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

September 25, 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. (the "Hematite Group")

To the Creditors of the Hematite Group

Please take notice that on September 18, 2020, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued an Order (the "**Initial Order**") granting the Hematite Group protection under the *Companies' Creditors Arrangement Act* ("**CCAA**"). Pursuant to the Initial Order, KPMG Inc. has been appointed as Monitor (the "**Monitor**") in the Hematite Group's CCAA proceedings.

The Initial Order provides for a stay of proceedings (the "**Stay of Proceedings**") against the Hematite Group and its officers and directors until and including September 28, 2020. The Stay of Proceedings prohibits all parties from commencing or continuing any legal proceedings against the Hematite Group, and all rights and remedies of all parties against or in respect of the Hematite Group, their assets and business are stayed and suspended except with the written consent of the Hematite Group and the Monitor, or with leave of the Court.

The Stay of Proceedings was granted to protect the Hematite Group, their assets and business and the interests of their creditors, and to give the Hematite Group breathing room to formulate and implement its restructuring plan and potentially a plan of arrangement for its creditors. A hearing date for, among other things, the Hematite Group's motion for an extension of the Stay of Proceedings has been scheduled for September 28, 2020.

Except as permitted in the Initial Order, the Initial Order directs the Hematite Group to make no payments relating to the supply of goods or services made prior to September 18, 2020.

To date, no claims procedure has been approved by the Court, and accordingly creditors are not required to file a proof of claim at this time.

A copy of the Initial Order, the Hematite Group's application materials, and a preliminary list of known creditors are posted on the Monitor's website at: <http://home.kpmg/ca/hematitegroup>. The Monitor will post additional relevant information and documentation related to these proceedings on



the Monitor's website as they become available. Interested persons may contact the Monitor directly at (416) 777-3978 or hematitegroup@kpmg.ca.

Yours very truly,

KPMG Inc.
In its capacity as court-appointed monitor of
the Hematite Group
and not in its personal or corporate capacity

A handwritten signature in blue ink, appearing to read 'G Bourikas'.

Per: _____

George Bourikas
Vice-President
KPMG Inc.