	1.20	Cliff Prophet	Further review of tooling situation and comment on court material;
2020-11-10	4.10	David F W Cohen	Telephone call with C. Prophet regarding the Nadeau Affidavit; review correspondence from C. Prophet;

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November 19, 2020
 INVOICE: 19499521

correspondence from Katherine Forbes; treatment of ongoing loan/lease payments; call with Woodbridge and C. Prophet; review of tooling language in court materials; consider issues regarding [REDACTED]

[REDACTED]

2020-11-10	6.70	Cliff Prophet	Review and comment on affidavit of J. Nadeau; attend call re liquidity issues; attend call with Richter and counsel to WFC; review and comment on tooling order and equipment order;
2020-11-10	1.60	Cliff Prophet	Telephone calls and e-mails with client re affidavit and re information statement and liquidation analysis;
2020-11-11	5.50	David F W Cohen	Correspondence from C. Prophet on mark-ups of Court materials and [REDACTED]; correspondence regarding Tooling payments received from OEM's post-filing and call with Sven Dedic regarding such; call to Woodbridge counsel regarding [REDACTED]; review of issues regarding [REDACTED] and consideration of Monitor's position on such and response thereto; review correspondence from C. Prophet regarding cumulative comments on Court materials; consideration of [REDACTED]; review [REDACTED]; Curtis correspondence regarding service of Court materials;
2020-11-11	1.20	Thomas F. Gertner	Reviewed claim submitted as part of claims process;
2020-11-12	2.90	David F W Cohen	Correspondence regarding [REDACTED] review and mark-up Monitor's draft report;
2020-11-12	0.90	Thomas F. Gertner	Reviewed certain claims submitted as part of claims process; correspondence with C. Prophet re: the same;
2020-11-13	1.70	David F W Cohen	Call with Monitor and partial call with Debtor and Woodbridge; correspondence from C. Prophet regarding his comments on the Monitor's draft report;
2020-11-13	2.40	Thomas F. Gertner	Telephone call with C. Prophet to discuss claims submitted in claims process; call with C. Prophet and KPMG re: the same; follow up call with C. Prophet re: the same; correspondence with U.S. counsel re U.S. law matters relating to certain claims; reviewed certain claims submitted as part of claims process;
2020-11-14	1.90	David F W Cohen	Review and revise the draft Monitor's report;
2020-11-15	1.80	David F W Cohen	Correspondence from Applicant's counsel; review revisions to Court materials and correspondence regarding such;

Terms: payment due within 30 days of Invoice date
 Interest at the rate of 0.5% per annum will be charged on all amounts not paid within 30 days of Invoice date
 Errors and omissions excluded



November 19, 2020
INVOICE: 19499521

Total Fees for Professional Services \$83,947.50

SUMMARY OF FEES

TK Name	Billed Rate	Hours	Amount
Cohen, David F.	975.00	43.70	42,607.50
Gertner, Thomas F.	565.00	8.50	4,802.50
Prophet, Cliff	925.00	39.50	36,537.50
Total		91.70	<u>\$83,947.50</u>

DISBURSEMENTS

Taxable Costs

Conference Call Expenses	\$10.99
Total Taxable Disbursements	<u>\$10.99</u>

Terms: payment due within 30 days of Invoice date
Interest at the rate of 0.5% per annum will be charged on all amounts not paid within 30 days of Invoice date
Errors and omissions excluded



November 19, 2020
INVOICE: 19499521

Remittance Copy

Client: 93144 KPMG Inc. Toronto
Matter: T1023654
RE: Hematite Holdings Inc. and certain related entities - CCAA Proceedings
Amount Due: \$94,873.09 CAD

PAYMENT BY CHEQUE:

Please return this page with your payment payable to **Gowling WLG (Canada) LLP**

Remit to: Gowling WLG (Canada) LLP
PO Box 466, STN D
Ottawa, ON K1P 1C3
Canada

PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:
SWIFTCODE: CIBCCATT

BENEFICIARY BANK: Canadian Imperial Bank of Commerce
84 Bank Street, Ottawa, ON K1P 5N4

TRANSIT NUMBER: 0010-00186

BENEFICIARY ACCOUNT NAME: Gowling WLG (Canada) LLP
160 Elgin Street, Suite 2600, Ottawa, ON K1P 1C3

BENEFICIARY ACCOUNT NUMBER(S): CDN Account: 41-02916
USD Account: 02-21015

US Corresponding Bank for US Dollar wires:
Wells Fargo Bank, N.A. BIC: PNBUS3NNYC - ABA:026005092

If paying by wire transfer or corporate EFT please e-mail the remittance details to payments.ca@gowlingwlg.com

Please note that we cannot accept payment by Interac e-Transfer®

Invoice

KPMG Inc.
 ATTN: Katherine Forbes
 Partner, Restructuring & Turnaround
 333 Bay Street, Suite 4600
 Bay Adelaide Centre
 Toronto ON M5H 2S5

December 7, 2020
 INVOICE: 19510048

Our Matter: T1023654 / 93144
 RE: Hematite Holdings Inc. and certain related entities - CCAA Proceedings

		HST (13.0%)
Fees for Professional Services	\$70,115.50	\$9,115.02
Disbursements (Taxable)	10.86	
Disbursements (Non-Taxable)	8.00	
Total Disbursements	18.86	1.41
Total Fees and Disbursements	70,134.36	
Total Taxes	9,116.43	9,116.43
Total Invoice	79,250.79	
Please remit balance due:	In Canadian Dollars	\$79,250.79

Important Notice: Please Read

Please make all payments by wire transfer or electronic funds transfer (EFT)

Our complete banking details are on the remittance copy (last page) of this invoice. Note that our bank moved in November 2019 so please ensure your records include our new bank address and transit number

Bank address: 84 Bank Street, Ottawa, ON K1P 5N4, Transit number: 0010-00186

If you have any questions, please contact payments.ca@gowlingwlg.com

D. F. W. Cohen Signed for & on behalf of Gowling WLG (Canada) LLP

Our services are provided in accordance with our Terms of Business (www.gowlingwlg.com/TermsOfBusiness), subject to any other written engagement agreement entered into between the parties.

December 7, 2020
 INVOICE: 19510048

KPMG Inc. Toronto
Our Matter: T1023654
Hematite Holdings Inc. and certain related
entities - CCAA Proceedings

FOR PROFESSIONAL SERVICES RENDERED on your behalf including:

Date	Hours	Timekeeper	Description
2020-11-11	4.10	Cliff Prophet	Review and further comment on plan, meeting order, flow-through payment order and continuation of equipment payments order; final review of affidavit;
2020-11-11	1.80	Cliff Prophet	Instructions to T. Gertner re issues arising from [REDACTED]; review of CCAA plan;
2020-11-11	1.20	Cliff Prophet	Review of correspondence re [REDACTED]; responding to same;
2020-11-12	2.20	Cliff Prophet	Preliminary review of Monitor's Third Report; comment on same;
2020-11-12	1.40	Cliff Prophet	Review of claims and e-mail from company counsel;
2020-11-13	4.70	Cliff Prophet	Review and suggest revisions to Third Report;
2020-11-13	1.00	Cliff Prophet	Call with client on claims bar date issues and other matters; [REDACTED] company on claims;
2020-11-15	1.30	Cliff Prophet	E-mails to [REDACTED] review of comments from company counsel on Third Report;
2020-11-16	4.10	David F W Cohen	Correspondence from Woodbridge's advisor regarding the draft Monitor's report; review Woodbridge correspondence on the liquidity and no increase in the DIP loan limit; Call with Monitor regarding [REDACTED] Call with Woodbridge counsel; call to C Prophet; call with Monitor and brief call with Woodbridge; review strategy of Monitor in addressing [REDACTED]
2020-11-16	1.00	Cliff Prophet	Advice to client re cashflow analysis; telephone calls and e-mails re same;
2020-11-16	1.90	Cliff Prophet	Review and comment on liquidation analysis;
2020-11-16	2.00	Cliff Prophet	Final review of and comment on Third Report of Monitor; instructions for service;
2020-11-17	4.80	Thomas F. Gertner	Prepared memorandum addressing certain proofs of claim;
2020-11-17	4.00	Cliff Prophet	Call with R. Sahni, P. Van Eyk, D. Cohen and K. Forbes re dealing with certain claims; Calls with client re guarantee obligations; instructions to T. Gertner;
2020-11-17	0.20	Hayley Roberts	Obtaining a corporate profile against Hematite Manufacturing Inc.;
2020-11-18	3.70	David F W Cohen	Review and comment on [REDACTED] correspondence with Monitor and Woodbridge Advisor

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December 7, 2020
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			regarding such; prepare for and attend video hearing; Review endorsement/order of Court;
2020-11-18	2.00	Thomas F. Gertner	Completed memorandum re: proofs of claim;
2020-11-18	1.90	Cliff Prophet	Prepare for and attend at hearing in Court re Meetings Order and ancillary orders;
2020-11-18	0.90	Cliff Prophet	Prepare for and appear at hearing to obtain Meeting Order and ancillary orders;
2020-11-19	2.40	David F W Cohen	Correspondence with Monitor; review of issues re [REDACTED]
2020-11-19	1.20	Thomas F. Gertner	Attended call with C. Prophet and D. Cohen to discuss claims issues; attended to correspondence;
2020-11-19	1.00	Cliff Prophet	Review and comment on meeting materials; e-mails re same; Review of correspondence from US counsel;
2020-11-19	1.70	Cliff Prophet	Instructions on, review and revise memorandum re claims of [REDACTED]
2020-11-19	1.60	Cliff Prophet	Call with D. Cohen and T. Gertner to discuss US issues on various claims including [REDACTED]
2020-11-20	3.80	David F W Cohen	Prepare for call with Monitor re. Disclaiming [REDACTED] Call with Cliff Prophet, Thomas Gertner and Monitor; Correspondence to engage US Counsel; Preparation for call with US counsel;
2020-11-20	0.90	Thomas F. Gertner	Revised memorandum re: claims; attended to various correspondence re: the same;
2020-11-20	1.00	Cliff Prophet	E-mail to R. Sahni re claims adjudication; instructions to T. Gertner re notice of creditors meeting; further dealings with claims;
2020-11-22	2.20	David F W Cohen	Preparation for call with US counsel to Monitor; Call with US Counsel to Monitor; Follow-up to call with US counsel to Monitor including conflict clearance information and engagement terms.
2020-11-22	1.10	Thomas F. Gertner	Attended call with D. Cohen and U.S. counsel to discuss claims issues; follow up correspondence re: the same;
2020-11-23	1.70	David F W Cohen	Internal call regarding [REDACTED] Call with counsel to Woodbridge and Woodbridge Advisor regarding claims process and related matters;
2020-11-23	0.80	David F W Cohen	Attendance to correspondence with US counsel regarding limited engagement. Call with sponsor counsel; review correspondence;
2020-11-23	2.00	Thomas F. Gertner	Reviewed various claims relating to lease obligations; call with C. Prophet and KPMG re: the same; correspondence re: disallowance language for claims;
2020-11-23	0.70	Cliff Prophet	Call with R. Sahni and P. Van Eyk re claims matters;

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2020-11-23	1.40	Cliff Prophet	Call with client re disallowance; e-mails re claims;
2020-11-24	0.90	David F W Cohen	Correspondence from C Prophet; discussion regarding US counsel opinion / advice;
2020-11-24	1.70	Thomas F. Gertner	Call with U.S. counsel to discuss claims issues; call with C. Prophet and KPMG re: the same;
2020-11-24	3.20	Cliff Prophet	Review of claims disallowances; call with Saul Ewing; instructions to T. Gertner;
2020-11-25	1.30	David F W Cohen	Negotiation of US engagement and review of US memo; attendance to US matters.
2020-11-25	0.20	Thomas F. Gertner	Call with G. Bourikas re: late filing secured claims; correspondence with C. Prophet re: the same;
2020-11-27	0.90	David F W Cohen	Attendance to US legal issues; review Monitor liquidity analysis and correspondence.
2020-11-27	0.80	Thomas F. Gertner	Attended call with C. Prophet and the Monitor to discuss claims matters;
2020-11-27	0.50	Cliff Prophet	Call with client re claims;
2020-11-30	1.50	Thomas F. Gertner	Attended calls with C. Prophet to discuss various claims matters; call with U.S. counsel re: the same; reviewed draft plan approval order; emails with C. Prophet re: the same;
2020-11-30	2.40	Cliff Prophet	Review of [REDACTED] claims; instructions to T. Gertner;

Total Fees for Professional Services

\$70,115.50

SUMMARY OF FEES

TK Name	Billed Rate	Hours	Amount
Cohen, David F.	975.00	21.80	21,255.00
Gertner, Thomas F.	565.00	16.20	9,153.00
Prophet, Cliff	925.00	42.90	39,682.50
Roberts, Hayley	125.00	0.20	25.00
Total		81.10	<u>\$70,115.50</u>

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December 7, 2020
INVOICE: 19510048

DISBURSEMENTS

Taxable Costs

Corporate Searches - Taxable	\$10.86
Total Taxable Disbursements	<u>\$10.86</u>

Non-Taxable Costs

Corporate Searches - Agency	\$8.00
Total Non-Taxable Disbursements	<u>\$8.00</u>

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December 7, 2020
INVOICE: 19510048

Remittance Copy

Client: 93144 KPMG Inc. Toronto
Matter: T1023654
RE: Hematite Holdings Inc. and certain related entities - CCAA Proceedings
Amount Due: \$79,250.79 CAD

PAYMENT BY CHEQUE:

Please return this page with your payment payable to **Gowling WLG (Canada) LLP**

Remit to: Gowling WLG (Canada) LLP
PO Box 466, STN D
Ottawa, ON K1P 1C3
Canada

PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:
SWIFTCODE: CIBCCATT

BENEFICIARY BANK: Canadian Imperial Bank of Commerce
84 Bank Street, Ottawa, ON K1P 5N4

TRANSIT NUMBER: 0010-00186

BENEFICIARY ACCOUNT NAME: Gowling WLG (Canada) LLP
160 Elgin Street, Suite 2600, Ottawa, ON K1P 1C3

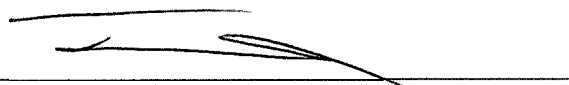
BENEFICIARY ACCOUNT NUMBER(S): CDN Account: 41-02916
USD Account: 02-21015

US Corresponding Bank for US Dollar wires:
Wells Fargo Bank, N.A. BIC: PNBPU33NNYC - ABA:026005092

If paying by wire transfer or corporate EFT please e-mail the remittance details to payments.ca@gowlingwlg.com

Please note that we cannot accept payment by Interac e-Transfer®

**THIS IS EXHIBIT "B"
REFERRED TO IN THE
AFFIDAVIT OF DAVID F.W.
COHEN SWORN BEFORE ME ON
DECEMBER 16th, 2020**



A Commissioner for Oaths and Notary
Public in and for the Province of Ontario

Name	Year of Call	Title	Hourly Rate	Billed Hrs	Billed Amt
D. Cohen	1992	Partner	\$975.00	189.20	\$184,470.00
C. Prophet	1993	Partner	\$925.00	179.7	\$166,222.50
T. Gertner	2015	Associate	\$565.00	41.2	\$23,278.00
M. McDonald	N/A	Clerk	\$125.00	0.8	\$100.00
H. Roberts	N/A	Clerk	\$125.00	0.20	\$25.00

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 HEMATITE HOLDINGS INC. ET AL.

Court File No.: CV-20-00647824-00CL

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

Proceeding commenced at Toronto

FEE AFFIDAVIT OF DAVID COHEN

(SWORN DECEMBER 16, 2020)

GOWLING WLG (CANADA) LLP

Barristers and Solicitors
Suite 1600, 1 First Canadian Place
Toronto, Ontario
M5X 1G5

David F.W. Cohen (LSO # 33195Q)

Clifton P. Prophet (LSO # 34845K)

Thomas F. Gertner (LSO # 67756S)

Telephone: (416) 862-3509

Facsimile: (416) 863-3509

APPENDIX “I” – Affidavit of Tim Montgomery sworn on December 16, 2020

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
HEMATITE HOLDINGS INC., HEMATITE MANUFACTURING INC.,
HEMATITE INDUSTRIAL PRODUCTS INC., CANADIAN PAVACO INC.,
PAVACO HOLDINGS U.S. INC., HEMATITE, INC. AND
HEMATITE AUTOMOTIVE PRODUCTS INC.

Applicants

AFFIDAVIT OF TIM MONTGOMERY
(Sworn December 16, 2020)

I, Tim Montgomery, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a Senior Manager of KPMG Inc. ("**KPMG**"). As such, I have knowledge of the matters hereinafter deposed to.
2. Pursuant to an Order of the Ontario Superior Court of Justice [Commercial List] dated September 18, 2020 as amended and restated pursuant to an Order dated September 28, 2020 (the "**Initial Order**") KPMG was appointed pursuant to the *Companies' Creditors Arrangement Act* as the monitor (in such capacity, the "**Monitor**") of the Applicants.
3. Pursuant to paragraphs 31-32 of the Initial Order, the Monitor and its legal counsel are entitled to be paid their reasonable fees at their standard rates and charges, and are required to pass their accounts from time to time.
4. The efforts and activities of the Monitor are described in the Reports, Addendums, and Supplemental Reports that the Monitor has filed with the Court to date in these CCAA

proceedings, and particularly the Monitor's 4th Report to be filed in respect of the within motion for the passing of accounts.

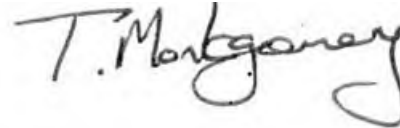
5. The total fees and disbursements of the Monitor in the period from September 4, 2020 to November 30, 2020 (the "**Period**"), amount to \$566,226 (the "**KPMG Fees and Disbursements**") including fees of \$558,601 and disbursements of \$7,624.96 (all excluding applicable taxes). Attached hereto and marked as **Exhibit "A"** to this my affidavit is a summary of the invoices rendered by the Monitor during the Period (the "**Accounts**"). True copies of the Accounts (redacted for privileged, confidential, and commercially sensitive information) are attached as **Exhibit "B"** to this my Affidavit.
6. In the course of performing its duties, personnel of the Monitor have expended a total of 1,205.25 hours during the Period. Attached as **Exhibit "C"** to this my Affidavit is a schedule setting out a summary of the individual staff involved in the administration of the proceedings and the hours and applicable average rates per person claimed by the Monitor for the Period. The average hourly rate billed by the Monitor during the Period is \$463.47.
7. Gowling WLG (Canada) LLP, Canadian counsel to the Monitor ("**Monitor's Counsel**"), has rendered services throughout the CCAA Proceedings in a manner consistent with the instructions of the Monitor.
8. The total fees for services and disbursements provided by Monitor's Counsel during the period ended November 30, 2020 amount to \$423,421.50 (the "**Monitor's Counsel Fees and Disbursements**", together with the KPMG Fees and Disbursements, the "**Monitor's Fees and Disbursements**"), including \$374,095.50 for fees, \$636.10 for disbursements and \$48,689.90 for HST. The services rendered by Monitor's Counsel are more particularly described in the affidavit of David Cohen (and the Exhibits thereto) sworn December 16, 2020 in support of the Monitor's request for approval of the Monitor's Counsel Fees and Disbursements.

9. To the best of my knowledge, the rates charged by the Monitor and Monitor's Counsel are comparable to the rates charged for the provision of similar services by other large restructuring firms and law firms, and are fair and reasonable.
10. This Affidavit is sworn in connection with a motion by the Monitor to have the Monitor's Fees and Disbursements in relation to these proceedings approved by this Court.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on this 16 day of December, 2020.



Commissioner for Taking Affidavits or
Notary Public



TIM MONTGOMERY

**THIS IS EXHIBIT "A"
REFERRED TO IN THE
AFFIDAVIT OF TIM
MONTGOMERY SWORN BEFORE
ME ON DECEMBER 16, 2020**

A handwritten signature in black ink, appearing to be "T. G.", is written above a horizontal line.

A Commissioner for Oaths and Notary
Public in and for the Province of Ontario

Exhibit A

KPMG Inc.
in its capacity as CCAA Monitor of
Hematite Group

Statement of Account (\$CAD)

Invoice Number	Period	Professional Fee	Disbursement (Taxable)	Subtotal	HST	Total
8003275165	Sept 4, 2020 - Sept 18, 2020	63,303.00	-	63,303.00	8,229.39	71,532.39
8003293656	Sept 19, 2020 - Oct 2, 2020	80,954.50	-	80,954.50	10,524.09	91,478.59
8003301982	Oct 3, 2020 - Oct 16, 2020	91,832.00	7,624.96	99,456.96	12,929.40	112,386.36
8003329299	Oct 17, 2020 - Oct 31, 2020	102,091.00	-	102,091.00	13,271.83	115,362.83
8003365333	Nov 1, 2020 - Nov 14, 2020	111,619.00	-	111,619.00	14,510.47	126,129.47
8003373359	Nov 15, 2020 - Nov 30, 2020	108,801.50	-	108,801.50	14,144.20	122,945.70
Total		558,601.00	7,624.96	566,225.96	73,609.37	639,835.33

**THIS IS EXHIBIT "B"
REFERRED TO IN THE
AFFIDAVIT OF TIM
MONTGOMERY SWORN BEFORE
ME ON DECEMBER 16, 2020**

A handwritten signature in black ink, appearing to be "T. G.", is written above a horizontal line.

A Commissioner for Oaths and Notary
Public in and for the Province of Ontario



KPMG Inc.
 Suite 4600 Bay Adelaide Centre
 333 Bay Street
 Toronto, ON M5H 2S5

Payment Address:
 KPMG LLP, T4348
 P.O. Box 4348, Station A
 Toronto, ON M5W 7A6

September 30, 2020

Hematite Holdings Inc.
 659 Speedvale Ave. West
 Guelph, ON N1K 1E6

Invoice : 8003275165
 Reference : 2001248328
 Client : 1003616793
 Contact : Katherine Forbes
 Telephone : (416) 777-8107
 Email : katherineforbes@kpmg.ca

Professional services rendered to September 18, 2020 in connection with our role as Court-appointed Monitor pursuant to the CCAA proceedings.

Our Fee	\$ 63,303.00 CAD
	<hr/>
	\$ 63,303.00 CAD
HST	8,229.39
	<hr/>
Amount Due	\$ 71,532.39 CAD
	<hr/> <hr/>

Payment is due upon receipt

GST/HST Number 12236 3153 RT0001 QST Registration 1023774310 TQ0001

CAD Cheque Payments: KPMG LLP, T4348, P.O. Box 4348, Station A, Toronto, ON M5W 7A6
Please return remittance advice with cheque.

CAD Wire Payments: Beneficiary: KPMG LLP
 Bank Details: TD Canada Trust, 55 King St. West, Toronto, ON M5K 1A2, Bank Code # 004, Transit # 10252,
 Account # 0938281, Swift Code TDOMCATTOR
 Please e-mail related wire payment details including invoice number to kpmg-ar@kpmg.ca

Invoice No: 8003275165 **Reference:** 2001248328 **Client:** 1003616793 **Amount:** \$ 71,532.39 CAD

Professional Fees Summary
For the period August 24 to September 18, 2020

Name	IBS	Position	Rate	Hours	Fee (\$)
Nick Brearton	Brearton, Nick	Partner	\$700	2.20	\$1,540.00
Katherine Forbes	Forbes, Katherine	Partner	\$635	39.80	\$25,273.00
Tim Montgomery	Montgomery, Tim	Senior Manager	\$525	40.50	\$21,262.50
George Bourikas	Bourikas, George	Senior Manager	\$525	5.60	\$2,940.00
Mubeen Sayyed	Sayyed, Mubeen	Manager	\$400	4.00	\$1,600.00
Jojo Tang	Tang, Jojo	Senior Consultant	\$285	37.50	\$10,687.50
Total Professional Fees				129.60	\$63,303.00

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Nick Brearton					
Partner	09/17/2020	\$700	2.20	1,540.00	Discussion with Steve B re: treatment of critical suppliers/tool manufacturing; Discussion with Katherine Forbes re: customer concern and subsequent discussion with response; Discussion with Steve B re: proposed treatment; Review and comment on draft report.
Subtotal - Nick Brearton			2.20	1,540.00	
Katherine Forbes					
Partner	09/04/2020	\$635	1.50	952.50	Initial correspondence with the Company re: requests for information; Telephone calls with B. Davidson and J. Nadeau re: current situation; Review of preliminary information provided.
Partner	09/06/2020	\$635	1.20	762.00	Review of preliminary information provided, and summary to KPMG team for kick-off call.
Partner	09/07/2020	\$635	0.50	317.50	Finalization and correspondence to KPMG team in advance of kick-off call with Company.
Partner	09/08/2020	\$635	3.20	2,032.00	Preparatory call and development of agenda with KPMG team, and kick-off call with Company; Follow-up correspondence with management re: information requests; Call with J. Nadeau and M. Marchand (BDO) re: cash flow forecast, and follow-up call with KPMG.
Partner	09/09/2020	\$635	0.90	571.50	Call with KPMG team to discuss cash flow status and next steps; Discussion with and review of correspondence from financial advisors to Woodbridge Group; Correspondence with J. Nadeau re: legal entities information for CCAA filing, next steps.
Partner	09/10/2020	\$635	2.20	1,397.00	Correspondence and call with proposed Monitor's counsel, Gowling WLG and follow-up correspondence re: legal entities, Chapter 15 proceedings; Call with advisors to Woodbridge (Bennett Jones, Richter); Review of cash flow inputs and professional fees budget, and correspondence with Richter and KPMG team; Correspondence re: forecast severance obligations; Work plan for update call with KPMG team.
Partner	09/11/2020	\$635	2.90	1,841.50	Various calls with counsel, management, and BDO re: cash flows, next steps re: CCAA proceedings; Update correspondence to KPMG team, Woodbridge advisors, respectively.
Partner	09/13/2020	\$635	0.10	63.50	Various correspondence.
Partner	09/14/2020	\$635	3.60	2,286.00	Various calls with KPMG team, management, BDO, Woodbridge re: cash flow updates and inputs, next steps re: CCAA proceedings, DIP financing need; Correspondence with Woodbridge advisors re: DIP terms, etc. Review of draft cash flow forecast.
Partner	09/15/2020	\$635	2.60	1,651.00	Calls with management re: cash flow forecast and update call with KPMG team; Various correspondence re: cash flow inputs, and review of model; Correspondence with counsel re: planning matters; Correspondence with Richter re: cash flow for DIP purposes; Correspondence with counsel re: various draft application materials, CCAA planning.
Partner	09/15/2020	\$635	2.00	1,270.00	Review of draft materials re: background of Applicants and preliminary drafting of pre-filing report of proposed monitor.
Partner	09/16/2020	\$635	4.80	3,048.00	Update call with KPMG team; Review of draft DIP loan agreement, draft affidavit; Call with counsel re: draft materials; Call with counsel and advisors to Woodbridge re: background; Call with Company re: DIP loan draft agreement; Update call with N. Brearton. Providing comments on draft DIP loan agreement and financial covenants; Call with KPMG team re: cash flow forecast, circulating updated draft to Richter; various correspondence re: same; Correspondence with counsel re: draft relief being sought.
Partner	09/16/2020	\$635	2.40	1,524.00	Review of updated draft materials and drafting of pre-filing report of proposed monitor; Various correspondence with counsel re: same.
Partner	09/17/2020	\$635	3.60	2,286.00	Review of updated DIP loan agreement, and correspondence with counsel; Drafting of pre-filing report of proposed monitor; Correspondence to KPMG team re: cash flow assumptions, work plan, inputs for report.
Partner	09/17/2020	\$635	2.10	1,333.50	Discussions with KPMG team re: D&O charge calculation, Monitor's website, cash monitoring; Correspondence with Woodbridge and Company advisors re: D&O charge; Review of further update DIP agreement; Call to P. Hatzes re: automotive sector comments for report; Review Company's liquidity position; Review of Company's draft communication to employees; Correspondence re: TD cash management, secured lenders status.
Partner	09/17/2020	\$635	2.00	1,270.00	Comments from various parties; Review final materials served; Finalizing and executing pre-filing report.
Partner	09/18/2020	\$635	3.60	2,286.00	Discussions with KPMG team re: first day matters, cash oversight, website, and work plan; Calls with Company to establish protocols for cash management and monitoring, etc. Inquiry re: drawdown notice; Review of newspaper ad; Review and comments on Company's customer and supplier communications, respectively, and Q&A materials.
Partner	09/18/2020	\$635	0.60	381.00	Preparation for and attendance at Court re: initial order.
Subtotal - Katherine Forbes			39.80	25,273.00	
George Bourikas					

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Senior Manager	09/17/2020	\$525	0.60	315.00	Call with K. Forbes re: file background and work plan for next week; Review email correspondence from P. Van Eyk re: cash flow monitoring.
Senior Manager	09/18/2020	\$525	5.00	2,625.00	Call with T. Montgomery re: file background; Call with J. Nadeau re: cash management and monitoring processes; Prepare list of priorities email to J. Nadeau; Call with K. Forbes and J. Tang re: CCAA priority items (newspaper ad, Monitor's website, supplier communications, etc.); Draft customer and supplier communications template documents for the Company; Status update call with J. Nadeau and KPMG team.
Subtotal - George Bourikas			5.60	2,940.00	
Tim Montgomery					
Senior Manager	09/11/2020	\$525	7.50	3,937.50	Internal KPMG call re file status; Call with Gowlings to debrief advisors call re status of the file; Call with BDO regarding cash flow, current status and outstanding information; Prepare work plan.
Senior Manager	09/14/2020	\$525	7.50	3,937.50	Internal call re work plan; Various calls and updating of the cash flow; Discussions with company and DIP lender re same.
Senior Manager	09/15/2020	\$525	6.70	3,517.50	Continue work re: cash flow and review with company and various updates.
Senior Manager	09/16/2020	\$525	6.00	3,150.00	Drafting of court report; Updates to the cash flow; Discussion with company re same; Discussion with legal counsel re order, Affidavits, DIP financing agreement.
Senior Manager	09/17/2020	\$525	7.50	3,937.50	Drafting of pre-filing court report; Drafting of day one communications; Discussions with legal counsel re same; Review and final sign off of pre-filing court report.
Senior Manager	09/18/2020	\$525	5.30	2,782.50	Attend court for initial order; Communicate with Company re order granted; Discussion with Company re disbursement process going forward; employee, supplier and customer communication.
Subtotal - Tim Montgomery			40.50	21,262.50	
Mubeen Sayyed					
Manager	09/15/2020	\$400	4.00	1,600.00	Cleaning and consolidating multiple sets of A/R and A/P files into a format conducive to analysis.
Subtotal - Mubeen Sayyed			4.00	1,600.00	
Jojo Tang					
Supervising Senior	09/14/2020	\$285	7.50	2,137.50	Internal call re work plan; various calls and updating of the cash flow; discussions with company and DIP lender re same.
Supervising Senior	09/15/2020	\$285	7.50	2,137.50	Continue work re: cash flow and review with company and various updates.
Supervising Senior	09/16/2020	\$285	7.50	2,137.50	Continue work re: cash flow and review with company and various updates.
Supervising Senior	09/17/2020	\$285	7.50	2,137.50	Revisions of pre-filing court report; coordinating newspaper advertisement, internal mailbox, website; discussion with Company and internally re: D&O liability.
Supervising Senior	09/18/2020	\$285	7.50	2,137.50	Attend court for initial order; communicate with Company re order granted; discussion with Company re disbursement process going forward; employee, supplier and customer communication.
Subtotal - Jojo Tang			37.50	10,687.50	



KPMG Inc.
 Suite 4600 Bay Adelaide Centre
 333 Bay Street
 Toronto, ON M5H 2S5

Payment Address:
 KPMG LLP, T4348
 P.O. Box 4348, Station A
 Toronto, ON M5W 7A6

October 15, 2020

Hematite Holdings Inc.
 659 Speedvale Ave. West
 Guelph, ON N1K 1E6

Invoice : 8003293656
 Reference : 2001248328
 Client : 1003616793
 Contact : Katherine Forbes
 Telephone : (416) 777-8107
 Email : katherineforbes@kpmg.ca

Professional services rendered to October 2, 2020 in connection with our role as Court-appointed Monitor pursuant to the CCAA proceedings.

Our Fee	\$ 80,954.50 CAD
	<hr/>
	\$ 80,954.50 CAD
HST	10,524.09
	<hr/>
Amount Due	\$ 91,478.59 CAD
	<hr/> <hr/>

Payment is due upon receipt

GST/HST Number 12236 3153 RT0001 QST Registration 1023774310 TQ0001

CAD Cheque Payments: KPMG LLP, T4348, P.O. Box 4348, Station A, Toronto, ON M5W 7A6
Please return remittance advice with cheque.

CAD Wire Payments: Beneficiary: KPMG LLP
 Bank Details: TD Canada Trust, 55 King St. West, Toronto, ON M5K 1A2, Bank Code # 004, Transit # 10252,
 Account # 0938281, Swift Code TDOMCATTOR
 Please e-mail related wire payment details including invoice number to kpmg-ar@kpmg.ca

Invoice No: 8003293656 **Reference:** 2001248328 **Client:** 1003616793 **Amount:** \$ 91,478.59 CAD

Professional Fees Summary
For the period September 19 to October 2, 2020

Name	IBS	Position	Rate	Hours	Fee (\$)
Nick Brearton	Brearton, Nick	Partner	\$700	10.90	\$7,630.00
Katherine Forbes	Forbes, Katherine	Partner	\$635	8.80	\$5,588.00
Tim Montgomery	Montgomery, Tim	Senior Manager	\$525	43.40	\$22,785.00
George Bourikas	Bourikas, George	Senior Manager	\$525	34.40	\$18,060.00
*Sven Dedic - September	Dedic, Sven	Manager	\$400	5.40	\$2,160.00
*Sven Dedic - October	Dedic, Sven	Senior Manager	\$525	8.00	\$4,200.00
Manoj Oommen	Oommen, Manoj	Manager	\$400	4.00	\$1,600.00
Jojo Tang	Tang, Jojo	Senior Consultant	\$285	65.50	\$18,667.50
Annette Chopowick	Chopowick, Annette	Technician	\$220	1.20	\$264.00
Total Professional Fees				181.60	\$80,954.50

**Effective October 1, 2020 Sven Dedic's position has changed to Senior Manager*

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Nick Brearton					
Partner	09/22/2020	\$700	0.80	560.00	Attend on status call with T. Montgomery, J. Tang, G. Bourikas, and K. Forbes; Review of emails re: supplier calls of K. Forbes.
Partner	09/23/2020	\$700	0.20	140.00	Review email from K. Forbes re: US Supplier inquiry, Discussion with G. Bourikas on same.
Partner	09/24/2020	\$700	3.40	2,380.00	Review of Consulting Services Agreement with Woodbridge; Call with T. Montgomery on same; Discussion with S. Brathwaite re: critical suppliers/tooling suppliers; Review of draft Court report; Subsequent discussion with C. Prophet re: comments; Email on NTDs for report and review response; Discussion with C. Prophet re: Consulting Services Agreement; Discussion with C. Prophet re: tooling supplier issue; Subsequent discussion with D. Cohen on same. Review of revised Court section on Consulting Services; Review of Draft order and J. Nadeau affidavit for Sept 28 court hearing; Subsequent discussion with C. Prophet re: revisions to order.
Partner	09/25/2020	\$700	0.70	490.00	Review of McCarthy's change to report; Subsequent discussion with Cliff re: report status; Discussion with George re: Woodbridge; Various emails re: finalizing report and executing; Discussion with G. Bourikas re: DIP Loan, billing.
Partner	09/27/2020	\$700	0.10	70.00	Filing of emails.
Partner	09/28/2020	\$700	1.30	910.00	Discussion with T. Montgomery re: tooling, claim process; Attend at Court for comeback hearing; Call with C. Prophet, D. Cohen and T. Montgomery re: claims process and clarifications needed.
Partner	09/29/2020	\$700	0.80	560.00	Review of to-do-list; Discussion with T. Montgomery re: Woodbridge consulting letter requested by Company; Review of draft letter to employees on Woodward consulting letter and subsequent discussion with T. Montgomery on same; Review of Hematite bill; Discussion with G. Bourikas re: bill comments.
Partner	09/30/2020	\$700	2.40	1,680.00	Discussion with T. Montgomery re: a request to pay tooling; Discussion with S. Brathwaite re: tooling request and issue with same; Discussion with D. Cohen re: tooling issue; Discussion with Woodbridge and Jacques re: tooling including developing framework; Discussion with T. Montgomery re: memo to McCarthy on tooling; Discussion with S. Brathwaite re: tooling situation; Discussion with P. Van Eyk re: tooling; Filing; Review of email from P. Van Eyk re: litigation claims and valuation of same; Emails to/from Gowlings re: same.
Partner	10/02/2020	\$700	1.20	840.00	Discussion with McCarthy/Gowlings re: claims process;
Subtotal - Nick Brearton			10.90	7,630.00	
Katherine Forbes					
Partner	09/19/2020	\$635	0.50	317.50	Correspondence to Company and Woodbridge re: cash management; Correspondence with counsel re: Company's draft communications, Company's proposed relief to be sought, and review of comments re: same; Correspondence with KPMG team re: statutory mailing.
Partner	09/20/2020	\$635	0.80	508.00	Review of and providing comments re: updated Company communications; Correspondence with Company's counsel re: creditors listing; Review of updated Company communications and circulating to all parties.
Partner	09/21/2020	\$635	3.10	1,968.50	Update call with KPMG team, and follow-up correspondence re: website, Company's planned payments, other cash flow matters; Correspondence with counsel re: Company's draft Chapter 15 materials; Correspondence and calls with J. Nadeau re: supplier inquiries; Telephone calls with and return correspondence to various key suppliers; Various correspondence re: treasury matters.
Partner	09/22/2020	\$635	3.90	2,476.50	Update calls with the Company and KPMG team; Call with counsel and Woodbridge advisors re: key supplier matters; Various calls with key suppliers, and update to team re: same; Review of work plan; Review of draft Form 1, Form 2, notice to creditors.
Partner	09/23/2020	\$635	0.40	254.00	Correspondence to KPMG team re: various supplier inquiries.
Partner	09/24/2020	\$635	0.10	63.50	Correspondence to KPMG team re: various supplier inquiries.
Subtotal - Katherine Forbes			8.80	5,586.00	
George Bourikas					
Senior Manager	09/21/2020	\$525	1.80	945.00	Update call with K. Forbes, T. Montgomery, J. Tang re: CCAA process; Call with J. Nadeau re: list of payments, communications, creditors list, other CCAA matters; Review cash flow variance reporting template; Review final proof of newspaper notice; Review Monitor's website.
Senior Manager	09/22/2020	\$525	6.50	3,412.50	Call with J. Nadeau, K. Forbes re: CCAA matter; Prepare letter for notice to creditors mailing; Call with J. Tang re: variance reporting, notice to creditors, other priorities for the day; Review Form 1 and coordinate filing of Form 1 and Initial Order with A. Chopowick; Call with the company re: payment approval, creditor listing, other CCAA matters; Update call with K. Forbes, T. Montgomery, J. Tang.

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Senior Manager	09/23/2020	\$525	8.50	4,462.50	Daily call with J. Nadeau and D. Skirving re: payment schedule, creditor list, lessor list, acknowledgement letters, other file issues; Call with M. Commen re: creditor listing; Call with N. Brearton re: response to supplier; Calls with suppliers; Calls with A. Chopowick re: OSB statutory filings; Detailed review of List of Known Creditors; Circulate same to counsel for use in U.S. filing; Call with J. Mok re: review of daily payments; Call with Miliken re: payment and supplier acknowledgement agreement; Review draft CCAA Initial Application Amendment Order; Review and finalize lessor schedule for Woodbridge; Calls with A. Chopowick re: coordination of statutory mailing of Notice to Creditors.
Senior Manager	09/24/2020	\$525	6.00	3,150.00	Daily update call with J. Nadeau, D. Skirving, J. Tang re: payments for the day, variance reporting, pre-authorized debits, other CCAA file issues; Call with J. Tang re: List of known creditors, variance reporting, Email to counsel re: temp agency pre-filing amounts; Review and finalize variance reporting with J. Tang; Review draft Monitor report; Call with J. Mok and A. Holmes re: daily payment schedule, variance report for the week ended September 18, 2020, fixed asset listing, temp agency pre-filing amounts; Call with J. Tang re: payments tracker; Return calls to various suppliers re: CCAA inquiries; Call with N. Brearton re: call with financial advisor to the customers; Compile critical supplier pre-filing amounts for P. van Eyk.
Senior Manager	09/25/2020	\$525	4.50	2,362.50	Daily update call with J. Nadeau, D. Skirving, J. Tang; Correspondence with PVE and Woodbridge re: BDC debit, TD fees debit, critical suppliers list, pre-filing employee temp agency amounts; Email to TD re: return of pre-filing fees; Discussion with D. Skirving re: VISA cardholder policy; Daily call with Woodbridge re: payment schedule, week to date tracking, DIP draw request; Call with J. Mok, J. Nadeau re: Hematite banking systems and procedures.
Senior Manager	09/28/2020	\$525	5.00	2,625.00	Daily call with J. Nadeau, D. Skirving re: payments and other CCAA issues; update call with T. Montgomery, J. Tang; Call with T. Montgomery re: claims procedure order; Update payments schedule and walk through with T. Montgomery; Daily call with Woodbridge re: payments schedule, variance tracking, other file issues.
Senior Manager	09/29/2020	\$525	2.10	1,102.50	Daily update call with J. Nadeau and D. Skirving; Correspondence re: pre-filing payments to employee temp agencies; Daily call with Woodbridge re: review of payments.
Subtotal - George Bourikas			34.40	18,060.00	
Tim Montgomery					
Senior Manager	09/21/2020	\$525	1.80	945.00	Call with the Company re disbursement protocol and discuss the initial order and plan of disbursements for the week; Discussion regarding statutory and credit filing documents and action re same.
Senior Manager	09/22/2020	\$525	1.80	945.00	Internal call re status of file and transition; Prepare OSB Form 2, cash flow assumptions and management representation letter; Discussions with Company re disbursement process and cash flow.
Senior Manager	09/24/2020	\$525	1.40	735.00	Review draft first monitor report and provide comments re same; Review management services agreement and discussion with Company re same.
Senior Manager	09/28/2020	\$525	8.20	4,305.00	Call with Company re daily disbursements; Preparation of daily disbursements tracker; Review with Company; Attend Court for 10 day Comeback Hearing; Discussion with N. Brearton and Gowings regarding claims process; Review daily disbursements with DIP Lender; File transition with G. Bourikas.
Senior Manager	09/29/2020	\$525	7.50	3,937.50	Call with Company re daily disbursements; Preparation of daily disbursements tracker; review with Company; Review daily disbursements with DIP Lender; reconciliation of daily receipts and disbursements to the bank statements; Email confirmation with the Company and Woodbridge re disbursements; Draft employee communication letter regarding Woodbridge services agreement; Discussions with various suppliers re post filing supply.
Senior Manager	09/30/2020	\$525	7.70	4,042.50	Call with Company re daily disbursements; Preparation of daily disbursements tracker; Review with Company; review daily disbursements with DIP Lender; reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re disbursements; discussions with various suppliers re post filing supply; Discussions with Woodbridge, Company and Gowings regarding tooling; Discussion with Company regarding variance analysis report; Review and finalize draft and send to the Company; Creditor communication.
Senior Manager	10/01/2020	\$525	7.50	3,937.50	Call with Company re daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re disbursements; Discussions with various suppliers re post filing supply; Discussion with Company regarding variance analysis report and an update of the cash flow forecast; Creditor communication; Discussions with TD and US Bank regarding company credit cards.
Senior Manager	10/02/2020	\$525	7.50	3,937.50	Call with Company re daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re disbursements; Discussions with various suppliers re post filing supply; Discussion with Company regarding an update of the cash flow forecast; creditor communication; discussions with US Bank regarding company credit cards.
Subtotal - Tim Montgomery			43.40	22,785.00	
Sven Dedic					

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Manager	09/29/2020	\$400	0.60	240.00	Review of email correspondence of T. Montgomery on upcoming court report and claims process; review of email correspondences re: to same.
Manager	09/30/2020	\$400	4.80	1,920.00	Review of pre-filing and 1st report of Monitor to draft upcoming court report; Draft of 2nd report of Monitor including sections on claims procedure order; Review precedent court materials on claims procedures in CCAA for draft of section of court report; Discussion with T. Montgomery re: same.
Effective October 1, 2020 Sven Dedic's position has changed to Senior Manager					
Senior Manager	10/01/2020	\$525	2.50	1,312.50	Review of creditor correspondences for demand of payment/30 day provisions; Draft of response back to creditors; Review of Cash Flow refresh.
Senior Manager	10/02/2020	\$525	5.50	2,887.50	Hematite Claims Process discussion with McCarthy's, Gowings, N. Brearton and T. Montgomery; Review of staffing resources in Ohio KPMG offices; Discussion with groups in US to source a staff; Draft of email correspondences to McCarthy's and Gowings on same; Draft of correspondence to US contact on the same; Phone call discussion with Company and T. Montgomery on Cash Flow Forecast and reset of P&L forecast.
Subtotal - Sven Dedic			13.40	6,360.00	
Manoj Oommen					
Manager	09/22/2020	\$400	4.00	1,600.00	Call with team member regarding creditor list work performed; Obtained and reviewed multiple accounts payable and vendor contact reports; Updated Excel workbook to create a creditor and employee list for mailings.
Subtotal - Manoj Oommen			4.00	1,600.00	
Jojo Tang					
Supervising Senior	09/21/2020	\$265	7.50	2,137.50	Update call with KPMG team re: CCAA process; Call with Company re: payment schedule, communications, creditors list, other CCAA matters; Draft cash flow variance reporting template, newspaper notice; Setting up Monitor website.
Supervising Senior	09/22/2020	\$265	7.50	2,137.50	Draft variance reporting template and OSB forms; Call with the company re: payment approval, creditor listing, other CCAA matters; Update call with KPMG team.
Supervising Senior	09/23/2020	\$265	7.50	2,137.50	Daily call with J. Nadeau, D. Skirving, and G. Bourikas re: payment schedule, creditor list, lessor list, acknowledgement letters, other file issues; Finalize list of known creditors and call with the Company re: same.
Supervising Senior	09/24/2020	\$265	7.50	2,137.50	Daily update call with J. Nadeau, D. Skirving, G. Bourikas re: payments for the day, variance reporting, pre-authorized debits, other CCAA file issues; Finalize variance reporting and daily payment schedule; Confirm newspaper advertisement.
Supervising Senior	09/25/2020	\$265	4.00	1,140.00	Daily update call with J. Nadeau, D. Skirving, G. Bourikas; Correspondence with PVE and Woodbridge re: BDC debit, TD fees debit, critical suppliers list, pre-filing employee temp agency amounts;
Supervising Senior	09/28/2020	\$265	3.00	855.00	Daily update call with J. Nadeau, D. Skirving, G. Bourikas re: payments for the day, Internal update call within KPMG team.
Supervising Senior	09/29/2020	\$265	6.00	1,710.00	Daily update call with J. Nadeau and D. Skirving, KPMG team re: payments for the day, Draft variance report for the week ending Sept 25, 2020 and discussion with D. Skirving re: actuals and FX.
Supervising Senior	09/28/2020	\$265	0.50	142.50	Daily update call with J. Nadeau, D. Skirving, KPMG team re: payments for the day, Internal update call within KPMG team.
Supervising Senior	09/30/2020	\$265	7.00	1,995.00	Daily update call with J. Nadeau, D. Skirving, KPMG team re: payments for the day, Reconcile payment schedule; Update website for new materials; Draft weekly variance report and various discussions with the Company.
Supervising Senior	10/01/2020	\$265	7.50	2,137.50	Daily update call with J. Nadeau, D. Skirving, KPMG team re: payments for the day, Update payment schedule for actuals; Draft updated rolling cash flow forecast.
Supervising Senior	10/02/2020	\$265	7.50	2,137.50	Daily update call with J. Nadeau, D. Skirving, KPMG team re: payments for the day, Update payment schedule for actuals; Draft updated rolling cash flow forecast and various discussion with the Company re: same.
Subtotal - Jojo Tang			65.50	18,667.50	
Annette Chopowick					
Technician	09/23/2020	\$220	1.20	264.00	Hematite E-filing CCAA documentation; Co-ordinate printing/ mailing of notices.
Subtotal - Annette Chopowick			1.20	264.00	



KPMG Inc.
 Suite 4600 Bay Adelaide Centre
 333 Bay Street
 Toronto, ON M5H 2S5

Payment Address:
 KPMG LLP, T4348
 P.O. Box 4348, Station A
 Toronto, ON M5W 7A6

October 23, 2020

Hematite Holdings Inc.
 659 Speedvale Ave. West
 Guelph, ON N1K 1E6

Invoice : 8003301982
 Reference : 2001248328
 Client : 1003616793
 Contact : Katherine Forbes
 Telephone : (416) 777-8107
 Email : katherineforbes@kpmg.ca

Professional services rendered to October 16, 2020 in connection with our role as Court-appointed Monitor pursuant to the CCAA proceedings.

Our Fee	\$ 91,832.00 CAD
Disbursements	7,624.96
	\$ 99,456.96 CAD
HST	12,929.40
	\$ 112,386.36 CAD

Payment is due upon receipt

GST/HST Number 12236 3153 RT0001 QST Registration 1023774310 TQ0001

CAD Cheque Payments: KPMG LLP, T4348, P.O. Box 4348, Station A, Toronto, ON M5W 7A6
Please return remittance advice with cheque.

CAD Wire Payments: Beneficiary: KPMG LLP
 Bank Details: TD Canada Trust, 55 King St. West, Toronto, ON M5K 1A2, Bank Code # 004, Transit # 10252,
 Account # 0938281, Swift Code TDOMCATTOR
 Please e-mail related wire payment details including invoice number to kpmg-ar@kpmg.ca

Invoice No: 8003301982 **Reference:** 2001248328 **Client:** 1003616793 **Amount:** \$ 112,386.36 CAD

KPMG LLP is a Canadian limited liability partnership and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

Professional Fees Summary
For the period October 3 to October 16, 2020

Name	IBS	Position	Rate	Hours	Fee (\$)
Nick Brearton	Brearton, Nick	Partner	\$700	20.60	\$14,420.00
Katherine Forbes	Forbes, Katherine	Partner	\$635	7.10	\$4,508.50
Tim Montgomery	Montgomery, Tim	Senior Manager	\$525	59.00	\$30,975.00
Sven Dedic	Dedic, Sven	Senior Manager	\$525	57.00	\$29,925.00
Jojo Tang	Tang, Jojo	Senior Consultant	\$285	41.50	\$11,827.50
Annette Chopowick	Chopowick, Annette	Technician	\$220	0.80	\$176.00
Total Professional Fees				186.00	\$91,832.00
Disbursement - Globe and Mail					\$7,624.96
Newspaper Notice					
Total Invoice Amount before HST					\$99,456.96

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Nick Brearton					
Partner	10/04/2020	\$700	6.30	4,410.00	Review of Paragraph 10 of [REDACTED] Review of draft Claims Process Order; Review of J. Nadeau affidavit on claims process; Email to S. Dedic re: Claims order; Discussion with T. Montgomery re: AISI, tooling issue [REDACTED], updated sales projections, billing. Discussion with S. Dedic re: tooling; Review and respond to T. Montgomery's email to J. Nadeau re [REDACTED] and info required; Review of draft Court report on Claims Process.
Partner	10/05/2020	\$700	2.60	1,820.00	Review of draft email to McCarthy on FCA tooling issue and respond to same; Discussion with S. Brathwaite re: tooling, claims process; Discussion with AISI and T. Montgomery re: request for critical supplier status; Notes on conversation; Discussion with Cliff re: comments on draft order.
Partner	10/06/2020	\$700	2.10	1,470.00	Discussion with S. Dedic re: Claims process, status of tooling work; Discussion with J. Nadeau and T. Montgomery re: AISI, Claims process, US accounting help; Discussion with S. Brathwaite re: tooling, AISI, Claims process; Review of Cliff's comments on draft J. Nadeau affidavit for Claims process; Review of two sets of revisions to Court order for Claims process; Email to S. Dedic on issues raised by revisions; Review of various emails on request for AISI meeting with Woodbridge and respond to same.
Partner	10/07/2020	\$700	2.80	1,980.00	Discussion with Woodbridge (J. Mok and A. Holmes), P. Van Eyk, J. Nadeau and T. Montgomery re: AISI situation; Discussion with D. Cohen, Cliff and S. Dedic re: [REDACTED] Call with S. Dedic re: [REDACTED] received; Forward Court order and draft timeline to S. Brathwaite; Discussion with S. Brathwaite re: excluded claims in Order, critical supplier and tooling; Filing.
Partner	10/08/2020	\$700	1.30	910.00	Discussion with J. Swanson of Stewart Group; Discussion with AISI; Email to Woodbridge and Hematite re: AISI call.
Partner	10/09/2020	\$700	1.60	1,120.00	Review of comments from Cliff on Monitor's draft Claims Process report; Email to Cliff and S. Dedic re: comments and issues on revisions; Review of report revisions; Email to Gowlings and S. Dedic re: report finalization logistics; Discussion with T. Montgomery re: status of file; Review of various edits to Report including comments of Bennett Jones and McCarthy.
Partner	10/13/2020	\$700	3.10	2,170.00	Email to J. Nadeau re: Stewart Group and call with same; Filing; [REDACTED]; Review of McCarthy suggested changes to Claims forms; Various emails to Gowlings etc. on same; Emails to K. Forbes on CWB National leasing inquiry as to covered entities; Emails to CWB on same; Review of draft billing to Oct 2nd; Court hearing on Claims Process; Discussion with K. Forbes re: claims process and tooling status report; Discussion with K. Forbes re: status update on file. Various emails on AISI messaging, AISI meeting maker, claims process order; Email to Gowlings re: tooling and advancing same.
Partner	10/14/2020	\$700	0.60	420.00	Emails to/from AISI on conference call details; Subsequent discussion with AISI and T. Montgomery re: feedback from W&H; Discussion with S. Brathwaite re: status of tooling analysis.
Partner	10/15/2020	\$700	0.20	140.00	Discussion with S. Dedic re: tooling analysis; Subsequent voice message to C. Prophet on status.
Subtotal - Nick Brearton			20.60	14,420.00	
Katherine Forbes					
Partner	10/12/2020	\$635	0.20	127.00	Internal correspondence, and review of company information re: legal entities as a result of inquiry by CWB Leasing.
Partner	10/13/2020	\$635	2.90	1,841.50	Status update call with KPMG team following court hearing; Review of claims procedure order, and review of newspaper advertisement proof, preparation for mailing of notice to creditors of claims bar date; Review of various correspondence re: supplier issues and inquiries; Call with KPMG team to review Company's updated draft cash flow forecast.
Partner	10/14/2020	\$635	1.60	1,016.00	Internal correspondence re: cash flow items, including Specialized Tooling and Mitsubishi issue, and monthly reporting per the DIP Loan Agreement; Correspondence from counsel re: Mitsubishi Chemical; Preparing for notice of claims bar date mailing, newspaper advertisements (review of proofs); Correspondence from P. Van Eyk re: DIP budget; Review of weekly variance reporting.
Partner	10/15/2020	\$635	2.30	1,460.50	Various correspondence to counsel, Company, [REDACTED]; Final variance reporting review; Call with Company re: same; Internal correspondence re: notice of claims bar date mailing, review of draft email re: same; Review Globe & Mail proof; Correspondence with P. van Eyk re: DIP budget; Internal follow up re: tooling documentation; Correspondence with Fabriweld re: request for a call with counsels; Telephone call with L. Marcum re: same.
Partner	10/16/2020	\$635	0.10	63.50	Correspondence with Fabriweld, counsel re: call for following Monday.
Subtotal - Katherine Forbes			7.10	4,508.50	

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Tim Montgomery					
Senior Manager	10/04/2020	\$525	2.20	1,155.00	Internal discussions with N. Brearton re: file status including AISI, tooling, cash flow, credit cards, claims process.
Senior Manager	10/05/2020	\$525	7.50	3,937.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re: disbursements; Discussions with various suppliers re: post filing supply including call with AISI and N. Brearton; Discussion with Company regarding an update of the cash flow forecast; Review 2nd report; Review update of the cash flow forecast with J. Tang; Review updated sale forecast; Email company re: request for information on tooling; Review letters for claims process.
Senior Manager	10/06/2020	\$525	7.50	3,937.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Call with J. Nadeau re: AISI; Internal discussions re: claims process; Email address; Employee claims; Call with Woodbridge to discuss updated rolling cash flow forecast; Discussion with Woodbridge regarding credit cards; Perform analysis re: credit cards and discussion with the Company re: a strategy going forward; Email communication with TD re: return of credit card funds.
Senior Manager	10/07/2020	\$525	7.50	3,937.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Call with Tenewo re: post filing supply acknowledgment letter; Review of opening balance reconciliation with the Company; [REDACTED]; Review lease schedule and discussion with company re: providing required information for Woodbridge; Call with J. Nadeau, Woodbridge, N. Brearton and P. Van Eyk re: AISI; Review weekly cash flow variance analysis with the Company.
Senior Manager	10/08/2020	\$525	4.30	2,257.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Review weekly variance analysis with Woodbridge; Discussion with J. Nadeau re: Marves supplier issue; Review KPMG billing.
Senior Manager	10/09/2020	\$525	4.10	2,152.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email exchange re: US Bank leases; Email correspondence re: leases; Call with J. Nadeau re: inventory purchases; Call with J. Tang re: updating the weekly rolling cash flow.
Senior Manager	10/13/2020	\$525	5.80	3,045.00	Attend court hearing from claims process order; Discussion with Company re: potential DIP drawdown request; Various emails re: capital lease information requests; Review updated cash flow with K. Forbes and J. Tang; Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re: disbursements; Discussions with various suppliers re: post filing supply.
Senior Manager	10/14/2020	\$525	6.80	3,570.00	[REDACTED] with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re: disbursements; Discussions with various suppliers re: post filing supply; Email correspondence with Company re: property taxes; Various emails regarding creditor list and claims process; Review of latest capex forecast and discussions with J. Nadeau regarding same; Email correspondence regarding capital leases; [REDACTED] Email correspondence with the Company regarding the DIP drawdown request and whether it is necessary this week; Review of weekly cash flow variance analysis; Review of monthly financial statements as per DIP loan agreement; Review email from Richter re: professional fee reserve; Update variance analysis regarding same; Update email to Woodbridge re: AISI discussion.
Senior Manager	10/15/2020	\$525	7.10	3,727.50	Finalize variance reporting following comments from K. Forbes; Call with Company to review weekly variance reporting; Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re: disbursements; Discussions with various suppliers re: post filing supply; [REDACTED]; Discussions with Company regarding Toyota receivable and DIP drawdown need; Creditor queries; Discussions with CRA re: claim.
Senior Manager	10/16/2020	\$525	6.20	3,255.00	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; email confirmation with the Company and Woodbridge re: disbursements; Discussions with various suppliers re: post filing supply; Email Company regarding required information for cash flow update; Call with Loose Plastics regarding pre and post filing amounts outstanding and ongoing supply.
Subtotal - Tim Montgomery			59.00	30,975.00	

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Sven Dedic					
Senior Manager	10/04/2020	\$525	3.00	1,575.00	Discussion with N. Brearton re: tooling situation; [REDACTED] Review of track changes on 2nd report of monitor.
Senior Manager	10/05/2020	\$525	7.00	3,675.00	Draft of correspondence of [REDACTED] and send to Gowlings; Discussion with N. Brearton re: same; Review comments on 2nd report of Monitor and incorporate edits; Review of latest changes to court order and revise court report on same changes; Draft of Claims Package forms including: Notice to claimants; Proof of claim form, notice of dispute, instruction letter; Review changes proposed to same.
Senior Manager	10/06/2020	\$525	5.50	2,887.50	Review creditor listing and discussion on how to populate email/fax; Arrange staff to pull email and fax numbers from website to add to creditor listing; Draft of Tooling Framework email and discussion with N. Brearton re: same; Review of latest comments on draft order; Review of supporting documentation [REDACTED] Review 30 day good creditor inquiry and response to same.
Senior Manager	10/07/2020	\$525	7.50	3,937.50	Phone call discussion with Gowlings, N. Brearton on approach for tooling; Draft of conclusions from tooling framework; Reconciling US creditor list to Canadian in preparation for mailing; Discussion with Globe and Mail on ad placement in line with court order; Discussion with USA Today on ad placement in line with court order; Review of legal interpretation of C. Prophet for OEM tooling issue; Discussion with N. Brearton on financial impact of tooling and go forward approach to quantifying; Review of Motion Record for upcoming court hearing.
Senior Manager	10/08/2020	\$525	4.50	2,362.50	Review of Hematite mailing received; Draft of revision to court report in line with comments and new court order; Discussion with J. Nadeau on OEM tooling workbook and quantifying the tooling impact of pre-filing claims and flow through; Review of OEM tool book; Check creditor listing for tooling suppliers and reconcile.
Senior Manager	10/09/2020	\$525	4.00	2,100.00	Review comments provided by C. Prophet and N. Brearton on court report; Process edits; Discussion with J. Nadeau on updated OEM tool book.
Senior Manager	10/13/2020	\$525	7.00	3,675.00	Review of US creditor listing in anticipation of mailing; Preparation of materials for mailing on October 15; Discussion with J. Tang on creditor listing; Review of email correspondence on tooling situation; Discussion with J. Nadeau re: same; Discussion with K. Forbes on mailing of notices; Draft of proof of notice for newspaper; Processing edits to newspaper notices.
Senior Manager	10/14/2020	\$525	5.50	2,887.50	Preparing instructions for mail room for mailing of notices to creditors on claim process; Preparing U.S. instructions; Discussion with U.S. counsel on plan for mailing and newspaper notices; Reviewing proof of notices provided by newspapers in anticipation of mailing; Review of creditor listing and changes made; Review of OEM tooling workbook provided by J. Nadeau.
Senior Manager	10/15/2020	\$525	7.50	3,937.50	Prepare mailing instructions; Mailing notice to creditors including coordination with U.S. and Canada team; Review status of mailing; Finalize newspaper notices and review of invoices for same; Perform analysis of tooling contracts for FCA/Ford; Discussion with N. Brearton re: same; Discussion with J. Nadeau on tooling supplier reconciliation.
Senior Manager	10/16/2020	\$525	5.50	2,887.50	Perform financial analysis for tooling contracts for [REDACTED]; Draft of email correspondence and summary; Draft summary tables; Review proof of affidavit of mailing by U.S. counsel; Discussion with J. Nadeau re: tooling workbook and reconciliation of same.
Subtotal - Sven Dedic			57.00	29,925.00	
Jojo Tang					
Supervising Senior	10/05/2020	\$265	7.50	2,137.50	Daily payment schedule call with KPMG team and the Company; Update rolling cashflow including refresh AR balances and various discussion with the Company re: same.
Supervising Senior	10/06/2020	\$265	5.00	1,425.00	Daily payment schedule call with KPMG team and the Company; Respond to supplier queries.
Supervising Senior	10/07/2020	\$265	3.00	855.00	Daily payment schedule call with KPMG team and the Company; Prepare cashflow variance report and discuss with the Company.
Supervising Senior	10/08/2020	\$265	2.50	712.50	Daily payment schedule call with KPMG team and the Company.
Supervising Senior	10/09/2020	\$265	4.00	1,140.00	Update daily payment schedule; Draft inventory purchase analysis and discuss with the Company on run-rate of inventory purchases; Update rolling cashflow forecast.
Supervising Senior	10/11/2020	\$265	1.00	265.00	Update rolling cashflow forecast.

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Supervising Senior	10/13/2020	\$265	7.50	2,137.50	Daily payment schedule call with KPMG team and the Company; Update payment schedule; Internal status update call with KPMG team; Update rolling cashflow for new CAPEX schedule and discuss with the Company re: timing of DIP draw; Update creditor addresses to incorporate feedback from the Company; Update creditor website for various documents.
Supervising Senior	10/14/2020	\$265	7.50	2,137.50	Daily payment schedule call with KPMG team and the Company; Update payment schedule; Internal update call with KPMG team re: CAPEX and rolling cash flow; Update September actual v. forecast results by division; Update weekly variance analysis and various discussion internally and with the Company re: same; Respond to various inquires in the mailbox.
Supervising Senior	10/15/2020	\$265	3.50	997.50	Daily payment schedule call with KPMG team and the Company; Update payment schedule; Discussion with the Company and KPMG team on presentation of variance analysis going forward.
Subtotal - Jojo Tang			41.50	11,827.50	
Annette Chopowick					
Technician	10/13/2020	\$220	0.20	44.00	Emails regarding upcoming mailing and affidavit to be prepared.
Technician	10/16/2020	\$220	0.60	132.00	Preparation of Affidavit of Mailing document.
Subtotal - Annette Chopowick			0.80	176.00	



KPMG Inc.
 Suite 4600 Bay Adelaide Centre
 333 Bay Street
 Toronto, ON M5H 2S5

Payment Address:
 KPMG LLP, T4348
 P.O. Box 4348, Station A
 Toronto, ON M5W 7A6

November 13, 2020

Hematite Holdings Inc.
 659 Speedvale Ave. West
 Guelph, ON N1K 1E6

Invoice : 8003329299
 Reference : 2001248328
 Client : 1003616793
 Contact : Katherine Forbes
 Telephone : (416) 777-8107
 Email : katherineforbes@kpmg.ca

Professional services rendered to October 31, 2020 in connection with our role as Court-appointed Monitor pursuant to the CCAA proceedings.

Our Fee	\$ 102,091.00 CAD
	<hr/>
	\$ 102,091.00 CAD
HST	13,271.83
	<hr/>
Amount Due	\$ 115,362.83 CAD
	<hr/> <hr/>

Payment is due upon receipt

GST/HST Number 12236 3153 RT0001 QST Registration 1023774310 TQ0001

CAD Cheque Payments: KPMG LLP, T4348, P.O. Box 4348, Station A, Toronto, ON M5W 7A6
Please return remittance advice with cheque.

CAD Wire Payments: Beneficiary: KPMG LLP
 Bank Details: TD Canada Trust, 55 King St. West, Toronto, ON M5K 1A2, Bank Code # 004, Transit # 10252,
 Account # 0938281, Swift Code TDOMCATTOR
 Please e-mail related wire payment details including invoice number to kpmg-ar@kpmg.ca

Invoice No: 8003329299 **Reference:** 2001248328 **Client:** 1003616793 **Amount:** \$ 115,362.83 CAD

Professional Fees Summary
For the period October 17 to October 31, 2020

Name	IBS	Position	Rate	Hours	Fee (\$)
Nick Brearton	Brearton, Nick	Partner	\$700	5.30	\$3,710.00
Katherine Forbes	Forbes, Katherine	Partner	\$635	16.60	\$10,541.00
Tim Montgomery	Montgomery, Tim	Senior Manager	\$525	52.90	\$27,772.50
George Bourikas	Bourikas, George	Senior Manager	\$525	13.20	\$6,930.00
Sven Dedic	Dedic, Sven	Senior Manager	\$525	26.50	\$13,912.50
Manoj Oommen	Oommen, Manoj	Manager	\$400	77.40	\$30,960.00
Jojo Tang	Tang, Jojo	Senior Consultant	\$285	29.00	\$8,265.00
Total Professional Fees				220.90	\$102,091.00

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Nick Brearton					
Partner	10/19/2020	\$700	0.80	560.00	Review of C. Prophet's email on tooling; Discussion with T. Montgomery re: J. Swanson email and tooling; Discussion with S. Dedic re: tooling analysis and revisions to same; Discussion with K. Forbes re: tooling, J. Swanson email, Court hearing.
Partner	10/20/2020	\$700	0.60	560.00	Email to Gowings re: advancing tooling issue; Call with D. Cohen, C. Prophet, S. Dedic and K. Forbes re: tooling analysis including legal view () and additional info required.
Partner	10/23/2020	\$700	0.60	560.00	Call with S. Brathwaite re: Draft email to McCarthy and Gowings re: call with S. Brathwaite, need to have a conference call; Various emails with P. Goy of KPMG U.S.
Partner	10/25/2020	\$700	0.70	490.00	Call with Company, McCarthy, Gowings, R. Sahni, P. Van Eyk, K. Forbes and S. Dedic
Partner	10/26/2020	\$700	1.70	1,190.00	Review of T. Courtis' draft email to tooling suppliers and OEM's on invoice payment; Subsequent revisions to same; Discussion with D. Cohen re: tooling situation; Email to Gowings and KPMG re: tooling situation; Review of numerous emails on tooling from McCarthy, B.J and P. Van Eyk; Provide S. Brathwaite's email; Discussion with S. Brathwaite re: tooling status.
Partner	10/29/2020	\$700	0.10	70.00	Email to P. Van Eyk re: tooling and request for update on Woodbridge's views on customer issues.
Partner	10/30/2020	\$700	0.40	280.00	Discussion with S. Brathwaite re: tooling and call with Woodbridge; Subsequent email to Gowings re: call with S. Brathwaite.
Subtotal - Nick Brearton			5.30	3,710.00	
Katherine Forbes					
Partner	10/19/2020	\$635	1.90	1,206.50	Telephone call with Fabriweld and respective counsels; Pre-call with D. Cohen; Status update call with KPMG team, and follow-up on tooling analysis and outstanding information; Telephone call with J. Nadeau re: Fabriweld, etc.; Review of various emails re: tooling, Chapter 15 materials, etc.
Partner	10/20/2020	\$635	1.90	1,206.50	Review of claims procedures work plan; Calls with KPMG team re: claims procedure, cash flow forecast; Call with KPMG team and counsel re: tooling legal issues; Review correspondence from J. Stam (Norton Rose).
Partner	10/21/2020	\$635	0.50	317.50	Call with KPMG team re: claims administration matters; Review of - and correspondence re: -two lease disclaimers; Email to Fabriweld; Review of correspondence re: Stewart Co, tooling.
Partner	10/22/2020	\$635	2.10	1,333.50	Review of and call with KPMG team re: cash flow forecast and variance analysis; Emails to counsel, Company re: Correspondence with T. Courtis re, and approval of, two lease disclaimers; Follow-up re: outstanding responses to creditor inquiries, and drafting response to J. Stam re: Toyota; Review of and comment on bridge analysis to new cash flow forecast.
Partner	10/23/2020	\$635	0.50	317.50	Telephone call with J. Nadeau and T. Montgomery re: AISI and Mitsubishi matters; Review of AISI draft NDA, correspondence to McCarthy's re: same; Update call with counsel and KPMG team on various matters; Correspondence with KPMG team re: tooling status, copies of leases.
Partner	10/25/2020	\$635	0.90	571.50	Call with counsels and advisors to Woodbridge Foam, Company, and Monitor re: tooling.
Partner	10/26/2020	\$635	1.30	825.50	Review of updated cash flow forecast with KPMG team and DIP Lender, and internal discussions re: secured debt interest charges; Follow-up email to McCarthy re: AISI; Review of various correspondence re: tooling; Claims process update.
Partner	10/27/2020	\$635	0.20	127.00	Scheduling call with counsel; Review of various correspondence.
Partner	10/28/2020	\$635	1.70	1,079.50	Various follow-up re: creditor inquiries; Call with R. Jaipargas & C. Chien (BLG), counsel to Tennessee landlord, sending claims package, and follow-up email to KPMG team re: restructuring claims; Review of weekly variance analysis and discussion with KPMG team; Review claims daily update.
Partner	10/29/2020	\$635	1.50	952.50	Update call with counsel and KPMG team on status of claims process, and administration of certain claims received to date; Follow-up discussion with KPMG team; Review of draft meeting order; Review of support for AISI's request for pre-filing payment; Review various correspondence from/to McCarthy's re: proposed disclaimers.
Partner	10/30/2020	\$635	4.10	2,603.50	Review draft CCAA plan, and call with counsel to compile comments re: same. Various internal correspondence re: claims administration; Return correspondence to P. van Eyk re: tooling inquiries; Return correspondence to BLG; Correspondence to counsel re: CCAA plan and Monitor's Third Report; internal discussion re: same.
Subtotal - Katherine Forbes			16.60	10,541.00	

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
George Bourikas					
Senior Manager	10/20/2020	\$525	3.70	1,942.50	Prepare draft of Claims Procedure Review document; Calls with A. Tetley and M. Oommen re: Claims Procedure; Call with K. Forbes re: same; Call with D.
Senior Manager	10/21/2020	\$525	1.80	945.00	Calls with M. Oommen re: claims process tracker; Detailed review of claims process tracker; Calls with K. Forbes and T. Montgomery re: same.
Senior Manager	10/22/2020	\$525	0.70	367.50	Call with M. Oommen re: claims process.
Senior Manager	10/23/2020	\$525	0.70	367.50	Review of claims tracker; Call with M. Oommen and K. Forbes re: claims process.
Senior Manager	10/26/2020	\$525	1.30	682.50	Call with M. Oommen re: claims process.
Senior Manager	10/28/2020	\$525	0.90	472.50	Call with M. Oommen re: claims process.
Senior Manager	10/29/2020	\$525	1.70	892.50	Call with M. Oommen re: claims process; Call with T. Gertner, K. Forbes, M. Oommen re: review process for certain claims.
Senior Manager	10/30/2020	\$525	2.40	1,260.00	Call with M. Oommen re: claims process; Review correspondence from T. Gertner re: review of claims; Review precedent CCAA plan of arrangement Monitor's reports; Call with K. Forbes re: claims process and certain landlord claims.
Subtotal - George Bourikas			13.20	6,930.00	
Tim Montgomery					
Senior Manager	10/19/2020	\$525	5.40	2,835.00	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re: disbursements; Internal KPMG catch up re cash management, claims process and other matters; Discussions with Company re: status of supplier post filing acknowledgement letters; Discussion with Company regarding capital expenditure re: Ford packaging; Response to queries from Woodbridge re capital leases
Senior Manager	10/20/2020	\$525	6.40	3,360.00	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re: disbursements; Review updated cash flow with J. Tang; Coordinate response to Woodbridge queries on September monthly financial statements; Update the cash flow for the new capex forecast and sales update for Englewood.
Senior Manager	10/21/2020	\$525	5.20	2,730.00	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re: disbursements; Review updated cash flow with J. Tang and the Company; Email correspondence re: outstanding leases; Call with the Stewart Company regarding pre-filing claim; Internal KPMG call re: claims process review weekly cash flow variance reporting and update same.
Senior Manager	10/22/2020	\$525	5.70	2,992.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re: disbursements; Review updated cash flow with K. Forbes; Preparation of bridge analysis from CCAA cash flow to rolling cash flow; Email correspondence with Woodbridge regarding prepayments and admin expenses on monthly statements; Review final draft of updated cash flow including payroll expenses; Review final draft of variance analysis and send to Woodbridge.
Senior Manager	10/23/2020	\$525	4.50	2,362.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re: disbursements; Review updated cash flow with K. Forbes; Finalize bridge analysis and circulate to the Company; Discussion with the Company regarding same; Discussion with J. Nadeau and K. Forbes re: AISI and Mitsubishi; Update cash flow re CEWS and HST; Email correspondence with Gowlings re: Toyota lease.
Senior Manager	10/26/2020	\$525	5.90	3,097.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re: disbursements; Review updated cash flow with the DIP lender; Email correspondence re: Toyota leases with legal counsel; Review updated cash flow with the Company and finalize for review with DIP lender; Email correspondence re: claims process and update for plan sponsor; Email correspondence with BDC re interest with drawal; Discussions with AISI re: invoice processing issues; Update with plan sponsor re capital leases and disclaimers; Review of DIP lender interest calculation.

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Senior Manager	10/27/2020	\$525	5.40	2,835.00	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re: disbursements; Discussions with Company re: AISI invoicing issues; Correspondence with Company and legal counsel re leases and disclaimers; Creditor correspondence re claims process; Review weekly variance reporting and provide to company for further comments.
Senior Manager	10/28/2020	\$525	5.30	2,782.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank; Email confirmation with the Company and Woodbridge re: disbursements; Review weekly expenses; Review variance reporting with K. Forbes; Review lease agreements for disclaimers and discuss with company legal counsel; Request updates from professional re: WIP; Review updated weekly cash flow for timing differences; Send out weekly cash flow variance analysis to DIP Lender.
Senior Manager	10/29/2020	\$525	4.40	2,310.00	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; reconciliation of daily receipts and disbursements to the bank; Email confirmation with the Company and Woodbridge re: disbursements;
Senior Manager	10/30/2020	\$525	4.70	2,467.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank; Email confirmation with the Company and Woodbridge re: disbursements; Review lease disclaimer and sign off; Discussion with creditor re critical supplier status; Request TD overdraft interest back and email correspondence re: same; Prepare weekly run-rate analysis for company re: inventory purchases; Call with Stewart Company re: pre-filing claim and information outstanding; Review Pinchin claim and discussion with company re: same.
Subtotal - Tim Montgomery			52.90	27,772.50	
Sven Dedic					
Senior Manager	10/19/2020	\$525	4.00	2,100.00	Review of creditor inquiries and discussion with K. Forbes: review of tooling supplier reconciliations and drafting of schedules for presentation to McCarthy/Gowlings; Review of proof of mailing for USA Today; Discussion with K. Forbes, G. Bourikas re: status update.
Senior Manager	10/20/2020	\$525	3.50	1,837.50	Discussion with J. Nadeau on tooling situation and email; Preparation of schedules of all PO's and Contracts for review by counsel; Discussion with counsel, N. Brearton re: same.
Senior Manager	10/22/2020	\$525	1.50	787.50	Discussion with J. Nadeau re: need for pre-filing invoices for all tooling suppliers for reconciliation to tooling workbook; Review of pre-filing invoices re: same.
Senior Manager	10/23/2020	\$525	2.50	1,312.50	Review of latest tooling workbook prepared by J.Nadeau; Email correspondence to counsel advising of update on pre-filing invoices; Discussion with J. Nadeau re: same.
Senior Manager	10/25/2020	\$525	1.00	525.00	Phone call discussion with Gowlings, McCarthy, Company to discuss plan for pre-filing tooling supplier payments.
Senior Manager	10/26/2020	\$525	3.50	1,837.50	Review of draft email correspondence to be sent to Woodbridge on tooling situation and pre-filing claims; Preparing schedules in response to McCarthy on under water contracts; Review of email correspondence on same; Discussion with N. Brearton on same; Discussion with J. Nadeau on latest version of tooling workbook; Review of latest update to tooling workbook.
Senior Manager	10/27/2020	\$525	4.50	2,362.50	Review of email from S. Brathwaite and responses to tooling situation; Discussion with J. Nadeau on quantifying all pre-filing invoices; Review of AP reports supplied and reconciling invoices to tooling workbook; Preparing schedule of pre-filing invoices.
Senior Manager	10/28/2020	\$525	2.00	1,050.00	Review of AP reports for two tooling suppliers outstanding; Incorporating invoices into analysis and schedules prepared.
Senior Manager	10/29/2020	\$525	1.50	787.50	Review of email correspondences related to tooling; Discussion with J. Nadeau; Discussion with K. Forbes on same.
Senior Manager	10/30/2020	\$525	2.50	1,312.50	Review of prior court report and discussion with G. Bourikas re: same; Review of updated AP report for tooling supplier; Preparing updated schedule of under water contracts.
Subtotal - Sven Dedic			26.50	13,912.50	
Manoj Oommen					
Manager	10/16/2020	\$400	3.00	1,200.00	internal meeting with team regarding tooling and project schedules; reviewed information received and performed analysis over amounts due to supplier and due from OEM on a project basis; forwarded results to team.

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Manager	10/21/2020	\$400	8.00	3,200.00	Team meeting regarding claims process; Obtained updated AP and began creating claims tracker; Reviewed multiple emails and calls to Hematite inbox; Responded to multiple creditors regarding claims and followed up as necessary.
Manager	10/22/2020	\$400	9.50	3,800.00	Reviewed inbox for received claims; Various calls with team regarding claims tracker and status; Reviewed and tracked received claims and followed up with creditors; Amended tracker as additional claims received.
Manager	10/23/2020	\$400	9.00	3,600.00	Internal team meeting regarding claims procedure and method used to track claims and respond to creditors; Reviewed and tracked claims; Followed up with creditors; Various phone calls and meeting with team regarding claims and tracker updates.
Manager	10/26/2020	\$400	10.00	4,000.00	Reviewed and tracked received claims; Various calls and meetings with team regarding claims received and amendments to the tracker; Drafted and sent daily update email.
Manager	10/27/2020	\$400	7.50	3,000.00	Reviewed and tracked received claims; Various calls and meetings with team regarding claims received and amendments to the tracker; Drafted and sent daily update email.
Manager	10/28/2020	\$400	11.40	4,560.00	Reviewed and tracked received claims; Various calls and meetings with team regarding claims received and amendments to the tracker; Amended Schedule D - Notice of Disallowance and linked to claims tracker; Forwarded disallowances to team for initial review; Drafted and sent daily update email.
Manager	10/29/2020	\$400	11.30	4,520.00	Reviewed and tracked received claims; Various calls and meetings with team regarding claims received and amendments to the tracker; Amended Schedule D - Notice of Disallowance and linked to claims tracker; Forwarded disallowances to team for initial review; Drafted and sent email to Company regarding claims related issues; Drafted and sent daily update email.
Manager	10/30/2020	\$400	7.70	3,080.00	Reviewed and tracked received claims; Various calls and meetings with team regarding claims received and amendments to the tracker; Amended Schedule D - Notice of Disallowance and linked to claims tracker; Forwarded disallowances to team for review; Drafted and sent daily update email.
Subtotal - Manoj Oommen			77.40	30,960.00	
Jojo Tang					
Supervising Senior	10/19/2020	\$285	7.50	2,137.50	Daily call with the Company and KPMG team; Update daily payment schedule and actuals; Update opening AR balance as at Oct 16 and discuss with Company re: AR timing and various adjustments; Respond to creditor phone/email queries; Update cashflow for various items including new leases and AR balances; Internal KPMG status update call re: claims process.
Supervising Senior	10/20/2020	\$285	4.00	1,140.00	Daily call with the Company and KPMG team; Update daily payment schedule and actuals; Update cashflow for various items (i.e. increased sales, unapplied deposits, CAPEX, severance, draw required) and discuss with T. Montgomery re: same.
Supervising Senior	10/21/2020	\$285	7.50	2,137.50	Daily call with the Company and KPMG team; Update daily payment schedule and actuals; Update variance analysis; Discuss updated cashflow with Company and KPMG team and further update cashflow for new sales numbers; Update website for claims process related forms.
Supervising Senior	10/22/2020	\$285	2.50	712.50	Daily call with the Company and KPMG team re: cash flow management; Update daily payment schedule and actuals.
Supervising Senior	10/23/2020	\$285	1.00	285.00	Daily call with the Company and KPMG team re: cash flow management; Update daily payment schedule and actuals.
Supervising Senior	10/26/2020	\$285	2.50	712.50	Daily call with the Company and KPMG team re: cash flow management; Update daily payment schedule and actuals.
Supervising Senior	10/27/2020	\$285	4.00	1,140.00	Daily call with the Company and KPMG team; Update daily payment schedule and actuals; Update weekly variance report and discuss comments internally and with the Company.
Subtotal - Jojo Tang			29.00	8,265.00	



KPMG Inc.
 Suite 4600 Bay Adelaide Centre
 333 Bay Street
 Toronto, ON M5H 2S5

Payment Address:
 KPMG LLP, T4348
 P.O. Box 4348, Station A
 Toronto, ON M5W 7A6

December 9, 2020

Hematite Holdings Inc.
 659 Speedvale Ave. West
 Guelph, ON N1K 1E6

Invoice : 8003365333
 Reference : 2001248328
 Client : 1003616793
 Contact : Katherine Forbes
 Telephone : (416) 777-8107
 Email : katherineforbes@kpmg.ca

Professional services rendered to November 14, 2020 in connection with our role as Court-appointed Monitor pursuant to the CCAA proceedings.

Our Fee	\$ 111,619.00 CAD
	<hr/> \$ 111,619.00 CAD
HST	14,510.47
	<hr/>
Amount Due	\$ 126,129.47 CAD
	<hr/> <hr/>

Payment is due upon receipt

GST/HST Number 12236 3153 RT0001 QST Registration 1023774310 TQ0001

CAD Cheque Payments: KPMG LLP, T4348, P.O. Box 4348, Station A, Toronto, ON M5W 7A6
Please return remittance advice with cheque.

CAD Wire Payments: Beneficiary: KPMG LLP
 Bank Details: TD Canada Trust, 55 King St. West, Toronto, ON M5K 1A2, Bank Code # 004, Transit # 10252,
 Account # 0938281, Swift Code TDOMCATTOR
 Please e-mail related wire payment details including invoice number to kpmg-ar@kpmg.ca

Invoice No: 8003365333 **Reference:** 2001248328 **Client:** 1003616793 **Amount:** \$ 126,129.47 CAD

Professional Fees Summary
For the period November 1 to November 14, 2020

Name	IBS	Position	Rate	Hours	Fee (\$)
Nick Brearton	Brearton, Nick	Partner	\$700	1.90	\$1,330.00
Katherine Forbes	Forbes, Katherine	Partner	\$635	32.80	\$20,828.00
Tim Montgomery	Montgomery, Tim	Senior Manager	\$525	59.00	\$30,975.00
George Bourikas	Bourikas, George	Senior Manager	\$525	37.30	\$19,582.50
Sven Dedic	Dedic, Sven	Senior Manager	\$525	6.50	\$3,412.50
Zack Burstein	Burstein, Zack	Manager	\$400	46.25	\$18,500.00
Jojo Tang	Tang, Jojo	Senior Consultant	\$285	59.00	\$16,815.00
Annette Chopowick	Chopowick, Annette	Technician	\$220	0.80	\$176.00
Total Professional Fees				243.55	\$111,619.00

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Nick Brearton					
Partner	11/03/2020	\$700	1.00	700.00	Review and respond to J. Gage's email on tooling; Subsequent email to McCarthy advising of Woodbridge and S. Braithwaite call; Email to P. van Eyk and Woodbridge inquiring on tooling discussion/status with customer; Discussion with Maurice Fleming (Fogler) counsel for Seimens; Email to group re: advancing tooling issue.
Partner	11/04/2020	\$700	0.70	490.00	[REDACTED] call from M. Fleming (Fogler Rubinoff); Review and respond to S. Braithwaite's email on "upside down" contracts; Review of draft tooling order and email to KPMG/Gowings re: comments on same; Review of subsequent comments and respond to same.
Partner	11/05/2020	\$700	0.20	140.00	Review of revised tooling order and comments, subsequent emails on same.
Subtotal - Nick Brearton			1.90	1,330.00	
Katherine Forbes					
Partner	11/02/2020	\$635	1.60	1,016.00	Correspondence with McCarthy and Gowling WLG re: equipment agreements; Internal correspondence re: toolmakers on creditors listing, AISI request for pre-filing payment; Various correspondence with Richter and KPMG team, respectively, re: claims procedure status; Update call with KPMG team.
Partner	11/03/2020	\$635	1.10	698.50	Internal correspondence re: reminder to creditors to file a claim, agreement disclaimers and terminations, and claims procedure status generally; Discussions with KPMG team re: liquidation analysis, and review of prior asset appraisal; Review of draft claims update to proposed plan sponsor; Correspondence re: Siemens inquiry.
Partner	11/04/2020	\$635	2.30	1,460.50	Review draft CCAA plan, tooling order and correspondence with counsel re: same; Discussions with KPMG team re: Company's draft cashflow, claims procedure update; Review correspondence from McCarthy re: Siemens call; Discussions with the Company, its counsel, and Richter, respectively, and call and correspondence with Monitor's counsel re: Stewart Co. disclaimer; Internal correspondence re: pre-filing tooling; Review draft liquidation analysis.
Partner	11/05/2020	\$635	3.90	2,476.50	Discussions with KPMG team re: Company's draft cash flow, draft liquidation analysis (and further review of same), analysis of CCAA plan; All-hands call re: draft CCAA plan, timeline and draft orders; Calls with J. Mok (Woodbridge), J. Pavanel re: Stewart Co. disclaimer. [REDACTED] Review correspondence re: Mitsubishi matters; Review Company's variance analysis; Review status of fees under Administration Charge; Various correspondence re: claims, and review of claims summary.
Partner	11/06/2020	\$635	1.90	1,206.50	Internal status update call; Call and correspondence with counsel re: draft CCAA plan, tooling matters [REDACTED] other administrative matters; Internal correspondence re: claims summary.
Partner	11/09/2020	\$635	3.10	1,968.50	Call with KPMG team re: liquidation analysis, preference analysis; Review of correspondence from Mitsubishi's counsel, McCarthy; Review of claims update, and various correspondence re: same; Correspondence with McCarthy re: equipment agreements, cash flows and covenants, and upcoming motion; Call and correspondence with counsel to HSBC; Call with counsel re: draft CCAA plan; Drafting Third Report.
Partner	11/10/2020	\$635	6.20	3,937.00	Review of and correspondence with counsel re: collective comments on draft materials in support of the Company's November 18 motion; Call with counsel and McCarthy re: Company's cash flow forecast, and various correspondence re: same; Review of claims summary; Drafting Third Report, reviewing materials, and internal correspondence re: same.
Partner	11/11/2020	\$635	4.90	3,111.50	Drafting Third Report, and correspondence with counsel re: same; Correspondence with B. Davidson re: CCAA plan; Call with KPMG team re: claims review including Port Authority [REDACTED] Call with Company to discuss liquidity; Various correspondence re: tooling payment order, DIP loan waiver letter, liquidity matters, Mitsubishi communications; Internal correspondence re: creditor inquiries.
Partner	11/12/2020	\$635	1.70	1,079.50	Drafting Third Report, reviewing cash flow sections, and circulating to counsel; Correspondence with counsel re: claims.
Partner	11/13/2020	\$635	4.00	2,540.00	Calls with Monitor's counsel, counsel and advisors to proposed plan sponsor re: [REDACTED] certain other claims received in the Claims Procedure; Call with J. Nadeau, proposed plan sponsor representatives re: Mitsubishi matters; Call with KPMG team re: Company's updated cash flow forecast, Livonia lease disclaimer; Review of and correspondence with counsel re: comments on Third Report, Company's liquidity, and other matters; Review of further updates to Third Report, claims procedure update, and processing comments received.
Partner	11/14/2020	\$635	2.10	1,333.50	Review of further updates to Third Report, and processing comments received; Internal correspondence re: DIP Lender's approval of cash flow forecast, timing of monthly reporting, and correspondence from to DIP Lender re: same; Call with KPMG team on claims update; Circulating draft Third Report to Company's counsel.
Subtotal - Katherine Forbes			32.80	20,828.00	
George Bourikas					

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Senior Manager	11/02/2020	\$525	7.50	3,937.50	Call with M. Commen and Z. Burstein re: claims process; Call with K. Forbes, T. Montgomery, J. Tang re: claims process, liquidation analysis; review of fixed asset listings; Call with S. Dedic re: tooling; Call with D. Skirving re: tooling; Various calls with Z. Burstein re: claims process; Call with T. Montgomery re: claims; Prepare analysis for Woodbridge re: estimated universe of claims.
Senior Manager	11/03/2020	\$525	2.80	1,470.00	Call with Hematite re: payments, claims process; Calls with Z. Burstein and K. Forbes re: claims process; Prepare estimate of claims analysis for P. van Eyk.
Senior Manager	11/04/2020	\$525	2.50	1,312.50	Call with Z. Burstein and T. Gertner re: claims review; Call with Z. Burstein re: claims process; Call with Z. Burstein, A. Telley, J. Tang re: claims process.
Senior Manager	11/05/2020	\$525	4.50	2,362.50	Correspondence with D. Skirving re: claims process; Review of claims tracker; Correspondence with A. Telley re: claims review; Several calls with K. Forbes re: liquidation analysis; Call with Primex; Prepare analysis of Woodbridge CCAA plan consideration; Update estimated universe of claims analysis.
Senior Manager	11/06/2020	\$525	3.50	1,837.50	Call with Z. Burstein re: claims process; Prepare estimated universe of claims analysis and distribute to Woodbridge; Call with K. Forbes and Gowlings re: general file update and next steps; Debrief call with K. Forbes; Call with A. Telley re: claims process; Correspondence with J. Tang re: claims questions.
Senior Manager	11/08/2020	\$525	2.80	1,470.00	Coordinate with K. Ho (Richter) re: Richter analysis of claims for Woodbridge.
Senior Manager	11/09/2020	\$525	3.00	1,575.00	Various correspondence re: First Fifth Bank disclaimer; Review draft CCAA Plan; Correspondence with team members re: review of specific claims.
Senior Manager	11/10/2020	\$525	3.70	1,942.50	Call with J. Tang re: claims process; Respond to queries from Richter re: claims process; Review claims workbook; Correspondence with K. Ho re: claims workbook.
Senior Manager	11/11/2020	\$525	3.10	1,627.50	Correspondence with K. Forbes and T. Gertner re: [REDACTED] Call with T. Montgomery re: [REDACTED] claim; Call with Z. Burstein, J. Tang re: claims review process; Calls with K. Forbes and Z. Burstein re: Court report and review draft of same.
Senior Manager	11/12/2020	\$525	1.70	892.50	Prepare analysis of claims received with Z. Burstein; Prepare notice of disallowance for Dayton-Montgomery Port Authority; Review draft notices of disallowances and provide comments to Z. Burstein/J. Tang thereon.
Senior Manager	11/13/2020	\$525	2.20	1,155.00	Call with Z. Burstein re: claims process; Call with K. Forbes, Gowlings re: treatment of certain claims; Call with Richter and Gowlings re: same; Finalize claims tables for Court report.
Subtotal - George Bourikas			37.30	19,582.50	
Tim Montgomery					
Senior Manager	11/02/2020	\$525	5.30	2,782.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Call with Jacques Nadeau and AISI re: supplier relationship; Email to Woodbridge re: excluded claims; Creditor calls re: claims process; Email correspondence regarding master service agreement with Woodbridge; Email re: property taxes at Guelph with company; Review of US lease surrender and email correspondence with Company counsel re: same; Review accounts receivable as at October 30th for cash flow purposes.
Senior Manager	11/03/2020	\$525	5.70	2,992.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Creditor correspondence re: claims process; Review draft email with the Company regarding AISI supplier relationship for DIP lender; Provide lease disclaimer information to the claims process team; Email with the Company re: pre-authorized payments for disclaimed leases; Call with the Company regarding collectability issues w [REDACTED] Email correspondence with Woodbridge regarding waste connections service agreement; Internal discussion with regard to liquidation analysis; Review updated cash flow with the Company.
Senior Manager	11/04/2020	\$525	5.50	2,867.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re: disbursements; Review updated cash flow with the Company; Email and calls with creditors re: the claims process; Accounts receivable roll forward analysis between October 16th and October 30th cash flow; Discussions with the Company regarding same; Review first draft of liquidation analysis.

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Senior Manager	11/05/2020	\$525	5.90	3,097.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re: disbursements; email and phone calls with creditors regarding claims process; Finalize updated cash flow and review with the Company and thereafter Woodbridge; Review weekly variance analysis reporting; Draft email to DIP Lender regarding cash flow variance reporting going forward; Email correspondence with Company regarding Toyota lease; Internal call with K. Forbes and J. Tang re: liquidation analysis; Review [REDACTED] and sign off; Updates to the liquidation analysis based on K. Forbes comments; Review fixed asset register and appraisal information.
Senior Manager	11/06/2020	\$525	4.60	2,415.00	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Email confirmation with the Company and Woodbridge re: disbursements; Update liquidation analysis; Review HST / ARL returns pre and post filing with the Company; Internal call with K. Forbes and J. Tang regarding preference review and liquidation analysis.
Senior Manager	11/09/2020	\$525	7.50	3,937.50	Call with Company re: daily disbursements; preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Drafting of liquidation analysis as it relates to the CCAA plan; Email exchange re: Mitsubishi critical supplier request; Email correspondence with Woodbridge regarding lease disclaimers and impact on cash flow; Review lease disclaimers re: Honda and VW; Email and phone correspondence re claims process; Coordinate DIP draw request with the Company; Review of potential preferential payments for arms and non-arms length disbursements and subsequent email internally; Email exchange with Company's legal counsel re cash flow breaches to date.
Senior Manager	11/10/2020	\$525	7.50	3,937.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; drafting of liquidation analysis re CCAA plan; Discuss preference analysis with Company and review selected payments; Review updated cash flow for actuals and timing differences; Discussions with Woodbridge regarding cash flow and capital expenditure; Internal discussions with legal counsel regarding same.
Senior Manager	11/11/2020	\$525	5.30	2,782.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Discuss certain claims with Jacques Nadeau; Review updated cash flow with the Company; Email correspondence with legal counsel re tooling and flow-through payments; Cash flow discussions with the Company and DIP lender as it relates to capital expenditure; Review weekly variance analysis and discuss with Company regarding same.
Senior Manager	11/12/2020	\$525	6.40	3,360.00	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; discussions with the Company regarding the Update Cash Flow; Draft email to DIP Lender regarding capital expenditure and go-forward plan; Draft cash flow sections for the report; Finalize weekly variance reporting and send to the DIP Lender.
Senior Manager	11/13/2020	\$525	5.30	2,782.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; calls with Woodbridge regarding Toyota AR; Calls with the Company regarding Toyota AR; Email correspondence with legal counsel re: Livonia lease disclaimer; Update CCAA cash flow and circulate to Company and DIP lender for sign off; Finalize cash flow sections for report; Review report and send to legal counsel for their review.
Subtotal - Tim Montgomery			59.00	30,975.00	
Sven Dedic					
Senior Manager	11/02/2020	\$525	1.90	997.50	Reconciliation of pre-filing amounts owing to tooling suppliers and the known creditor listing; Discussion with G. Bourikas re: same; Discussion with J. Nadeau re: same.
Senior Manager	11/03/2020	\$525	1.40	735.00	Review of email correspondences on disclaimers; Review of letters to JobsOhio, Deere legal counsel in relation to claim process.
Senior Manager	11/04/2020	\$525	1.20	630.00	Review of disclaimer for the Stewart Company and associated email correspondence from T. Courtis; Review of updated tooling workbook to confirm upside down contracts for language of upcoming order; Review of tooling payment order language and answering queries.
Senior Manager	11/06/2020	\$525	0.50	262.50	Email to Globe&Mail around proof of publication; Review of query by T. Courtis for proofs and responding to same.
Senior Manager	11/09/2020	\$525	0.80	420.00	Review of draft court materials circulated by T. Courtis in regards to tooling payment order; Updating tooling workbook for supplier outstanding invoices.

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Senior Manager	11/11/2020	\$525	0.70	367.50	Email correspondence on final court materials for Tooling payment order; Discussion with T. Montgomery re: same; Review of tooling workbook for quantum of outstanding invoices, PPAP invoices and total supplier outstanding
Subtotal - Sven Dedic			6.50	3,412.50	
Zack Burstein Manager	11/02/2020	\$400	6.90	2,760.00	Conference call with M. Oommen and G. Bourikas re: claims overview and internal documentation processes, including the process of logging claims, reviewing supporting documentation, reconciling balances to the Company's books and records, and when to escalate certain claims to legal counsel or to the Company; Email to B. Miskiewicz re: giving advance notice to the Print Room for mailings that will be taking place over the next several weeks as it relates to Notices of Revision and Disallowance; Logging and review of new Proof of Claims and reconciliation to Company's books and records, including conference call with G. Bourikas re: certain claimants (Select Tool, Easy Way Cleaning Products, and Monarch Cleaning) due to discrepancies between the Proof of Claims and Company's books and records.
Manager	11/03/2020	\$400	4.90	1,960.00	Logging and review of new Proof of Claims and reconciliation to Company's books and records; Email to six claimants due to incomplete Proof of Claim forms submitted; Conference call with G. Bourikas re: Larocque's claim, tracking of critical suppliers that have and will be submitting claims, and estimate of claims universe for P. Van Eyk; Preparation of estimate of claims universe based on claims received to date and expectation of claims to be received, subsequent detailed review with G. Bourikas.
Manager	11/04/2020	\$400	5.20	2,080.00	Conference call with T. Gertner (Gowlings) and G. Bourikas re: review of certain claims that were escalated to legal for advice; [REDACTED] subsequent email to T. Gertner re: [REDACTED]; Conference call with G. Bourikas, A. Tetley and J. Tang re: claims overview and internal documentation processes, including the process of logging claims, reviewing supporting documentation, reconciling balances to the Company's books and records, and when to escalate certain claims to legal counsel or to the Company; Call with creditor (KW Surplus) to respond to inquiry; Logging and review of new Proof of Claims and reconciliation to Company's books and records; Email to D. Skirving re: certain claims (i.e. Argent International, Trigo Quality Solutions, Visual Resources, Cambridge Freightlines, Takumi Stamping, Everworks, and Visual Resources) to be reviewed by the Company.
Manager	11/05/2020	\$400	4.00	1,600.00	Review of email from D. Skirving re: proof of payment to Visual Resources for invoice that was included by the claimant, update of records accordingly; Preparation of critical suppliers tracker and email to T. Montgomery; Update to internal claims logging workbook to indicate whether a claimant is a tooling supplier for tracking purposes; Review of email from T. Gertner [REDACTED]; Logging and review of new Proof of Claims and reconciliation to Company's books and records; Email to certain claimants regarding incomplete Proof of Claim forms; Various discussions with G. Bourikas regarding estimated universe of claims workbook.
Manager	11/06/2020	\$400	4.00	1,600.00	Update of critical suppliers tracker and email to T. Montgomery; Review of email response from [REDACTED] and subsequent email to T. Gertner re: same; Logging and review of new Proof of Claims and reconciliation to Company's books and records, majority of time spent on the following claims: Chillers Inc, Doc Partners, Naylor BP and Bert and Son's; Email to certain claimants regarding incomplete Proof of Claim forms; Various discussions with G. Bourikas regarding estimated universe of claims workbook.
Manager	11/09/2020	\$400	4.20	1,680.00	Review of email from T. Gertner re: [REDACTED]; Logging and review of new Proof of Claims and reconciliation to Company's books and records, majority of time spent on the following claims: Loose Plastics, Total Quality Logistics, Gracious Living, Marsden Services, OpenText, Westayr, CWB National Leasing, Right way Fasteners, CFS Counsel, Branford Hydraulics, Airboss Rubber Solutions, and Pinnacle Gauge; Email to certain claimants regarding incomplete Proof of Claim forms; Various discussions with G. Bourikas regarding certain claimants (e.g. Pinnacle Gauge, CWB Leasing, and Loose Plastics).
Manager	11/10/2020	\$400	4.15	1,660.00	Logging and review of new Proof of Claims and reconciliation to Company's books and records, majority of time spent on the following claims: Dayton-Montgomery, ICC Industries, Indratech, Kolano and Saha, and Wilson International; Email to certain claimants regarding incomplete Proof of Claim forms; Various discussions with G. Bourikas regarding certain claims, and specifically [REDACTED]; Review of email and supporting documentation from D. Skirving re: Company review of the Cambridge, Trigo and Takumi invoices and subsequent email exchange with D. Skirving re: Wasteco and Everworks.
Manager	11/11/2020	\$400	4.00	1,600.00	Logging and review of new Proof of Claims and reconciliation to Company's books and records, majority of time spent on the following claims: JobsOhio and Mitsubishi Chemicals; Discussion with G. Bourikas [REDACTED]; Conference call with K. Forbes, G. Bourikas, and J. Tang re: status of claims review, lease disclaimers, and draft of court report and certain tables to prepare, subsequent discussion with G. Bourikas re: court report.

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Manager	11/12/2020	\$400	4.70	1,880.00	Email to Sherdale MFG re: tooling on site and arrangements for pick-up; Various discussions with G. Bourikas and preparation of detailed analysis as it relates to claims received for court report and internal reporting purposes; Review of draft notices of disallowances for Radwell, Pallet Management, Schneider National, and Real Quality Services; Discussion with J. Tang re: status of claims review.
Manager	11/13/2020	\$400	4.20	1,680.00	Preparation of summary of claims table for court report in duision and subsequent discussion and detailed review with G. Bourikas re: same; Email draft court report table to K. Forbes for review; Review of late claims received from Purolator and Guelph Hydro and discussion with G. Bourikas re: treatment of same; Discussion with J. Tang re: status of claims review.
Subtotal - Zack Burstein			46.25	18,500.00	
Jojo Tang					
Supervising Senior	11/02/2020	\$285	4.50	1,282.50	Daily call with the Company and KPMG team; Update daily payment schedule and reconcile bank statement actuals; Internal KPMG regroup; Update rolling cashflow for new AR balance and discuss with company re: same.
Supervising Senior	11/03/2020	\$285	4.50	1,282.50	Daily call with the Company and KPMG team; Update daily payment schedule and reconcile bank statement actuals; Update rolling cashflow and discuss with the company re: same; Various correspondence re: claims; Update weekly variance report.
Supervising Senior	11/04/2020	\$285	7.50	2,137.50	Daily call with the Company and KPMG team; Update daily payment schedule and reconcile bank statement actuals; Internal call with KPMG team re: claims process; Update claims tracker for new claims; Draft liquidation analysis for internal discussion.
Supervising Senior	11/05/2020	\$285	7.50	2,137.50	Daily call with the Company and KPMG team; Update daily payment schedule and reconcile bank statement actuals; Internal call with KPMG team re: Liquidation analysis; Update rolling cashflow for various AR rollforwards; Prepare fixed asset register and appraisal summaries to be added as part of liquidation analysis; Update claims tracker for new claims received; Various correspondence with creditors.
Supervising Senior	11/06/2020	\$285	7.50	2,137.50	Daily call with the Company and KPMG team; Update daily payment schedule and reconcile bank statement actuals; Internal call with KPMG team re: Liquidation analysis and preference analysis; Update liquidation analysis after discussion; Update claims tracker for new claims; Various correspondence with creditors.
Supervising Senior	11/09/2020	\$285	7.50	2,137.50	Daily call with the Company and KPMG team; Update daily payment schedule and reconcile bank statement actuals; Internal KPMG regroup; Draft payment summary analysis (as part of preference analysis) and discuss with D. Skirving; Various correspondence with creditors re: Claims process; Update claims tracker and respond to creditor inquiries in the Hematite email inbox.
Supervising Senior	11/10/2020	\$285	4.00	1,140.00	Daily call with the Company and KPMG team; Update daily payment schedule and reconcile bank statement actuals; Draft weekly variance analysis; Various correspondence with creditors re: Claims process; Update claims tracker and respond to creditor inquiries in the Hematite email inbox.
Supervising Senior	11/11/2020	\$285	7.50	2,137.50	Daily call with the Company and KPMG team; Update daily payment schedule and reconcile bank statement actuals; Various correspondence with creditors re: Claims process; Update claims tracker and respond to creditor inquiries in the Hematite email inbox; Internal KPMG discussion re: Reviewing and reconciling claims received.
Supervising Senior	11/12/2020	\$285	4.00	1,140.00	Daily call with the Company and KPMG team; Update daily payment schedule and reconcile bank statement actuals; Review and update claims received; Reconcile claims to AP ledger; Prepare Notices of Disallowances and coordinate mailing to creditors.
Supervising Senior	11/13/2020	\$285	4.50	1,282.50	Daily call with the Company and KPMG team; Update daily payment schedule and reconcile bank statement actuals; Review and update claims received; Reconcile claims to AP ledge; Prepare Notices of Disallowances and coordinate mailing to creditors.
Subtotal - Jojo Tang			59.00	16,815.00	
Annette Chopowick					
Technician	11/09/2020	\$220	0.80	176.00	Open, scan and forward Proof of Claim forms received and other correspondence.
Subtotal - Annette Chopowick			0.80	176.00	



KPMG Inc.
 Suite 4600 Bay Adelaide Centre
 333 Bay Street
 Toronto, ON M5H 2S5

Payment Address:
 KPMG LLP, T4348
 P.O. Box 4348, Station A
 Toronto, ON M5W 7A6

December 15, 2020

Hematite Holdings Inc.
 659 Speedvale Ave. West
 Guelph, ON N1K 1E6

Invoice : 8003373359
 Reference : 2001248328
 Client : 1003616793
 Contact : Katherine Forbes
 Telephone : (416) 777-8107
 Email : katherineforbes@kpmg.ca

Professional services rendered to November 30, 2020 in connection with our role as Court-appointed Monitor pursuant to the CCAA proceedings.

Our Fee	\$	108,801.50 CAD
	\$	108,801.50 CAD
HST		14,144.20
Amount Due	\$	122,945.70 CAD

Payment is due upon receipt

GST/HST Number 12236 3153 RT0001 QST Registration 1023774310 TQ0001

CAD Cheque Payments: KPMG LLP, T4348, P.O. Box 4348, Station A, Toronto, ON M5W 7A6
Please return remittance advice with cheque.

CAD Wire Payments: Beneficiary: KPMG LLP
 Bank Details: TD Canada Trust, 55 King St. West, Toronto, ON M5K 1A2, Bank Code # 004, Transit # 10252,
 Account # 0938281, Swift Code TDOMCATTOR
 Please e-mail related wire payment details including invoice number to kpmg-ar@kpmg.ca

Invoice No: 8003373359 **Reference:** 2001248328 **Client:** 1003616793 **Amount:** \$ 122,945.70 CAD

Professional Fees Summary
For the period November 15 to November 30, 2020

Name	IBS	Position	Rate	Hours	Fee (\$)
Nick Brearton	Brearton, Nick	Partner	\$700	4.10	\$2,870.00
Katherine Forbes	Forbes, Katherine	Partner	\$635	23.40	\$14,859.00
Tim Montgomery	Montgomery, Tim	Senior Manager	\$525	53.40	\$28,035.00
George Bourikas	Bourikas, George	Senior Manager	\$525	33.60	\$17,640.00
Manoj Oommen	Oommen, Manoj	Manager	\$400	42.50	\$17,000.00
Zack Burstein	Burstein, Zack	Manager	\$400	32.60	\$13,040.00
Jojo Tang	Tang, Jojo	Senior Consultant	\$285	53.50	\$15,247.50
Annette Chopowick	Chopowick, Annette	Technician	\$220	0.50	\$110.00
Total Professional Fees				243.60	\$108,801.50

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Nick Brearton					
Partner	11/15/2020	\$700	3.90	2,730.00	Review of draft Third Court Report; Review of McCarthy's suggested changes to Report up to Paragraph 85; Review of McCarthy's remaining comments on draft report; Discussion with K. Forbes re: comments on report.
Partner	11/30/2020	\$700	0.20	140.00	Dealing with Proof of Claim couriered to office.
Subtotal - Nick Brearton			4.10	2,870.00	
Katherine Forbes					
Partner	11/15/2020	\$635	2.80	1,778.00	Review of further updates to Third Report, processing comments received; Call with N. Brearton and correspondence with counsel re: same; Review of final draft liquidation analysis; Correspondence with McCarthy re: DIP loan waiver letter; Circulating report to Woodbridge advisors.
Partner	11/16/2020	\$635	4.60	2,921.00	Correspondence from/to P. van Eyk re: comments on Third Report; Internal discussions re: same; Review of additional comments received on report; Correspondence from DIP Lender re: cash flow forecast approval, and discussions with counsel re: same; Calls with counsel, counsel to DIP Lender, P. van Eyk and J. Mok (Woodbridge) re: cash flow and liquidity; Discussions with KPMG team re: Company's cash flow, claims summary for Third Report and review of same; Review of DIP Loan Agreement and correspondence with T. Courtis re: covenants; Review bridge of claims from Nov. 5th to date, Finalizing and executing Third Report.
Partner	11/17/2020	\$635	1.20	762.00	Call with Management to discuss cash flow forecast; Review of updated draft meeting order; Correspondence from/to P. van Eyk re: Mitsubishi claim; Correspondence from/to B. Davidson (CRO) re: CCAA plan; Follow-up with KPMG team, J. Nadeau re: Loose Plastics pre-filing payment request; Review of various correspondence re: Mitsubishi arrangement; Review of claims status update.
Partner	11/18/2020	\$635	1.80	1,143.00	Review of draft communications to creditors in respect of the CCAA plan including the estimated economics, and correspondence with D. Cohen, P. van Eyk and KPMG team re: same, claimants; Preparation for and attendance at Court via teleconference; Call/correspondence with KPMG team re: Company's cash flow and liquidity, Livonia lease; Correspondence/telephone call from/to J. Nadeau, T. Courtis re: Loose Plastics; Update call with C. Prophet re: CCAA plan, correspondence with Bennett Jones; Correspondence with McCarthy, Gowling WLG re: distribution of meeting materials, other meeting order action items.
Partner	11/19/2020	\$635	1.20	762.00	Update calls with KPMG team re: projected liquidity, status of claims adjudication and newspaper ad, and circulation of meeting materials pursuant to the meeting order, and related correspondence; Review of meeting materials package, preliminary draft newspaper ad; Review Company's variance analysis and correspondence with KPMG team re: same, outstanding professional fees.
Partner	11/20/2020	\$635	1.40	889.00	Update calls with KPMG team re: cash flow and outstanding professional fees, status of claims adjudication, and review of meeting materials communications and claims update summary to be circulated to plan sponsor; related correspondence; Correspondence re: language of meeting order in respect of which creditors should receive meeting materials; Review of updated draft newspaper ad; Review of draft memorandum from counsel re: [REDACTED] claims; Update call with D. Cohen re: professional fees outstanding relative to Administration Charge [REDACTED]
Partner	11/23/2020	\$635	1.60	1,016.00	Call with Gowling WLG and KPMG team re: [REDACTED]; Call with J. Nadeau, B. Davidson re: communications with creditors in respect of CCAA plan and meeting of creditors; Discussion with KPMG team re: updated professional fees budget; Internal correspondence re: assistance from KPMG in Tennessee re: Volunteer Industrial claim; Update correspondence with P. van Eyk re: creditor feedback; Correspondence with KPMG team re: late claims; Review of updated status of unmatched Toyota invoices; Correspondence re: mailings to creditors who did not file a claim (pursuant to meeting order); Correspondence re: Stewart Co. claims bar date.
Partner	11/24/2020	\$635	1.50	952.50	Update call with counsel re: claims review and reasons language, anticipated late claims; Review of draft language for disallowance of lease-based secured claims; Call with R. Japargis re: Volunteer Industrial claim; Review draft cover letter to non-claimant creditors re: meeting materials; Return correspondence to B. Davidson re: CRO invoices query; Review of draft notices of disallowance to Key Equipment Finance, US Bank; Correspondence from P. van Eyk re: convenience creditor elections; Internal correspondence re: late claims, claimant requests for call.
Partner	11/25/2020	\$635	1.40	889.00	Calls with KPMG team re: Company's updated cash flow forecast, inputs; Review of same and related correspondence re: outstanding Toyota invoices; Correspondence re: Woodbridge management services; Update call with D. Cohen re: professional fees outstanding; Review of Saul Ewing draft engagement letter and correspondence with Gowling WLG re: same; Review late claim received; Call to J. Nadeau.
Partner	11/26/2020	\$635	2.10	1,333.50	Update calls re: liquidity matters with J. Nadeau, KPMG team; Review Company's weekly variance analysis. Correspondence to J. Gage re: status update, Various correspondence from/to P. van Eyk and KPMG team re: leases review and lease-related claims, professional fees, and call re: same; Correspondence to/from Gowling WLG re: claims review status update; Draft update email to Woodbridge on liquidity and professional fees.

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Partner	11/27/2020	\$635	2.30	1,460.50	Call with J. Gage re: progress update, and Administration Charge matters, correspondence re: same, meeting script; Call with KPMG team to review Volunteer Industrial claim revision; Claims review update call with Gowling WLG, and related correspondence; Call with KPMG team to review cash flow bridge. Executing Saut Ewing engagement letter; Review of plan for flow of funds upon implementation.
Partner	11/28/2020	\$635	0.10	63.50	Correspondence with Gowling WLG, R. Sahni, P. van Eyk re: secured claims in respect of leases the Company intends to maintain.
Partner	11/30/2020	\$635	1.40	889.00	Correspondence with Gowling WLG, R. Sahni, P. van Eyk re: secured claims in respect of leases the Company intends to maintain. s; Email to P. van Eyk/Woodbridge re: liquidity matters and Administration Charge. Correspondence re: CCAA plan implementation planning matters; Review revised draft sanction order; Review correspondence from C. Prophet re: [REDACTED]
Subtotal - Katherine Forbes			23.40	14,859.00	
George Bourikas					
Senior Manager	11/15/2020	\$525	2.50	1,312.50	Prepare Third Report of the Monitor (claims section).
Senior Manager	11/16/2020	\$525	3.10	1,627.50	Call with Z. Burstein re: claims review process; Prepare claims tables for Third Report of the Monitor; Prepare claims analysis requested by Woodbridge. Review draft of Third Report of the Monitor.
Senior Manager	11/17/2020	\$525	3.70	1,942.50	Review of claims; Prepare bridge schedule of claims for Richter/Woodbridge; Calls with Z. Burstein and K. Forbes re: same; Review draft Notices of Revision/Disallowance; Obtain further information in connection with Jobs Ohio claim.
Senior Manager	11/18/2020	\$525	0.50	262.50	Call with Z. Burstein re: claims review process.
Senior Manager	11/19/2020	\$525	2.30	1,207.50	Review Meeting Order; Call with Z. Burstein, J. Tang, K. Forbes re: Meeting Order, Claims Process update, mailing; Prepare email to counsel regarding same; Call with J. Tang re: Monitor's website; Review and provide comments on newspaper notice.
Senior Manager	11/20/2020	\$525	4.50	2,362.50	Revisions to draft newspaper notice; Call with claims team re: claims review status and mailing pursuant to the Meeting Order; Detailed review of certain high dollar claims, summarize same for Gowlings; Coordinate mailing of Meeting Materials, Calls with Z. Burstein re: claims review process and Plan voting tracking worksheet; Correspondence with T. Atkinson re: Jobs Ohio claim and mailing of Meeting Materials to form 1007(4)(a) creditors; Revisions to Plan voting tracker analysis.
Senior Manager	11/23/2020	\$525	2.60	1,365.00	Call with M. Oommen re: claims review; Review Gowlings memo re: Jobs Ohio and Port Authority claims; Call with T. Gertner, C. Prophet, K. Forbes, M. Oommen re: review of certain high value claims; Debrief call with K. Forbes and M. Oommen re: same; Final review of newspaper notice; Call with J. Nadeau re: Volunteer claim.
Senior Manager	11/24/2020	\$525	2.80	1,470.00	Call with K. Forbes re: claims review status and late claim treatment; Review notices of revision/disallowance; Call with P. Laflamme re: Tennessee lease; Call with K. Forbes, T. Gertner, C. Prophet re: claims adjudication; Call with M. Oommen re: status of claims review; Coordinate mailing in accordance with Meeting Order.
Senior Manager	11/25/2020	\$525	1.70	892.50	Review of draft Notices of Disallowance; Review of Majestic claim; Call with T. Gertner re: late claims; Call with K. Forbes re: claims update and late claims; Calls with M. Oommen re: claims review.
Senior Manager	11/26/2020	\$525	3.10	1,627.50	Call with M. Oommen re: claims review; Review draft Notices of Revision/Disallowance (Gissing, TWE, Northern Stampings, Accountemps, Chardon Labs, Hupmans Lawn, ETSM, Kolano and Saha, Unique Fabricating, MMI, and others) and provide comments thereon.
Senior Manager	11/27/2020	\$525	3.80	1,995.00	Calls with M. Oommen and Z. Burstein re: claims review; Review of draft Notices of Revision/Disallowance and provide comments thereon; Call with K. Forbes, M. Oommen, C. Prophet, T. Gertner re: claims adjudication; Call with K. Forbes re: Volunteer lease; Prepare claims update for Woodbridge.
Senior Manager	11/30/2020	\$525	3.00	1,575.00	Call with Z. Burstein and M. Oommen re: claims review; Review of claims tracker; review of Stewart claim; Review draft Notices of Revision/Disallowance (CAD Engineering, Everworks, Trigo, Key Equipment, Interweight, Indratech, Gracious, Advanced Engineering) and provide comments thereon.
Subtotal - George Bourikas			33.60	17,640.00	
Tim Montgomery					
Senior Manager	11/16/2020	\$525	7.50	3,937.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Discussions with Company regarding Toyota AR and next steps; Update call with the Company re: update cash flow forecast for timing; Call with K. Forbes re: same; Finalize liquidation analysis and update for internal comments; Update lease schedule for company and action items list; Review capital expenditures; Review of Ford and FCA information from the portal; Finalize third monitor report and address NTD's.

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Senior Manager	11/17/2020	\$525	4.30	2,257.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Review Ford and FCA receivable information; Email company regarding lease disclaimers and payments; Respond to DIP Lender queries re: tooling. Call with K Forbes and J. Nadeau re: cash flow; coordinate delivery of monthly statements to the DIP Lender; Discussions with J. Nadeau re: tooling queries.
Senior Manager	11/18/2020	\$525	4.80	2,520.00	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Coordinate termination notice for Livonia lease; Review updated AR balances with Company; attend update call re: Toyota AR.
Senior Manager	11/19/2020	\$525	4.10	2,152.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; cash flow weekly variance analysis; Email correspondence with DIP Lender regarding capital expenditure requirements.
Senior Manager	11/20/2020	\$525	5.20	2,730.00	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Coordinate lease disclaimer for Livonia with Company; Company counsel and Woodbridge; Review professional fees paid to date; Attend update call re: Toyota AR.
Senior Manager	11/23/2020	\$525	4.70	2,467.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Call with Company and CRO re: creditor meeting. Send action item list to Company for this week; Prepare professional fees update including admin charge analysis; Call with Company re: clear up of Toyota historical AR and EDI issues; Review updated FCA AR with J. Tang; Creditor correspondence; Provide internal update re: Toyota AR.
Senior Manager	11/24/2020	\$525	4.40	2,310.00	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Review updated lease schedule prepared by J. Tang; Internal call with K. Forbes re: liquidity.
Senior Manager	11/25/2020	\$525	4.50	2,362.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Internal call with K. Forbes re: liquidity; Update professional fee analysis as it relates to admin charge; Communicate with Woodbridge re: employee issues; Call with Company re: Toyota AR and subsequent update internally; Update cash flow based on week to date disbursements.
Senior Manager	11/26/2020	\$525	5.40	2,835.00	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Review rolling cash flow with J. Nadeau and discuss upcoming weeks disbursements; Preparation of bridge analysis from CCAA Cash Flow to latest rolling cash flow forecast for DIP Lender; Respond to DIP Lender advisor re: leases and disclaimers; Email correspondence with Company re: Siemens lease; Review updated capex schedule and update cash flow; Discussion with K. Forbes re: professional fees budget and administration charge; Review weekly variance analysis with the Company and circulate to the DIP Lender.
Senior Manager	11/27/2020	\$525	4.80	2,520.00	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Finalize bridge analysis; Discuss DIP Lender email with K. Forbes re: liquidity and professional fees; Review updated cash flow with week to date actuals.
Senior Manager	11/30/2020	\$525	3.70	1,942.50	Call with Company re: daily disbursements; Preparation of daily disbursements tracker; Review with Company; Review daily disbursements with DIP Lender; Reconciliation of daily receipts and disbursements to the bank statements with J. Tang; Review update cash flow for actuals and timing differences; [REDACTED] Review updated cash flow with the Company; Review updated professional fee schedule with the Company; Call with D. Skirving re: Toyota aged AR and recoverability issues; Discussions with CBT Company re: pre-filing amount and the claims process.
Subtotal - Tim Montgomery			53.40	28,035.00	
Manoj Oommen Manager	11/23/2020	\$400	6.00	2,400.00	Call with G. Bourikas regarding claims received and file status; Call with K. Forbes regarding Volunteer lease analysis; Drafted and sent email to P. Laffamme requesting information related to Tennessee commercial real estate market; Reviewed information provided by Hematite regarding reconciliation of invoices provided in Proof of Claims to Hematite accounts payable; Drafted Notice of Disallowance or Revision for numerous Claimants.
Manager	11/24/2020	\$400	7.50	3,000.00	Reviewed late claim of Tahoma Rubber and included claim in claim tracker; Reviewed and tracked claims of Thompson Hine, Stewart Company and CLE Capital; Call and email to team regarding Volunteer lease; Drafted and sent disallowance statements to team related to Key Equipment Finance and U. S. Bank; Call with counsel regarding [REDACTED] Analysis of mailing list for updated mailing.

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Manager	11/25/2020	\$400	7.50	3,000.00	Drafted and sent email to Wilson International, Purolator, Guelph Hydro, Wolesley, Staffmark and Tahoma Rubber in order to obtain reason for late filing of Proof of Claim; Drafted and sent email to Ellsworth and Tahoma Rubber regarding incorrectly completed Proof of Claim due to insufficient supporting documentation; Call with I-Cubed and Marsden, regarding incomplete Proof of Claims; Reviewed and updated claims tracker for claims received.
Manager	11/26/2020	\$400	7.50	3,000.00	Reviewed and updated claims received and updated claims tracker; Performed claims reconciliation for Duo Robotic, Naylor, Pinchin, Gracious Living, The Stewart Company, Brantford Hydraulics, Pinnacle Gauge, AR Services, Fleishauer Brothers, McMaster Carr, Canada Cartage, Brantford Power, WSIB, Staffmark, Tahoma Rubber, and Milliken by aggregating the respective supporting documentation and comparing individual invoices to Hematite's accounts payable; Drafted and sent email to client regarding claims reconciliation; performed BIA analysis of potential Volunteer lessor damages claim and sent to team; Various calls with team regarding Volunteer damages analysis and claims received.
Manager	11/27/2020	\$400	7.50	3,000.00	Call with team regarding Volunteer lease analysis and claims status update; Call with counsel regarding [REDACTED] Drafted and sent email to team regarding Volunteer lessor potential damages; Drafted and sent disallowance statements to TPI Corporation, Nahanni Steel and Allscapes; Drafted and sent email to Hematite regarding additional claims information for AR Services and Staffmark.
Manager	11/30/2020	\$400	6.50	2,600.00	Call with Willson International regarding incomplete Proof of Claim; Reviewed and updated claims tracker for amended Proof of Claims from Tahoma Rubber, and Willson International; Drafted and sent follow up email to Pure Water, Wolesley and Ellsworth regarding incomplete Proof of Claims; Drafted and sent disallowance statements to Everworks and CAD Engineering; Call with Tahoma Rubber regarding explanation of disallowance; Call with team regarding claims received. Updated claims reconciliation for responses provided by Hematite.
Subtotal - Manoj Oommen			42.50	17,000.00	
Zack Burstein					
Manager	11/16/2020	\$400	4.10	1,640.00	Review of email from P. Bates (Trigo-Group) re: invoices that have been paid and request to amend POC, subsequent update to internal documentation re: same; Discussion with G. Bourikas re: claims review process and claims tables to be prepared and included in the Third Report of the Monitor; Conference call with G. Bourikas, and K. Forbes, re: the Estimated Affected Claims summary table and revision to same based on discussion; Review of amended POC received from Trio-Group.
Manager	11/17/2020	\$400	4.20	1,680.00	Review lease agreements in respect of lease disclaimers and preparation of calculation re: potential damages for Volkswagen and Japan Auto; Assist in preparation of bridge table for Richter/Woodbridge and subsequent conference call with G. Bourikas and K. Forbes re: same; Review of Key Equipment Finance POC and escalation to legal counsel for review; Review of email from T. Atkinson re: review of JobsOhio UCC financing statement; Preparation of certain Notices of Revision/Disallowance.
Manager	11/18/2020	\$400	3.90	1,560.00	Preparation of a table to track the status of the claims adjudication process, organized by categories, being i) resolved claims, ii) unresolved claims, and ii) claims to be reviewed; subsequent discussion with G. Bourikas re: same; Review of claims adjudication progress and communication to internal KPMG team re: status thereof.
Manager	11/19/2020	\$400	4.00	1,600.00	Review of certain Proof of Claims and reconciliation to Company's books and records, majority of time spent reviewing the discrepancy re: Northern Stampings, Inc.; Conference call with G. Bourikas, K. Forbes, and J. Tang re: the Meeting Order and Claims Process status; Detailed email to D. Skirving re: Company review of the following POCs: Pinnacle Consultants, Pinnacle Capital Partners, Everworks, Indratech, AESI, Monarch Cleaning, National Technical Systems, Interweigh, Hicks Morley Hamilton, and TWE Nonwovens.
Manager	11/20/2020	\$400	6.10	2,440.00	Review of certain Proof of Claims and reconciliation to Company's books and records, majority of time spent reviewing documentation re: International Fire Protection and Thompson Hine; Conference call with K. Forbes, G. Bourikas and J. Tang re: status of claims review and voting tracking worksheet; subsequent discussion with G. Bourikas re: same; Preparation of voting tracking worksheet and email to K. Forbes and G. Bourikas re: same.
Manager	11/27/2020	\$400	5.20	2,080.00	Call with J. Nadeau re: POC documentation related to Pinnacle Consultant, Pinnacle Capital, and AESC; update to internal records based on same; Email to J. Tang re: Notice of Revision/Disallowance for Northern Stampings; processed updates to various notices of Revision/Disallowance (TWO Nonwovens, Accountemps, Chardon Laboratories, Hupmans, ETSM, Kolano and Saha, Unique Fabricating, Valued Added, and MMI Companies) and issuance of same; Conference call with G. Bourikas and M. Oommen re: voting tracker and lease disclaimers; Email to K. Forbes and G. Bourikas re: status overview of lease disclaimers.
Manager	11/30/2020	\$400	5.10	2,040.00	Left a VM for Scherer Leasing re: inquiry received; Email reminder to Waterloo Honda and VW Credit re: Restructuring Claims Bar Date; Detailed review of the Stewart claim including all supporting documentation, agreements, and excel schedules; Email to J. Nadeau re: same; Call with J. Nadeau re: 2021 and 2022 forecast prepared by the Stewart Company and request for estimated commission balances for both November and December 2020; Email summary to G. Bourikas re: same; Conference call with G. Bourikas and M. Oommen re: status of claims review, Detailed adjudication of certain lessor claims (Concentra Bank, VW Credit, CWB National Leasing, and RCAP Leasing) and email to M. Oommen re: same.
Subtotal - Zack Burstein			32.60	13,040.00	

Position	Date	Rate	Hours	\$Fee	TimeSheet Narrative
Jojo Tang					
Supervising Senior	11/16/2020	\$265	7.50	2,137.50	Daily call with the Company and KPMG team; Update daily payment schedule and actuals; Revise AR forecast (ie. Ford and FCA) and update rolling cash flow forecast; Update claims tracker and creditor inbox.
Supervising Senior	11/17/2020	\$265	7.50	2,137.50	Daily call with the Company and KPMG team; Update daily payment schedule and actuals; Revise AR forecast (ie. Ford and FCA) and update rolling cash flow forecast; Draft weekly variance report; Update claims tracker and creditor inbox; Send out Notices of Disallowances.
Supervising Senior	11/18/2020	\$265	6.00	1,425.00	Daily call with the Company and KPMG team; Update daily payment schedule and actuals; Update claims tracker and creditor inbox; Send out Notices of Disallowances.
Supervising Senior	11/19/2020	\$265	7.50	2,137.50	Daily call with the Company and KPMG team; Update daily payment schedule and actuals; Internal KPMG call re: Claims process and creditor meeting timeline; Update website for creditor meeting information and various documents; Draft notice of creditor meeting to publish; Update claims tracker and creditor inbox.
Supervising Senior	11/20/2020	\$265	2.00	570.00	Daily call with the Company and KPMG team; Update daily payment schedule and actuals; Draft notice of meeting to publish and various correspondence with the Globe; Update claims tracker and creditor inbox.
Supervising Senior	11/23/2020	\$265	7.50	2,137.50	Daily call with the Company and KPMG team; Update daily payment schedule and actuals; Revise AR forecast for Ford and FCA; Update rolling cash flow; Draft lease payment schedule to incorporate in new rolling cash flow forecast.
Supervising Senior	11/24/2020	\$265	3.00	855.00	Daily call with the Company and KPMG team; Update daily payment schedule and actuals; Draft lease payment schedule.
Supervising Senior	11/25/2020	\$265	3.00	855.00	Daily call with the Company and KPMG team; Update daily payment schedule and actuals; Draft weekly variance analysis.
Supervising Senior	11/26/2020	\$265	3.00	855.00	Daily call with the Company and KPMG team; Update daily payment schedule and actuals; Update rolling cashflow and various discussion with the Company.
Supervising Senior	11/27/2020	\$265	2.50	712.50	Daily call with the Company and KPMG team; Update daily payment schedule and actuals.
Supervising Senior	11/29/2020	\$265	1.00	265.00	Update rolling cashflow.
Supervising Senior	11/30/2020	\$265	4.00	1,140.00	Daily call with the Company and KPMG team; Update daily payment schedule and actuals; Revise AR forecast for Ford and FCA; Update rolling cash flow; Draft variance report.
Subtotal - Jojo Tang			53.50	15,247.50	
Annette Chopowick					
Technician	11/16/2020	\$220	0.50	110.00	Open, scan and email Proof of Claim forms received.
Subtotal - Annette Chopowick			0.50	110.00	

**THIS IS EXHIBIT "C"
REFERRED TO IN THE
AFFIDAVIT OF TIM
MONTGOMERY SWORN BEFORE
ME ON DECEMBER 16, 2020**

A handwritten signature in black ink, appearing to be "T. G.", is written above a horizontal line.

A Commissioner for Oaths and Notary
Public in and for the Province of Ontario

Exhibit C

KPMG Inc.
in its capacity as CCAA Monitor of
Hemalife Group
Statement of Account (\$CAD)

Staff Member	Number of Hours	Hourly Rate	Amount
Partner			
N. Brearton	45.00	\$ 700	\$ 31,500.00
K. Forbes	128.50	\$ 635	\$ 81,597.50
Senior Manager			
G. Bourikas	124.10	\$ 525	\$ 65,152.50
S. Dedic	98.00	\$ 525	\$ 51,450.00
T. Montgomery	308.20	\$ 525	\$ 161,805.00
Manager			
Z. Burstein	78.85	\$ 400	\$ 31,540.00
S. Dedic	5.40	\$ 400	\$ 2,160.00
M. Oommen	123.90	\$ 400	\$ 49,560.00
M. Sayyed	4.00	\$ 400	\$ 1,600.00
Senior Consultant			
J. Tang	286.00	\$ 285	\$ 81,510.00
Administration			
A. Chopowick	3.30	\$ 220	\$ 726.00
Total	1,205.25		558,601.00
Average Hourly Rate	\$ 463.47		

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 HEMATITE HOLDINGS INC. ET AL.

Court File No.: CV-20-00647824-00CL

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

Proceeding commenced at Toronto

FEE AFFIDAVIT OF TIM MONTGOMERY

(SWORN DECEMBER 16, 2020)

GOWLING WLG (CANADA) LLP

Barristers and Solicitors
Suite 1600, 1 First Canadian Place
Toronto, Ontario
M5X 1G5

David F.W. Cohen (LSO # 33195Q)

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SUPERIOR COURT OF JUSTICE
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Proceeding commenced at Toronto

**FOURTH REPORT OF KPMG INC. IN ITS
CAPACITY AS CCAA MONITOR**

DATED DECEMBER 17, 2020

GOWLING WLG (CANADA) LLP

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Suite 1600, 1 First Canadian Place
Toronto, Ontario
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