

**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