

**CCAA PROCEEDINGS OF THE HEMATITE GROUP**  
**INFORMATION STATEMENT AND SUMMARY OF CCAA PLAN**

*This information statement (the “**Information Statement**”) provides the background to the Hematite Group’s CCAA Proceedings and a summary of certain information contained in the schedules hereto (collectively, the “**Schedules**”) including the Plan. It is provided for the assistance of Affected Creditors only. The governing documents are the Plan, which is attached as Schedule “A” to this Information Statement, and the Meeting Order granted by the CCAA Court on November 18, 2020 (the “**Meeting Order**”), which is attached as Schedule “B” to this Information Statement. **This summary is qualified in its entirety by the more detailed information appearing in the Plan or the Meeting Order, as applicable, or that is referred to elsewhere in the Information Statement. Creditors should carefully read the Plan and the Meeting Order, and not only this Information Statement. In the event of any conflict between the contents of this Information Statement and the provisions of the Plan or the Meeting Order, the provisions of the Plan or the Meeting Order, as applicable, will govern.***

*Capitalized terms not otherwise defined in this Information Statement have the meanings given to them in the Plan or, if not defined in the Plan, in the Meeting Order.*

**Background and Overview:** 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**” or the “**Hematite Group**”) are, collectively, a tier 1 supplier of component parts to the automotive manufacturing industry. The Hematite Group has operated in Canada since 1978, and currently operates from facilities in Brantford and Guelph, Ontario. Over the past several years, the Hematite Group has pursued an expansion of its manufacturing operations into the United States and commenced production at its facility in Englewood, Ohio. In order to finance the significant real estate, equipment and other capital expenditures for this expansion, the Hematite Group was required to reduce its cash reserves and take on significant secured indebtedness.

The COVID-19 pandemic and the resulting government-mandated shutdowns, including in the automotive industry, had a significant adverse impact on the Hematite Group’s financial position. The Hematite Group’s existing lenders provided forbearances and other accommodations for several months, but by the late summer indicated that they were not prepared to provide any further financing or accommodations. The Hematite Group’s customers also agreed to provide advance payments and more favourable payment terms for several months, however they similarly indicated that they were not able to provide any further relief in this regard due to the Hematite Group’s deteriorating financial condition. As a result, it became clear to the Hematite Group that it would run out of liquidity and would have to begin shutting down operations as soon as the week of September 21, 2020.

The only viable path to preserving the Hematite Group’s business was a strategic transaction that included a capital injection and a restructuring on terms acceptable to the Hematite Group’s existing lenders and customers. The Hematite Group entered into a plan sponsor

agreement (as amended, the “**Plan Sponsor Agreement**”) with Woodbridge Foam Corporation (the “**Plan Sponsor**”) whereby the Plan Sponsor agreed to provide interim financing (the “**DIP Facility**”) during the pendency of proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) and support a CCAA plan that will allow the Hematite Group to emerge as a going concern with a restructured business and balance sheet. As part of the restructuring transaction, the Plan Sponsor will provide fresh financing and directly and/or with affiliates acquire 100% ownership of Hematite Holdings Inc. (“**Hematite Holdings**”) and Hematite Industrial Products Inc. (“**Hematite Industrial**”) upon the completion of the restructuring. The Hematite Group will benefit from the Plan Sponsor’s significant Canadian and international experience, including in the automotive industry, pivotal turnaround expertise, operational support and liquidity backing.

As detailed further below, the Hematite Group commenced proceedings under the CCAA (the “**CCAA Proceedings**”) on September 18, 2020 and has worked diligently with the Plan Sponsor, its court-appointed monitor and its key stakeholders to develop its restructuring strategy which is reflected in the plan of compromise, arrangement and reorganization of the Hematite Group under the CCAA and the *Business Corporations Act* (Ontario) dated November 18, 2020 (the “**Plan**”).

The Hematite Group believes that the Plan represents the only viable path that will enable it to emerge from the CCAA Proceedings as a going concern. The Plan is consistent with the arrangements reached with each of the Hematite Group’s key lenders, its key customers and certain of its key suppliers. The ongoing support of each of these key stakeholders is contingent on the Plan being implemented. The Plan offers some recovery to Affected Creditors, who will receive a distribution under the Plan in exchange for the release of their claims. The distribution will be funded from the Plan Funding Amount to be advanced by the Plan Sponsor as consideration for the shares to be issued to it (and/or one or more affiliates) that will give them 100% ownership of the restructured Hematite Holdings and Hematite Industrial.

If the Plan is not implemented and the Hematite Group does not receive the much-needed capital injection from the Plan Sponsor and the ongoing support of its key lenders, customers and suppliers, it is anticipated that the Hematite Group will be required to cease operations. It is expected that Affected Creditors will derive a greater benefit from implementation of the Plan than they would derive from bankruptcy or liquidation of the Hematite Group.

The Hematite Group is seeking the approval of the Plan by the Affected Creditors at the Meeting (defined below). The Hematite Group believes that the Plan addresses the interests of all stakeholders in a fair and reasonable manner in the circumstances. It will allow the Hematite Group to emerge from the CCAA Proceedings as a going concern with a restructured business and balance sheet for the benefit of its approximately 275 employees, its creditors and its other stakeholders

generally.

**Insolvency Proceedings:**

On September 18, 2020, the Hematite Group commenced the CCAA Proceedings and obtained an initial order (as amended and restated, the “**Initial Order**”) from the Ontario Superior Court of Justice (Commercial List) (the “**CCAA Court**”) that, among other things, granted the Applicants a stay of proceedings and appointed KPMG Inc. (“**KPMG**”) as monitor of the Applicants (in such capacity, the “**Monitor**”).

On September 22, 2020, the Applicants commenced proceedings (the “**Chapter 15 Cases**”) pursuant to chapter 15 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware (the “**U.S. Court**”). On September 23, 2020, 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. On October 15, 2020, the U.S. Court issued a final order, among other things, recognizing the CCAA Proceedings as “foreign main proceedings” in the United States.

**Claims Procedure:**

On October 13, 2020, the CCAA Court granted an order establishing a claims procedure for the identification and quantification of certain claims of creditors against the Applicants (the “**Claims Procedure Order**”).<sup>1</sup>

In accordance with the Claims Procedure Order: (a) the Monitor sent or caused to be sent a Claims Package to each Known Claimant on or before October 15, 2020; (b) the Monitor sent or caused to be sent a Claims Package to each Claimant with a Restructuring Claim no later than three (3) Business Days following the time the Monitor actually became aware of the existence of the Restructuring Claim; (c) the Monitor caused the Notice to Claimants to be published in the *USA Today* (National Edition) on October 19, 2020 and in *The Globe and Mail* (National Edition) on October 20, 2020; and (d) the Monitor caused the Notice to Claimants, the Claims Package and the Claims Procedure Order to be posted on the Monitor’s Website.

The claims administration process set out in the Claims Procedure Order provided for, among other things: (a) a process for reviewing the Proofs of Claim filed with the Monitor; and (b) a process for the acceptance, revision or disallowance of Claims by the Monitor, in whole or in part, for the purposes of voting and/or distributions under the Plan.

**Classification of Creditors:**

For the purposes of considering and voting on the Plan, the sole class of creditors of the Applicants is comprised of all Affected Creditors (the “**Affected Creditor Class**”).

**Meeting:**

Pursuant to the Meeting Order granted by the CCAA Court on November 18, 2020, the Meeting has been called for the purposes of having the Affected Creditor Class consider and vote on the resolution

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<sup>1</sup> Capitalized terms used in this section of the Information Statement have the meanings given to them in the Claims Procedure Order.

to approve the Plan.

The Meeting is scheduled to be held at 11:00 a.m. (Eastern Time) on December 11, 2020 or as adjourned to such time as the Chair may determine. The Meeting will proceed by videoconference due to the COVID-19 pandemic. Affected Creditors will be able to participate by telephone as well. The conference details are provided in Schedule “C” hereto.

The Meeting will be held in accordance with the Meeting Order and any further order of the CCAA Court. 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 the Meeting pursuant to the Meeting Order and their legal counsel and advisors; (iii) the Hematite Group’s officers, legal counsel and advisors; (iv) the CRO; (v) the Plan Sponsor’s officers, legal counsel and advisors; and (vi) the Scrutineers and the Secretary. Any other Person may be admitted to the Meeting by the invitation of the Chair.

A representative of the Monitor, as designated by the Monitor, will preside as the Chair of the Meeting and, subject to the Meeting Order or any further order of the CCAA Court, will decide all matters relating to the conduct of the Meeting. At the Meeting, the Chair will direct a vote on a resolution to approve the Plan (and any amendments thereto made in accordance with the Plan) and may direct a vote with respect to any other resolutions as the Chair may consider appropriate. The form of resolution to approve the Plan is attached as Schedule “D” to this Information Statement.

The quorum required at the Meeting has been set by the Meeting Order as the attendance at the Meeting of one (1) Affected Creditor with a Voting Claim voting personally or by proxy. If the requisite quorum is not in attendance at the Meeting, then the Meeting will be adjourned by the Chair to a date thereafter and to such time and place as may be designated by the Chair.

**Entitlement to Vote:**

Only those Affected Creditors holding Affected Claims that are Proven Claims or Unresolved Claims (or their proxies) will be eligible to vote on the resolution to approve the Plan.

*Affected Creditors holding  
Affected Claims that are  
Proven Claims*

For the purposes of voting at the Meeting, each Affected Creditor, on 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.

Each Convenience Creditor (defined below) with a Voting Claim will 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 and does vote against the Plan at such Meeting either personally or by proxy.

*Affected Creditors holding  
Affected Claims that are  
Unresolved Claims*

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 the CCAA Court. For the purposes of such a vote, each Affected Creditor with an Unresolved Claim is entitled to one vote in the Affected Creditor Class, which vote shall have the value accepted by the Monitor, if any, for voting purposes only, in respect of an Unresolved Claim. The voting of such a claim in the Meeting and valuation of the Unresolved Claim 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 (defined below). However, if approval or non-approval of the Plan by the Affected Creditor Class proves to 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 the CCAA Court's directions and, if necessary, appropriate deferral of the Sanction Hearing (defined below) and an expedited determination of any material Unresolved Claims, as appropriate.

*Unaffected Creditors and  
Equity Claims*

Unaffected Creditors are not entitled, in such capacity, to attend the Meeting or vote on the Plan.

Any Person with a Claim that meets the definition of an "Equity Claim" under the Plan will have no right to attend the Meeting or vote on the Plan.

**Appointment of  
Proxyholders and Voting:**

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.

Any Proxy must be sent by e-mail, or only if it cannot be sent by e-mail, delivered to the Monitor by fax or mail in each case so that it is 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). 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.

Any failure to file a Proxy will not affect an Affected Creditor's right to

any distribution under the Plan.

For the 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 the Meeting Order, without independent investigation. 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.

**Purposes of the Plan:**

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; (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.

**Articles of Reorganization:**

On the Plan Implementation Date, Articles of Reorganization for each of Hematite Holdings and Hematite Industrial will be filed, 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 for no consideration.

**Treatment of Affected Claims:**

The Plan provides for a compromise of all Affected Claims that are Proven Claims and a full, final and irrevocable release and discharge of the Affected Claims and the Released Claims. Generally, the Plan provides for the treatment of Affected Claims as follows:

*Convenience Creditors*

Each Affected Creditor with (i) Proven Claims (other than Equity Claims) not exceeding in aggregate \$10,000 (the “**Election Amount**”), or (ii) Proven Claims (other than Equity Claims) exceeding in aggregate the Election Amount and who has delivered an Election Notice to the Monitor in accordance with the Meeting Order, will be a “**Convenience Creditor**”.

The Election Notice is included in the Proxy and Election Notice attached as Schedule “A” to the 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).

*Creditor Distribution Pool*

At or before the Effective Time, the Applicants will set aside (pursuant to arrangements satisfactory to the Monitor) or deliver to the Monitor, in trust, the amount of the Creditor Distribution Pool, which will be \$5.5

million less the amount of the Unresolved Claims Reserve which amount will be set aside or delivered to the Monitor pursuant to Section 5.2 of the Plan. The Monitor will oversee the distribution of funds from the Creditor Distribution Pool by the Applicants to Affected Creditors with Proven Claims in accordance with the provisions of Article 6 of the Plan.

*Distributions to Affected Creditors, Generally*

On the Initial Distribution Date (or such later date in accordance with Section 6.4 of the Plan, in respect of any Unresolved Claim that becomes a Proven Claim, if any):

- (a) each Convenience Creditor will receive, in full satisfaction of their Proven Claims, payment in an amount equal to the lesser of the Election Amount and the actual amount of such Proven Claims;
- (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.

An Affected Creditor with a Proven Claim will receive distributions set forth in the Plan only to the extent that such Proven Claim has not been paid, released or otherwise satisfied prior to the Effective Time. 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.

*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.

*Unresolved Claims Reserve and Administration Reserve*

At or before the Effective Time, the Applicants will set aside (pursuant to arrangements satisfactory to the Monitor) or deliver to the Monitor:

- (a) the amount approved by the CCAA 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 CCAA 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.

The Unresolved Claims Reserve and the Administration Reserve will be held by the Hematite Group or the Monitor, as the case may be, in trust for those entitled to a payment from it under the Plan (and for the Hematite Group to the extent of any surplus).

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 be released to the Hematite Group.

No Affected Creditor will be entitled to receive any distribution under the Plan 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 6.4 of the Plan.

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 *pro rata* 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.

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.

**Treatment of Unaffected**

Subject to the express provisions of the Plan providing for the payment



**Claims:**

or restructuring by separate arrangement of certain Unaffected Claims and the treatment of Insured Claims and Tooling Claims, the Plan does not compromise Unaffected Claims. Unaffected Creditors, which for greater certainty are Creditors with Unaffected Claims, will not be entitled to vote on the Plan.

Unaffected Claims include: (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 "B" to the Plan; (f) any Claim by Woodbridge Foam Corporation or its affiliates against any member of the Applicants, 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 Applicants 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 Applicants 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 of the Plan, that portion of a Claim arising from a cause of action for which the Applicants are covered by insurance, only to the extent of such coverage and limited to the actual recovery received from the applicable insurer(s) by the Applicants ("**Insured Claims**"); (k) subject to and solely as provided in Section 3.7 of the Plan, 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 Applicants 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 Applicants.

The Plan provides that the Applicants 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.

Other Unaffected Claims will be satisfied in accordance with the applicable agreements and other arrangements between such Unaffected Creditors and the Applicants.

Nothing in the Plan affects the Applicant'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.

**Treatment of Insured Claims:**

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. 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.

**Treatment of Tooling Claims:**

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 Payment Amount from any Tooling Receipts.

Notwithstanding the forgoing, 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.

In the case of most tooling suppliers, where the Tooling Payments actually paid by the corresponding Customer after the Filing Date are equal to their Tooling Claims, they will ultimately recover their Tooling Claims in full.

Tooling Claims (net of any Tooling Payments already received by the applicable tooling supplier) will be treated as Affected Claims under the Plan and tooling suppliers will be entitled to vote as an Affected Creditor and receive a *pro rata* distribution from the Creditor Distribution Pool in respect of their Tooling Claim Amount, on the same basis as other Affected Creditors.

**Releases:**

At the Effective Time and in accordance with the sequence of steps set out in the Plan, each of the (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, irrevocable and forever waived, discharged, released, cancelled and barred as against the Released Parties.

From and after the Effective Time, all Persons will be permanently barred with respect to any and all 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.

**Non-Released Claims:**

The Plan does not release the Non-Released Claims, which include: (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 paragraph 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.

**Creditor Approval of Plan:**

In order for the Plan to be approved pursuant to the CCAA, the Plan must 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 and voting at the Meeting (the “**Required Majorities**”). Votes by Affected Creditors with Unresolved Claims in respect of such Unresolved Claims will not be considered in the calculation of the Required Majorities and

will be treated as set out in the Meeting Order.

**Court Approval of Plan:**

If the Plan is approved at the Meeting by the Required Majorities and the other necessary conditions are met, the Applicants intend to make an application to the CCAA Court for an order sanctioning the Plan (the “**Sanction Order**”) pursuant to the CCAA on December 18, 2020 (the “**Sanction Hearing**”) or such later date as is set by the CCAA Court upon motion by the Applicant.

Any person who wishes to oppose the entry of the Sanction Order will be required to 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 the CCAA Court, by order, may allow.

*Creditors should consult with their legal advisors with respect to the legal rights available to them in relation to the Plan and the Sanction Hearing.* In the event that the Sanction Hearing is adjourned, only those Persons who are listed on the Service List will be served with notice of the adjourned date of the Sanction Hearing.

**Conditions to Implementation of the Plan:**

The implementation of the Plan is subject to the satisfaction of the following conditions:

- (a) the Plan will have been approved by the Affected Creditors;
- (b) the Sanction Order will have been issued by the CCAA Court, consistent with the terms of Section 8.2 of the Plan with such minor amendments as may be approved by the Applicants, 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 the U.S. Court in the Chapter 15 Cases;
- (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 the applicable Applicants in accordance with 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 Applicants;
- (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.

Upon receipt of the Certificate of Amendment, the Hematite Group will deliver to the Monitor and the Plan Sponsor, and file with the CCAA 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 have been filed and have become effective as of the date set out in the Certificate of Amendment, and (ii) designating an Effective Time on the Plan Implementation Date.

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 CCAA Court as soon as practicable after it has been delivered.

**Plan Modification:**

Under section 10.3(1) of the Plan, the Applicants reserve their 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 CCAA 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 CCAA Court.

Notwithstanding Section 10.3(1) of the Plan, 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 CCAA Court, provided that any such amendment, restatement, modification and/or supplement (i) is filed with the CCAA 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.

Notwithstanding Sections 10.3(1) and (2) of the Plan, 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 CCAA Court, provided that any such amendment, restatement, modification and/or supplement (i) is filed with the CCAA 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.

Any amended, restated, modified or supplementary Plan filed with the CCAA Court and, if required by this Section, approved by the CCAA Court, will for all purposes be and be deemed to be a part of and incorporated in the Plan.

**Timing of Plan Implementation:**

It is anticipated that the Plan will be implemented in accordance with the following timetable:

December 11, 2020	Meeting to vote on the Plan
December 18, 2020	Sanction Hearing
Upon the satisfaction or waiver of the Plan Implementation Conditions, the Business Day designated by the Applicants in consultation with the Monitor pursuant to Section 9.1 of the Plan	Plan Implementation

**Monitor:**

The Monitor supports the Applicants' request to convene the Meeting to consider and vote on the Plan.

**SCHEDULE "A"**  
**TO THE INFORMATION STATEMENT**  
**PLAN OF COMPROMISE AND ARRANGEMENT**

**SCHEDULE "B"**  
**TO THE INFORMATION STATEMENT**  
**MEETING ORDER**



**SCHEDULE “C”  
TO THE INFORMATION STATEMENT  
MEETING VIDEOCONFERENCE DETAILS**

<https://lync.kpmg.ca/meet/jojotang/5CRD4V5K>

Join by phone:

+1 (416) 777-8811,,7342677230# (CA)	English (United States)
+1 (604) 673-4457,,7342677230# (CA)	English (United States)
+1 (844) 499-8690,,7342677230# (CA)	English (United States)
+1 (514) 840-2670,,7342677230# (CA)	French (Canada)

Conference ID: 7342677230

**SCHEDULE “D”  
TO THE INFORMATION STATEMENT**

**FORM OF PLAN RESOLUTION**

**BE IT RESOLVED THAT:**

1. The Plan of Compromise, Arrangement and Reorganization of the Hematite Group pursuant to the *Companies’ Creditors Arrangement Act* (Canada) and the *Business Corporations Act* (Ontario) dated November 18, 2020 (the “**Plan**”) is hereby authorized and approved.