

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	WEDNESDAY, THE 18TH
)	
MADAM 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.

Applicants

**ORDER
(Continuation of Equipment Payments)**

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order authorizing the Applicants to continue making payments to equipment lessors and secured equipment lenders, including the payment of certain pre-filing amounts owing, was heard this day by way of judicial videoconference via Zoom in Toronto, Ontario due to the COVID-19 pandemic.

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

INTERPRETATION

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

CONTINUATION OF EQUIPMENT PAYMENTS

2. **THIS COURT ORDERS** that, notwithstanding paragraph 11 of the Amended and Restated Initial Order of the Honourable Mr. Justice Hainey made September 28, 2020 in these CCAA proceedings (the “**Amended and Restated Initial Order**”), the Applicants shall be entitled but not required to pay amounts owing to lessors or secured creditors (each, an “**Equipment Creditor**”) for equipment leased from or specifically financed by such Equipment Creditor and delivered prior to September 18, 2020 (the “**Initial Filing Date**”), whether such amounts have been, or will be, incurred prior to, on or after the Initial Filing Date, at such intervals and in such amounts as such payments are usually paid pursuant to the applicable agreement, provided that:

- (a) the equipment is being, or will be, used in the operations of the Applicants;
- (b) the applicable agreement between one or more of the Applicants and the Equipment Creditor related to the equipment 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 (as defined in the Amended and Restated Initial Order) agrees.

3. **THIS COURT ORDERS** that nothing in this Order shall affect the claims of the Equipment Creditors or the treatment thereof by the Applicants in these CCAA Proceedings.


MISCELLANEOUS

4. **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.

5. **THIS COURT ORDERS** that this order is effective from the date that it is made, and is enforceable without any need for entry and filing.

6. **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. in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this order.

7. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this order and for assistance in carrying out the terms of this order.



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)

Proceedings commenced at Toronto

ORDER
(Continuation of Equipment Payments)

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