

Court File No. CV-26-00035949-0000  
Estate No. 35-3311888

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
REACTOR ENGINEERING GROUP LTD. O/A HARBOUR TECHNOLOGIES  
OF THE CITY OF WINDSOR  
IN THE PROVINCE OF ONTARIO

SECOND REPORT OF THE PROPOSAL TRUSTEE  
January 27, 2026

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- Appendix A - January 16, 2026 Court Order and Endorsement
- Appendix B - First Report of the Proposal Trustee dated January 7, 2026 (without appendices)
- Appendix C - January 27, 2026 letter from counsel to Wuxly Movement
- Appendix D - Sales Process
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- Appendix F - Affidavit of Matthew Marchand sworn January 21, 2026
- Appendix G - Affidavit of Kyle Plunkett sworn January 21, 2026

## INTRODUCTION

1. Reactor Engineering Group Ltd. o/a Harbour Technologies (the "Company") is a privately held corporation incorporated pursuant to the *Ontario Business Corporations Act* on March 22, 2011. The Company specializes in the development of custom machine tools, high-tolerance tools, machining and assembled components for the nuclear, oil and gas, aerospace and automotive industries.
2. The Company operates from leased facilities at locations municipally known as: (i) 2545 Doty Place, Windsor, Ontario (the "Windsor Facility"); and (ii) 830 Richmond Street, Chatham, Ontario (the "Chatham Facility"). The Company also leases warehouse space at location municipally known as 2557 Doty Place, Windsor, Ontario (collectively with the Windsor Facility and the Chatham Facility, the "Premises").
3. The Company is co-owned by Andrew Glover ("Andrew") and David Glover ("David", and collectively with Andrew, the "Principals").
4. On December 16, 2025, the Company filed a Notice of Intention to Make a Proposal ("NOI") pursuant to the *Bankruptcy & Insolvency Act* (the "BIA"). BDO Canada Limited ("BDO") was named as the Licensed Insolvency Trustee (in such capacity, the "Proposal Trustee") in these proceedings (the "Proposal Proceedings").
5. The primary purpose of these Proposal Proceedings is to provide the Company with access to urgent financing necessary for it to pay critical expenses and to conduct a Court-supervised sale process of the business and Property (as defined herein) that maximizes value for the Company's stakeholders.
6. The background and circumstances leading to the Company's NOI filing are described in the first report of the Proposal Trustee dated January 7, 2026 (the "First Report") and the Affidavit of Andrew sworn January 2, 2026.

### Previous Relief Obtained

7. On January 16, 2026, the Court issued an order (the "January 16 Order"), inter alia:
  - a) granting an extension of time for the filing of a proposal by the Company by fourteen (14) days up to and including January 30, 2026;
  - b) granting a first ranking administration charge over all of the Company's current and after-acquired assets, undertakings, and property (collectively, the "Property") in favour of Borden Ladner Gervais LLP ("BLG"), as counsel to the Company, the Proposal Trustee, and the Proposal Trustee's counsel, Aird & Berlis LLP ("A&B" and together with BLG and the Proposal Trustee, the "Professional Group") to secure payment of their professional fees incurred in connection with

these Proposal Proceedings in the maximum aggregate amount of \$400,000 (the "Administration Charge");

- c) approving interim financing ("DIP Financing") in the maximum principal amount of \$110,000;
- d) granting a charge over the Property to secure repayment of any advances under the DIP Financing (the "DIP Lenders' Charge") ranking in priority to all other encumbrances other than the Administration Charge;
- e) granting a charge over the Property for the benefit of the Company's officers and directors in the maximum amount of \$100,000 as security for the Company's obligations and liabilities that they may incur as directors and officers from and after filing the NOI (the "Directors' Charge"), ranking in priority to all other encumbrances other than the Administration Charge and the DIP Lenders' Charge; and
- f) approving the First Report of the Proposal Trustee and its activities set out therein.

8. A copy of the January 16 Order and Endorsement of the Honourable Madam Justice Rady are attached hereto as Appendix "A" .

9. In support of the January 16, 2026, motion, the Proposal Trustee filed its First Report, a copy of which, without appendices, is attached hereto as Appendix "B" .

#### PURPOSE

10. The purpose of this second report of the Proposal Trustee (the "Second Report") is to:

- a) provide this Court with information regarding:
  - (i) the Proposal Trustee's activities since the First Report;
  - (ii) the Proposal Trustee's monitoring of the Company's cash flow activity during these Proposal Proceedings;
  - (iii) the Proposal Trustee's review of related party transactions;
- b) support the Company's to be amended motion seeking the following relief:
  - I. An ancillary order (the "Ancillary Order"):
    - (i) approving an extension of the time required for the Company to file its proposal from January 30, 2026, the date of the expiry of the current stay, to March 16, 2026 (the "Stay Extension");
    - (ii) approving this Second Report and the conduct and activities of the Proposal Trustee set out herein;

- (iii) approving the fees and disbursements of the Proposal Trustee and its counsel, A&B, as set out in this Second Report and the fee affidavits appended hereto (together, the "Fee Affidavits"); and
- (iv) approving the secured advances by ATMIS Protective Equipment Inc. ("ATMIS") in its capacity as debtor-in-possession lender (in such capacity, the "DIP Lender") made during the Proposal Proceedings prior to the January 16 Order (the "Initial Advances"), and declaring that the contractual security granted by the Company in respect of such Initial Advances shall be valid under section 97(1) of the BIA, is not a transfer at undervalue, and shall not be void as against any trustee in bankruptcy under section 96(1) of the BIA; and

II. A sale process order (the "Sale Process Order"):

- (i) approving the proposed stalking horse sale process and auction procedures in respect of the Company (the "Sales Process"), including, *nunc pro tunc*, the engagement of BDO Transaction Advisory Services Inc. (the "Sales Agent") pursuant to an engagement letter dated January 16, 2026, by the Company, to be carried out by the Proposal Trustee and the Sales Agent;
- (ii) approving and authorizing the Company, *nunc pro tunc*, to enter into a stalking horse asset purchase agreement dated January 23, 2026 (the "Stalking Horse Agreement"), among the Company as vendor, and ATMIS Protective Equipment Inc. (the "Stalking Horse Bidder" or "ATMIS"), as purchaser, provided that any definitive agreement to be executed by the Company in respect of the sale of all or part of the Property (as defined in the Sale Process Order) and/or Company's business (the "Business") shall require further approval of the Court;
- (iii) approving the Break Fee (as defined herein) contemplated in the Stalking Horse Agreement;
- (iv) extending the entitlement and benefit of the Administration Charge to the Sales Agent as security for the Sales Agent's professional fees and disbursements incurred with respect to the Sales Process;
- (v) authorizing and directing the Proposal Trustee and the Sales Agent to take such steps as they deem necessary or desirable to carry out and perform the Sales Process; and
- (vi) such further and other relief as the Court may deem just and equitable.

11. In support of the motion returnable January 30, 2026, the Company filed its Motion Record, including the affidavit of Andrew Glover sworn January 23, 2026 (the "Second Glover Affidavit"). The Proposal Trustee recommends to readers that this Second Report be read in conjunction with the Second Glover Affidavit.

12. All materials filed with the Court in the Proposal Proceedings, are accessible on the Proposal Trustee's website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/reactor-engineering-group-ltd-o-a-harbour-technologies> (the "Proposal Trustee's Website").

#### TERMS OF REFERENCE

13. In preparing the Second Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Company, discussions with management of the Company ("Management"), and information from other third-party sources (collectively, the "Information"). Except as described in the First Report and the Second Report in respect of the Cash Flow Forecast (as defined herein):
- (i) The Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and
  - (ii) Some of the Information referred to in the Second Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
14. Future-oriented financial information referred to in the Second Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variation could be significant.
15. Unless otherwise indicated, the Proposal Trustee's understanding of factual matters expressed in the Second Report concerning the Company and its business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
16. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
17. Capitalized terms used herein and not defined in the Second Report shall have the meaning ascribed to them in the First Report, the Sales Process or the Stalking Horse Agreement, as the case may be.

#### PROPOSAL TRUSTEE'S ACTIVITIES TO DATE

18. Since the First Report, the Proposal Trustee has, among other things:

- a) created, together with the Company, the Sales Agent and legal counsel, the Sales Process procedures and timelines;
- b) participated in various discussions with Management and certain stakeholders in connection with the marketing plan and timelines associated with the Sales Process;
- c) supported the negotiation and finalization of the Stalking Horse Agreement, subject to Court approval;
- d) conducted research with respect to the reasonableness of the Break Fee;
- e) corresponded with the Company regarding the scientific research and experimental development ("SRED") tax credit preparation consultancy engagement letter dated January 23, 2026 (the "SRED Engagement Letter") with Pinnacle Consultants Inc. ("Pinnacle") for the preparation and filing of the Company's SRED claims for the fiscal years ending February 28, 2025, and February 28, 2026 (the "SRED Claims");
- f) corresponded with and responded to creditor inquiries and requests, including from counsel to Mammoth Outerwear Inc. o/a Wuxly Movement, which has issued a letter dated January 27, 2026, to the Company, with copy to the Proposal Trustee (the "January 27 Letter"). A copy of the January 27 Letter is attached hereto as Appendix "C";
- g) uploaded all court material and certain other relevant documents to the Proposal Trustee's Website;
- h) monitored the Company's weekly cash receipt and disbursement activity;
- i) conducted a preliminary review of the Company's related party transactions; and
- j) prepared this Second Report.

#### RECEIPTS AND DISBURSEMENTS MONITORING

19. The Company's actual net cash inflow for the 5-week period ending January 18, 2026, was \$63,927, (before funding advances), compared to a forecasted net cash outflow of \$9,871 (before funding advances) over that same period as outlined in the Company's 14-week cash flow forecast for the period December 15, 2025, to March 22, 2026 (the "Cash Flow Forecast"), which was appended as Appendix C to the First Report. This positive cash flow variance is summarized in the table below:

<b>Cumulative totals for the 5 weeks ending January 18, 2026</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Opening cash balance</b>	61,022	61,022	-
<b>Receipts:</b>			
Revenue collected	227,726	249,497	21,771
Accounts receivable collected	292,699	267,337	(25,361)
<b>Total cash in</b>	<b>520,425</b>	<b>516,835</b>	<b>(3,590)</b>
<b>Disbursements:</b>			
Supplier payments	158,998	119,598	39,401
Payroll	181,408	190,370	(8,962)
Source deductions	-	-	-
GST/HST payable	-	-	-
Vehicle lease payments	9,357	9,357	-
Equipment lease payments	13,694	13,592	102
Office rent	37,825	33,353	4,473
Utilities	5,806	4,147	1,659
Insurance	20,326	20,241	85
WSIB	3,232	-	3,232
Professional fees	94,950	54,101	40,849
Vehicle expense	3,500	3,095	405
Telephone	1,200	-	1,200
Employee reimbursements	-	4,295	(4,295)
Banking charges	-	760	(760)
<b>Total cash out</b>	<b>530,296</b>	<b>452,908</b>	<b>77,388</b>
<b>Net receipts over disbursements</b>	<b>(9,871)</b>	<b>63,927</b>	<b>73,798</b>
Post filing secured advances	85,000	55,000	30,000
Actual foreign exchange adjustment	-	1,011	(1,011)
<b>Closing cash balance</b>	<b>136,150</b>	<b>180,959</b>	<b>44,809</b>

20. An explanation of key cash flow variances include:

Receipts

- (i) the positive variance in the revenue collected of approximately \$21,771 is a favourable timing variance due to the collection of revenue projected to be received in subsequent weeks; and
- (ii) the negative variance in accounts receivable collected of approximately \$25,361 is an unfavourable timing variance due to the delay in the collection of certain accounts receivable that were projected. These receivables are now anticipated to be collected in the week of February 9, 2026.

Disbursements

- (i) the favourable variance in supplier payments of \$39,401 is a timing variance which is anticipated to be reversed in the week of January 26, 2026.
- (ii) there are unfavourable permanent variances in payroll disbursements of \$8,962 due to an

- increase in staff hours and employee reimbursements of \$4,295;
- (iii) there is a favourable variance for office rent of \$4,473, the nature of which is pending further clarification from the Company; and
  - (iv) the favourable variance in professional fees of \$40,849 is a timing variance related to a delay in the Company receiving professional fee invoices for payment.

### Funding

- (i) due to the favourable variance in net cash flow of \$77,388, the Company was able to draw less on funding sources than projected, resulting in a favourable variance of \$30,000 over the 5-week period. This is a timing variance and the Company is expected to draw upon the DIP Financing in subsequent weeks.
21. In the weeks of January 5, 2026, and January 12, 2026, funding of \$35,000 and \$20,000, respectively, was advanced through a secured promissory note in favour of ATMIS, the DIP Lender, allowing the Company to continue operations in the ordinary course of business.
  22. As at the date of the Second Report, the Company has drawn the Initial Advances, being \$55,000, through the secured promissory note, which note grid detailing the respective draws has been provided to the Proposal Trustee (the "Secured Prom Note"). The interest rate on Initial Advances is 4.45%, which rate is materially lower than the standard rates charged in similar type transactions. A copy of the Secured Prom Note is attached to the Second Glover Affidavit at Exhibit I.
  23. The Company advises that there is a dating error on the Secured Prom Note grid as attached to the Second Glover Affidavit. The second Initial Advance is listed on the grid as having been made on January 20, when it should be listed as having been made on January 12. The Company advised that the grid has been corrected accordingly.
  24. Based upon the filed Cash Flow Forecast, and considering the cash flow variances summarized herein, the Company projects to draw on the DIP Financing in the coming weeks in order to continue operations, including the payment of professional fees, and complete the Sales Process. As at the date of the Second Report, the Company does not contemplate the need for an increase in the DIP Financing throughout the period contemplated by the Cash Flow Forecast.

### SRED CLAIMS

25. The Company's original motion seeking relief within the Ancillary Order included:
  - a) approving the Company entering the SRED Engagement Letter with Pinnacle for the preparation and filing of the Company's SRED Claims, including the grant of security thereunder over any receipts in respect of the SRED Claims; and

- b) approving and authorizing the Company pay to Pinnacle any amounts owing to it under the SRED Engagement Letter in accordance with the terms thereunder, and declaring that such payment(s) shall be valid under section 97(1) of the BIA, shall not have been made with a view to giving Pinnacle a preference over any other creditor, and shall not be void as against any trustee in bankruptcy under section 95(1) of the BIA.
26. The Company anticipates filing SRED Claims of approximately \$1 million and \$0.8 million for the fiscal years ended February 28, 2025, and February 28, 2026, respectively. To complete these SRED Claim filings, the Company requires the assistance of Pinnacle, a consultant which specializes in SRED filings.
27. As is customary with SRED filings, the SRED Engagement Letter fee is structured as a percentage of investment tax credits ("ITCs") received with respect to the SRED Claims on a success-based outcome. Pinnacle therefore requires security for payment of its fees by way of a charge over any amounts received by the Company on account of the SRED Claims (the "Pinnacle Charge") ranking in priority to all other encumbrances other than the Administration Charge.
28. The beneficiaries of the Directors' Charge and the DIP Lenders' Charge consent to the subordination of the Pinnacle Charge.
29. The Proposal Trustee understands that Pinnacle proposed a flat fee equal to 30% of the ITCs approved as a result of federal and provincial SRED Claim for a fiscal year. The Proposal Trustee raised concerns regarding the proposed fee rate, and following further discussions with the Company, Pinnacle agreed to revise its fee structure to the tiered arrangement described below.
30. The SRED Engagement Letter stipulates Pinnacle is entitled to a fee of 25% to 30% of the ITCs approved as a result of federal and provincial SRED Claim for each fiscal year. The fee in a given year will be calculated as 25% if the SRED Claim is approved as filed, however, the fee will increase to 30% if Canada Revenue Agency determines that a desk or site review is required (a "CRA Review"). A CRA Review will result in additional professional services required from Pinnacle. A copy of the SRED Engagement Letter is attached to the Second Glover Affidavit as Exhibit H.
31. The Proposal Trustee requested the previous years engagement letters entered into with Pinnacle to assess the reasonableness of their revised fee structure, being a flat fee rate of 25% or 30%, if subject to CRA audit, as the fee structure appears to be at a premium rate. A premium fee may be justified where a boutique SRED consultant has specialized industry expertise, prior experience with the Company's operations, research and development activities, and SRED claims, as such familiarity can improve efficiency, reduce execution and review risk, and support more effective engagement with the CRA. As at the date of this Second Report, the Proposal Trustee received the Pinnacle engagement letter for the fiscal years ending February 28, 2016, 2017 and 2018, as well as the

Pinnacle invoices for the fiscal years ending February 28, 2016, and 2022 (the "Pinnacle Engagement Support"). The Pinnacle Engagement Support detail a fee of 17.5% in each of the fiscal years 2016, 2017, 2018 and 2022.

32. Due to ongoing discussions about the fees in the SRED Engagement Letter, the Company has advised that it will adjourn its request for the relief related thereto until the next attendance before Court, which will provide more time for the Proposal Trustee to review and consider the terms of the engagement.

#### RELATED PARTY TRANSACTIONS

33. The Proposal Trustee, as a part of its statutory duties under the BIA, conducted a preliminary review of the Company's financial transactions with respect to related parties, including transactions with ATMIS, the proposed Stalking Horse Bidder. Further, as part of monitoring the Company's cash flow activity during the Proposal Proceedings, the Proposal Trustee made inquiries of Management to ensure the financial activity of the Company only related to its business affairs, and that resources were not diverted to support the operations of or benefit any other related party.
34. The Proposal Trustee's preliminary review of related party activity is limited to the Information provided by the Company and discussions with Management.
35. An overview of the Proposal Trustee's preliminary findings as it relates to use of Company resources and related party transactions is provided below:

#### ATMIS

36. The Proposal Trustee understands the Principals have family trusts that have a minority ownership interest in ATMIS. The Principals advise that the Company and ATMIS share the same professional services providers and other vendors, and on occasion, invoices for services rendered may be billed to the incorrect entity. At times this has resulted in payment of Company expenses by ATMIS and vice versa and the need to true up related party account balances through journal entries, as appropriate. Based on the Information provided, there is a net amount of \$8,624 due amount from ATMIS as at January 8, 2026.
37. The Proposal Trustee understands that the Principals on occasion support ATMIS, in their capacities as directors of ATMIS, however, specific details of this support have not yet been disclosed to the Proposal Trustee other than the Principals represent these efforts are nominal in value as ATMIS is able to organically generate business as an Indigenous-owned entity in the defense sector that mandates Indigenous participation plans.
38. The Proposal Trustee's review of activity between the Company and ATMIS remains ongoing.

Thunder Composites Technologies (“TCT”)

39. Based on the Information provided, there is a net amount of \$101,061 due from TCT as at January 8, 2026. The Proposal Trustee understands TCT to be a subsidiary of the Company. Management advises this related party receivable is an accumulation of expenses transferred to the Company for tax optimization purposes. The Proposal Trustee continues to seek clarification from the Company as to the treatment of this reported balance.
40. The Proposal Trustee’s review of activity between the Company and TCT remains ongoing.

Company Employees

41. ATMIS and the Company both operate from the Chatham Facility, however the majority of the Company’s operations are conducted from the Windsor Facility. The Company represented to the Proposal Trustee that ATMIS and the Company have separate employees and payrolls. The Principals further represented to the Proposal Trustee that employees of the Company act independent to ATMIS and do not support any of ATMIS’ operations. However, there have been occasions in the past where the Company and ATMIS personnel share space at industry trade shows.
42. In light of the aforementioned findings, based on the Information made available to the Proposal Trustee, at this time the Proposal Trustee does not believe there to be any specific occurrences of Company activity and transactions that may have materially benefited related parties of the Company. However, should any new information be provided to the Proposal Trustee, the Proposal Trustee will further investigate, as appropriate, and report accordingly to this Court.

PROPOSED SALES PROCESS

43. The Proposal Trustee, in consultation with the Company, the Sales Agent and legal counsel, developed the Sales Process intended to solicit interest in and opportunities for the sale of all, substantially all, or a portion of the Property or Business. Any terms not expressly defined in this section are otherwise defined in the Sales Process. The Sales Process is attached hereto as Appendix “D” .
44. The Proposal Trustee and the Sales Agent are qualified to administer the Sales Process for the following reasons:
- (i) they have considerable experience conducting similar sales processes;
  - (ii) they have industry and institutional contacts who will be made aware of this opportunity;
  - (iii) they are independent of the Company; and
  - (iv) they will ensure that the Sales Process is conducted in a thorough, transparent, and efficient

manner for the benefit of the Company's stakeholders.

45. Upon receipt of the January 27 Letter, the Proposal Trustee reviewed its content and the suggestions advanced therein. In consultation with Wuxly Movement and the Company, the Proposal Trustee determined that it was appropriate to amend certain of the Sales Process terms, including the removal of the consultation rights of the Company and the adjust of timelines, as set out in the following section of this Second Report.

Sale Process Summary & Proposed Timeline

46. The Sales Process, if approved, shall commence immediately upon the issuance of the Sale Process Order. The table below sets out the key deadlines in the Sales Process (terms within the table are defined in subsequent paragraphs):

Milestone	Deadline
Commencement of Sales Process	January 30, 2026
Distribution of Teaser Letter and Marketing Materials	Within two (2) Business Days of issuance of Sale Process Order
Distribution of the Notice	Within five (5) Business Days of issuance of Sale Process Order
Bid Deadline	March 12, 2026
Auction Date (if necessary)	No later than March 17, 2026
Sale Approval Hearing	No later than March 31, 2026

47. The dates set out in the Sales Process may be revised or extended by the Proposal Trustee in its sole discretion. Any such amendment or extension would be done on notice of the Service List.
48. The Sales Process serves to solicit and identify parties that wish to make a formal offer to purchase the Property or Business or any portion thereof (the "Transaction").
49. The Sales Agent, with the approval of the Proposal Trustee, will develop a list of potential bidders (the "Known Potential Bidders"). This list will be comprised of parties which may have previously shown interest in purchasing the Company, and other potential strategic and financial parties who the Company and the Sales Agent believe may be interested in the opportunity.
50. The Sales Agent will prepare a process summary document describing the opportunity (the "Teaser Letter") and a non-disclosure agreement (the "NDA").
51. Within 2 (two) Business Days following the issuance of the Sales Process Order, the Sales Agent will send the Teaser Letter and the NDA to all Known Potential Bidders, and thereafter to any other party who requests a copy of the Teaser Letter and the NDA or who is identified to the Company or

the Sales Agent as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

52. Within five (5) Business days following the issuance of the Sales Process Order, the Proposal Trustee will publish a notice in *The Globe and Mail* (National Edition) and any other newspaper or journal as the Proposal Trustee considers appropriate (the "Notice"), if any.
53. Any party who wishes to participate in the Sales Process ("Potential Bidder(s)") must provide the Sales Agent an executed NDA and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
54. The Sales Agent, with the approval of the Proposal Trustee, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered the NDA to the Sales Agent and met the minimum requirements set out in the Sales Process to be a qualified bidder (a "Qualified Bidder"), such access to due diligence material, including access to an electronic data room, and information relating to the Property and Business as the Sales Agent and the Proposal Trustee in its reasonable judgement may agree.
55. Qualified Bidders that wish to make a formal offer to purchase the Property or a portion thereof shall submit a binding offer (a "Bid") on substantially the same terms and conditions as the terms and conditions contained in the Stalking Horse Agreement. In order to be considered a "Qualified Bid", a Bid must meet the following minimum criteria:
  - a) the Bid must be received by the Proposal Trustee at the address specified in Schedule "A" of the Sales Process, so as to be received by the Proposal Trustee no later than 5:00 p.m. (Eastern Time) on March 12, 2026 (the "Bid Deadline");
  - b) the Qualified Bidder and the representatives thereof who are authorized to act on the Qualified Bidder's behalf must be sufficiently identified;
  - c) the Bid must be submitted in writing and include a blackline of the offer to the template agreement in substantially the form of the Stalking Horse Agreement, reflecting the Qualified Bidder's proposed changes, which template agreement will be supplied to Potential Bidders;
  - d) the Bid must be accompanied by a deposit by way of certified cheque or wire transfer, in an amount equal to at least 10% of the aggregate purchase price payable under the Bid;
  - e) the Bid must be open for acceptance by the Proposal Trustee until approval by the Court of the execution of an agreement of purchase and sale by the Qualified Bidder and Proposal Trustee in respect of the purchased assets subject to the Bid;

- f) the Bid must be on terms no less favourable and no more burdensome or conditional than the Stalking Horse Agreement;
  - g) the Bid must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the Qualified Bidder's obligation to complete the Transaction that are not otherwise contained in the Stalking Horse Agreement;
  - h) the Bid must include a description of the liabilities and obligations (including operating liabilities) which the Qualified Bidder intends to assume and the liabilities and obligations it does not intend to assume;
  - i) the Bid must be accompanied by written evidence of a commitment for financing or other evidence of the Qualified Bidder's ability to consummate the Transaction contemplated by the Bid;
  - j) the Bid must be for a purchase price equal to or greater than the sum of the Purchase Price (as defined in the Stalking Horse Agreement), plus a minimum additional amount of \$75,000. If an auction is held, bidding at auction shall be in minimum cash increments of \$25,000;
  - k) the Bid must be irrevocable until approval by the Court of the execution by the Qualified Bidder and the Proposal Trustee of an agreement of purchase and sale in respect of the purchased assets subject to the Bid;
  - l) the Bid constitutes, in the reasonable business judgment of the Proposal Trustee, a Bid; and
  - m) the Bid contemplates closing the Transaction set out therein on or before the outside closing date of April 15, 2026.
56. A Bid will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such Qualified Bid; (ii) the ability of the Qualified Bidder to successfully complete such Transaction; (iii) the proposed Transaction documents; (iv) factors affecting the speed, certainty and value of the Transaction; (v) the assets included or excluded from the Bid; (vi) the liabilities to be assumed in the Transaction; (vii) the likelihood and timing of consummating such transaction; and (viii) whether the Transaction results in a Superior Bid. Each as determined by the Proposal Trustee, in consultation with the Sales Agent.
57. On or before March 16, 2026, the Proposal Trustee will confirm those Qualified Bidders who submitted a Qualified Bid that they will be invited to the Auction (as defined herein).
58. Qualified Bidders with Qualified Bids shall proceed to an auction with the Stalking Horse Bidder to be held on or before March 17, 2026 (the "Auction"), which shall proceed according to the Auction

Procedures set out in Schedule "B" to the Sales Process to identify the Successful Bid, and the bidder making such Successful Bid will be the Successful Bidder, in each case, as contemplated hereunder.

59. If no Superior Bid is received by the Bid Deadline, the Auction will not be held, and the Stalking Horse Bidder will be declared to be the Successful Bidder. The determination of any Successful Bid by the Proposal Trustee shall be subject to approval by the Court.
60. A Court date will be scheduled to hear a motion to approve any Transaction with the Successful Bidder (the "Sale Approval Motion"). At the Sale Approval Motion, the Proposal Trustee or the Company shall seek, among other things, approval from the Court to consummate the Successful Bid. All Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Proposal Trustee and/or the Sales Agent on and as of the date of approval of the Successful Bid by the Court.

#### Approval of Stalking Horse Agreement

61. The Stalking Horse Agreement will act as the minimum bid against which all other bids will be evaluated in the Sales Process. Unless other Superior Bids are received, it is contemplated that the Stalking Horse Bid will be selected as the Successful Bid in the Sales Process. A copy of the Stalking Horse Agreement is attached hereto as Appendix "E". Capitalized terms used in this section and not otherwise defined have the meaning ascribed to them in the Stalking Horse Agreement.
62. The Proposal Trustee provides a summary of certain material terms of the Stalking Horse Agreement below but directs the reader to the Stalking Horse Agreement for the full terms and conditions thereof:
  - a) the Stalking Horse Agreement is structured as an asset purchase;
  - b) the Stalking Horse Bidder is also the DIP Lender, provided the Secured Prom Note and will provide the DIP Financing;
  - c) the consideration for the Purchased Assets is made up of the following amounts in aggregate, the "Purchase Price"):
    - i. \$261,845.00 less the amount of the Credit Bid Debt (the "Cash Amount"); plus
    - ii. the amount of the Credit Bid Debt; plus
    - iii. the aggregate amount of the Assumed Liabilities and the Contract Assumed Liabilities.
  - d) the Purchased Assets include:
    - i. the Assigned Contracts;
    - ii. the Pre-Paid Expenses;

- iii. the Books and Records;
  - iv. the Intellectual Property owned or leased by the Company;
  - v. the Inventories;
  - vi. the Tangible Personal Property;
  - vii. all orders, authorizations, approvals, licenses or permits of any Governmental Authority, owned, held of used by the Company;
  - viii. all claims, actions causes of action, indemnities, warranties, guarantees, rights of recovery, rights of set-off and rights of recoupment of the Company other than the Excluded Litigation;
  - ix. all proceeds payable to the Company upon any policies of insurance, other than in respect of claims with respect to Excluded Assets; and
  - x. the goodwill of the Business.
- e) the Excluded Assets include:
- i. cash on hand, bank balances, moneys in possession of banks or other depositories, term or time deposits and similar cash items;
  - ii. retainer funds held by counsel for the Company, the Proposal Trustee, the Sales Agent or professionals retained by the Company;
  - iii. the Accounts Receivable;
  - iv. the benefit of this Agreement;
  - v. any claims asserted by the Company in the Excluded Litigation;
  - vi. any tax rebates, refunds or credits due to the Company including, the SRED Claims;
  - vii. any legal files;
  - viii. tangible Personal Property associated with contracts that are not Assigned Contracts;
  - ix. the assets listed in Schedule 'C' to the Stalking Horse Agreement; and
  - x. any other assets the Stalking Horse Bidder elects to exclude in writing prior to Closing.
- f) the Assumed Liabilities include all of the Company's liabilities relating to:
- i. the Purchased Assets arising and accruing in respect of the period after the Time of Closing and not related prior to or as a consequence of Closing;

- ii. the obligations and liabilities of the Company with respect to Transferred Employed that are expressly assumed by the Purchaser; and
  - iii. any other liability which the Purchaser agrees in writing to assume on or before the Closing Date.
- g) the Stalking Horse Bidder anticipates the retention of the majority of the Company's employees;
  - h) the Stalking Horse Bidder will assume the real property leases related to the Premises;
  - i) the Stalking Horse Bidder will assume capital leases;
  - j) if the Stalking Horse Bidder is not the Successful Bidder, the Stalking Horse Bidder is entitled to a break fee in the amount of \$75,000 (the "Break Fee");
  - k) closing is scheduled after the conditions set out in the Stalking Horse Agreement are satisfied or waived and shall, in no event, be later than the outside closing date of April 15, 2026; and
  - l) an expense reimbursement is not contemplated.
63. The Proposal Trustee and Sales Agent were advised by the Principals that the landlord of the Windsor Facility, a party related to (although not owned or controlled by) the Principals, will not support a sale of the Company to parties other than the Stalking Horse Bidder and will not support an assignment of the lease to any other purchaser(s). The Proposal Trustee has informed counsel to the Company of its concerns with the landlord's position as it may potentially limit the marketability and interest in the Property and Business, and deter otherwise Qualified Bidders from participation of the Sales Process.
64. However, the Stalking Horse Agreement contemplates the assignment of all contracts, agreements, commitments, promises or undertakings of the Company, including any indenture, note, bond or other evidence of indebtedness, equipment leases, instrument, license, real property lease, purchaser order or other legally binding agreement whether written or oral to the purchaser by way of an Assignment Order (the "Assignment Order"), if required. As such, the lease of the Windsor Facility may be assigned to a purchaser through an Assignment Order, regardless of the landlord's position or consent.
65. The Proposal Trustee is of the view that the Sales Process and Stalking Horse Agreement are appropriate for the following reasons:
- a) the Company will be widely exposed to the market through the Sales Process by the Sales Agent to canvass for a Superior Bid;
  - b) the timeline is sufficient to allow interested parties to perform due diligence and submit Bids;

- c) the Stalking Horse Agreement sets a fair base level consideration for the Sales Process;
- d) the identification of potential bidders and initial contact with prospective candidates will be accompanied by an advertising campaign with broad market reach to increase exposure of the opportunity and an introduction to the Sales Process;
- e) the Stalking Horse Agreement contemplates the use of an Assignment Order, if required; and
- f) the Proposal Trustee has researched break fees in stalking horse bids using publicly available insolvency filing data and has concluded that the Break Fee is reasonable, in the circumstances, as:
  - i. the composition of the fee is largely meant to reimburse the Stalking Horse Bidder for out-of-pocket costs associated with the Stalking Horse Agreement. While it is customary for an expense reimbursement to be payable to a stalking horse bidder in addition to a break fee, no such expense reimbursement is payable under the Staking Horse Agreement;
  - ii. publicly available insolvency filing data on break fees in stalking horse bids presents situations where a break fee may be lower than \$75,000, but in numerous of these circumstances, although not in all, the stalking horse bid includes an expense reimbursement, bringing the total of the break fee and reimbursement expense to equal or exceed \$75,000; and
  - iii. assessing the Break Fee solely based on a portion of the Purchase Price, being the Cash Amount and Credit Bid Debt, but neglecting to consider the aggregate amount of the Assumed Liabilities and the Contract Assumed Liabilities, as well as the value of the excluded assets to remain with the estate, is an incomplete and too narrow of an assessment. The total consideration contemplated by the Stalking Horse Agreement is materially larger when these additional aspects are taken into consideration.

#### ADMINISTRATION CHARGE

- 66. The Company is seeking the Court's approval to extend the entitlement and benefit of the Administration Charge to the Sales Agent as security for the Sales Agent's professional fees and disbursements incurred with respect to the administration of the Sales Process. The Administration Charge will remain at the maximum amount of \$400,000.
- 67. The Proposal Trustee has considered the Company's request and supports the request on the basis that:
  - a) the granting of a charge such as this in a restructuring proceeding pursuant to the BIA and the *Companies' Creditors Arrangement Act* are typical, as the charge facilitates an orderly

restructuring process;

- b) the Administration Charge is required to protect the Sales Agent for their fees and disbursements, given the Company's current financial challenges and insolvency; and
  - c) the Sales Agent requires the protection afforded by the Administration Charge in order to administer the Sales Process.
68. The Proposal Trustee is of the view that extending the entitlement and benefit of the Administration Charge to the Sales Agent is reasonable and appropriate in the circumstances.

#### EXTENSION OF STAY OF PROCEEDINGS

69. The Company is currently required to make a proposal by January 30, 2026.
70. The Company is seeking an extension of the stay of proceedings from January 30, 2026, to March 16, 2026.
71. In the Proposal Trustee's view, based on the Cash Flow Forecast and DIP Financing, the Company will have sufficient liquidity to satisfy its obligations as they come due during the proposed extension period.
72. The Proposal Trustee supports the Company's request as:
- a) the extension of the stay would permit the Proposal Trustee and the Sales Agent to commence the Sales Process, if approved;
  - b) in the Proposal Trustee's assessment, the Company has acted and continues to act in good faith and with due diligence;
  - c) no creditor would be materially prejudiced if the extension being applied for is granted; and
  - d) as at the date of this Second Report, the Proposal Trustee is not aware of any party opposed to an extension or the relief sought at this motion.

#### PROFESSIONAL FEES

73. The Proposal Trustee and its legal counsel, A&B, have been paid their fees and disbursements at their standard rates and charges by the Company from time to time, as part of the costs of the Proposal Proceedings.
74. The Proposal Trustee and A&B have maintained records of their professional time and costs. The Proposal Trustee is requesting approval of its interim fees for the period from December 8, 2025, to January 16, 2026, and the interim fees and disbursements for A&B for the period from December 18, 2025, to January 15, 2026.

75. The total interim fees of the Proposal Trustee for the period of December 8, 2025 to January 16, 2026 total \$64,633.75, including fees in the amount of \$57,198.00 plus HST in the amount of \$7,435.75, as more particularly described in the affidavit of Matthew Marchand sworn January 21, 2026, a copy of which is attached hereto as Appendix "F". The average hourly rate of the Proposal Trustee is \$649.24 (excluding HST).
76. The total interim fees and disbursements of A&B for the period of December 18, 2025 to January 15, 2026 total \$27,869.21, including fees in the amount of \$24,539.50 plus disbursements of \$128.12, and HST of \$3,201.59, as more particularly described in the affidavit of Kyle Plunkett sworn January 21, 2026, a copy of which is attached hereto as Appendix "G". The average hourly rate of A&B is \$695.17 (excluding HST).
77. The Proposal Trustee respectfully submits that the fees and disbursements of the Proposal Trustee and A&B, as set out in the respective fee affidavits, are reasonable in the circumstances and have been validly incurred in accordance with the Proposal Proceedings. Accordingly, the Proposal Trustee respectfully requests the approval of the fees and disbursements of the Proposal Trustee and that of A&B, as set out in this Second Report.

#### CONCLUSIONS AND RECOMMENDATIONS

78. Based on the above, the Proposal Trustee respectfully recommends that the Court grant the Ancillary Order and the Sales Process Order providing the relief described in section 10(b) of this Second Report.

All of which is respectfully submitted this 27<sup>th</sup> day of January, 2026.

BDO CANADA LIMITED  
in its capacity as Proposal Trustee of  
Reactor Engineering Group Ltd. o/a Harbour Technologies  
and not in its personal or corporate capacity



---

Matthew Marchand, CPA, CMA, CIRP, LIT  
Senior Vice President

# APPENDIX A

at 80 Dundas Street, London, ON  
(Court office address)

Endorsement/  
Inscription

Plaintiff/  
Applicant: REACTOR ENGINEERING GROUP LTD.  Present/ Comparait

Counsel/  
Avocat(e): Mr Babe for Applicant  Present/ Comparait  
Mr Marchand for BDO

Email/  
Courriel: jlaplante@cohenhighley.com  Present/ Comparait  
Mr DeLino (I failed to note for whom Mr DeLino appeared)

Defendant/  
Intimé(e): Mr Hartley for Wuxley  Present/ Comparait  
Mr Galluchan - for International Customer Products

Counsel/  
Avocat(e):  Present/ Comparait

Email/  
Courriel:  Present/ Comparait

16-Jan-2026

JUSTICE

Event type/ Type d'événement: Choose from the menu or enter the event type manually

- In-person/ comparution en personne
- Videoconference/ vidéoconférence
- Audioconference/ Audioconférence
- In writing/ par écrit

ENDORSEMENT/ INSCRIPTION

The applicant seeks an extension to Jan 30/26 to file a proposal. The relief sought is unopposed. The material filed amply supports the relief requested. Order to issue in accordance with draft filed & signed by me.

The application is adjourned to  
Jan 30/26.

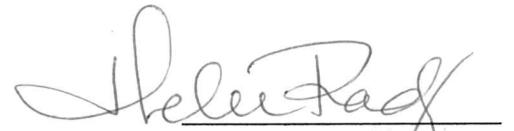
Order to go in accordance with minutes of settlement or consent filed./ Ordonnance conformément au procès-verbal de l'audience de transaction ou le consentement déposé.

Next attendance/ prochaine comparution:

- In person/ comparution en personne,
- Videoconference/ vidéoconférence,
- Audioconference/ audioconférence
- Interpreter required/ interprète nécessaire :

Additional details, if any/ Détails supplémentaires, le cas échéant:

*Click or tap here to enter text.*

  
 \_\_\_\_\_  
 Signature





**EXTENSION OF TIME**

2. **THIS COURT ORDERS** that the time for the filing of a proposal by Reactor is hereby extended in accordance with section 50.4(9) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (“**BIA**”) by a period of fourteen (14) days up to and including January 30, 2026.

**DIP FINANCING**

3. **THIS COURT ORDERS** that Reactor is hereby authorized and empowered, with the prior written approval of the Proposal Trustee, to borrow such funds as are required (the “**DIP Financing**”) in order to finance (a) Reactor’s working capital requirements and other general corporate purposes and capital expenditures and (b) any and all fees and expenses incurred in connection with a sale and investment solicitation process in respect of all of Reactor’s assets, undertakings, and properties, including but not limited to the professional fees and disbursements of Reactor’s counsel, the Proposal Trustee, and the Proposal Trustee’s counsel, provided that the DIP Financing shall not exceed \$110,000 unless permitted by further Order of this Court.

4. **THIS COURT ORDERS THAT** Reactor is hereby authorized and empowered to issue to a lender (a “**DIP Lender**”) certificates substantially in the form annexed as **Schedule “A”** hereto (the “**DIP Certificates**”) for any amount borrowed by way of DIP Financing and the DIP Financing shall be on the terms and subject to the conditions set forth in the DIP Certificates.

5. **THIS COURT ORDERS** that the DIP Lenders shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lenders’ Charge**”) on all of Reactor’s present and after-acquired property, assets, and undertaking of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the “**Property**”), which DIP Lenders’ Charge shall not secure an obligation that exists before this Order is made. Any DIP Financing advances and any DIP Certificates evidencing the same or any part thereof shall rank, and benefit from the DIP Lenders’ Charge, on a *pari passu* basis. The DIP Lenders’ Charge shall otherwise have the priority set out in paragraphs 14 and 16 hereof.

6. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order or the BIA:

- (a) a DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lenders' Charge;
- (b) upon the occurrence of an event of default under a DIP Certificate or the DIP Lenders' Charge, a DIP Lender, upon five (5) days notice to Reactor and the Proposal Trustee, may exercise any and all of its rights and remedies against Reactor or the Property under or pursuant to a DIP Certificate and the DIP Lenders' Charge, including without limitation, to cease making advances to Reactor and set off and/or consolidate any amounts owing by the DIP Lender to Reactor against the obligations of Reactor to the DIP Lender under the DIP Certificates or the DIP Lenders' Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager, or interim receiver, or for a bankruptcy order against Reactor and for the appointment of a trustee in bankruptcy of Reactor; and
- (c) the foregoing rights and remedies of the DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver, or receiver and manager of Reactor or the Property.

7. **THIS COURT ORDERS AND DECLARES** that the DIP Lenders shall be treated as unaffected in any proposal filed by Reactor in these Proposal Proceedings or any plan of arrangement or compromise filed by Reactor under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA"), with respect to any advances made under the DIP Certificates.

#### **ADMINISTRATION CHARGE**

8. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee, and counsel to Reactor shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by Reactor as part of the costs of these Proposal Proceedings. Reactor

is hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel to the Proposal Trustee and counsel to Reactor on a monthly basis.

9. **THIS COURT ORDERS** that the Proposal Trustee and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Proposal Trustee and its legal counsel are hereby referred to a judge of the Ontario Superior Court of Justice.

10. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee, if any, and counsel to Reactor shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$400,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee, counsel to the Proposal Trustee, if any, and counsel to Reactor, both before and after the making of this Order in respect of these Proposal Proceedings. The Administration Charge shall have the priority set out in paragraphs 14 and 16 hereof.

#### **DIRECTORS' INDEMNIFICATION AND DIRECTORS' CHARGE**

11. **THIS COURT ORDERS** that Reactor shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of Reactor after the commencement of the within Proposal Proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

12. **THIS COURT ORDERS** that the directors and officers of Reactor shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$100,000, as security for the indemnity provided in paragraph 11 of this Order. The Directors' Charge shall have the priority set out in paragraphs 14 and 16 hereof.

13. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) Reactor's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any

directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 11 of this Order.

**VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

14. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lenders' Charge, as among them, shall be as follows:

- (a) First – Administration Charge;
- (b) Second – DIP Lenders' Charge; and
- (c) Third – Directors' Charge.

15. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge, the Administration Charge, or the DIP Lenders' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

16. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any person.

17. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, Reactor shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless Reactor also obtains the prior written consent of the Proposal Trustee, the DIP Lenders, and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

18. **THIS COURT ORDERS** that the DIP Certificates and the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lenders thereunder shall not otherwise be

limited or impaired in any way by: (a) the pendency of these Proposal Proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy, interim receivership or receivership order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) any application pursuant to the CCAA or any order made pursuant to such application; (e) the provisions of any federal or provincial statutes; or (f) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds Reactor, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration, or performance of the DIP Certificates shall create or be deemed to constitute a breach by Reactor of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from (i) Reactor’s execution, delivery, perfection, registration, or performance of the DIP Certificates, or (ii) the creation of the Charges; and
- (c) the payments, if any, made by Reactor pursuant to this Order, the Certificates, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

**APPROVAL OF THE FIRST REPORT**

19. **THIS COURT ORDERS** the First Report, and the actions, conduct and activities of the Proposal Trustee as set out therein, be and are hereby approved.

**SERVICE AND NOTICE**

20. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “Protocol”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/files/guides/the-guide-concerning-commercial-list-e-service-en.pdf>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ‘<<https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/reactor-engineering-group-ltd-o-a-harbour-technologies>>’.

21. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Rules is not practicable, Reactor and the Proposal Trustee are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, or facsimile transmission to Reactor’s creditors or other interested parties at their respective addresses as last shown on the records of Reactor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

22. **THIS COURT ORDERS** that Reactor, the Proposal Trustee, and their respective counsel are authorized, but not obligated, to serve or distribute this Order and any other materials, orders, communication, correspondence, or other information as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to Reactor’s creditor or other interested parties and their advisors, as applicable. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation and notice requirements within the meaning of

clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

**GENERAL**

23. **THIS COURT ORDERS** that Reactor or the Proposal Trustee may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

24. **THIS COURT ORDERS** that this Order and its effects (including the Charges) shall survive the filing by Reactor of a proposal pursuant to the terms of the BIA, the issuance of an initial order in regard to Reactor pursuant to the terms of the CCAA, or the bankruptcy of Reactor, unless this Court orders otherwise.

25. **THIS COURT ORDERS** that nothing in this Order shall prevent BDO from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of Reactor, Reactor's business, or the Property.

26. **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 to give effect to this Order and to assist Reactor, the Proposal Trustee, 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 Reactor and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist Reactor, the Proposal Trustee, and their respective agents in carrying out the terms of this Order.

27. **THIS COURT ORDERS** that Reactor and the Proposal Trustee 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 for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

28. **THIS COURT ORDERS** that any interested party (including Reactor and the Proposal Trustee) may apply to this Court to vary or amend this Order on not less than seven (7) days'

notice to Reactor, the Proposal Trustee, and any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

29. **THIS COURT ORDERS** that this Order is effective as of 12:01 a.m. Eastern Standard Time on the date hereof, and this Order is enforceable without any need for entry and filing.



A handwritten signature in cursive script, appearing to read "Allen Rags", is written over a horizontal line.

Schedule "A"

DIP CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that Reactor Engineering Group Inc. ("Reactor") has received from the holder of this certificate (the "DIP Lender") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$110,000 which Reactor is authorized to borrow under and pursuant to the Order of the Ontario Superior Court of Justice (the "Court") made January 13, 2026 (the "Order") in Reactor's *Bankruptcy and Insolvency Act* proposal proceedings, Estate Number 35-3311888, Court file number \_\_\_\_\_.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the first day of each month after the date hereof at a notional rate per annum equal to the prime commercial lending rate of Bank of Montreal from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by Reactor pursuant to the Order or to any further order of the Court, a charge upon the whole of the assets, undertakings and properties Reactor acquired for, or used in relation to the business carried on by Reactor, including all proceeds thereof (collectively, the "Property"), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Proposal Trustee to indemnify itself out of such Property in respect of its remuneration and expenses.

4. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by Reactor to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

5. The charge securing this certificate shall operate so as to permit Reactor to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

DATED the \_\_\_\_ day of \_\_\_\_\_, 2026.

REACTOR ENGINEERING GROUP LTD.

Per:

\_\_\_\_\_  
Name:

Title:

Court File No.: CV-26-00035949-0000  
Estate No.: 35-3311888

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF REACTOR ENGINEERING GROUP LTD.**

---

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(IN BANKRUPTCY AND INSOLVENCY)**  
  
PROCEEDING COMMENCED AT LONDON

---

**ORDER**  
(Extension of Time, Approval of DIP Financing,  
Approval of Charges, and Ancillary Relief)

---

**BORDEN LADNER GERVAIS LLP**  
Bay Adelaide Centre, East Tower  
22 Adelaide St W  
Toronto, Ontario M5H 4E3  
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nhollard@blg.com

Lawyers for Reactor Engineering Group Ltd.

# APPENDIX B

District of Ontario  
Division No. 06 - Windsor  
Court File No. CV-26-00035949-0000  
Estate No. 35-3311888

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY & INSOLVENCY)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
REACTOR ENGINEERING GROUP LTD. O/A HARBOUR TECHNOLOGIES  
OF THE CITY OF WINDSOR  
IN THE PROVINCE OF ONTARIO

FIRST REPORT OF THE PROPOSAL TRUSTEE  
January 7, 2026

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## INTRODUCTION

1. Reactor Engineering Group Ltd. o/a Harbour Technologies (the "Company") is a privately held corporation incorporated pursuant to the *Ontario Business Corporations Act* on March 22, 2011. The Company specializes in the development of custom machine tools, high-tolerance tools, machining and assembled components for the nuclear, oil and gas, aerospace and automotive industries.
2. The Company operates from leased facilities located at: (i) 2545 Doty Place, Windsor, Ontario (the "Windsor Facility"); and (ii) 830 Richmond Street, Chatham, Ontario (the "Chatham Facility"). The Company also leases warehouse space located at 2557 Doty Place, Windsor, Ontario.
3. The Company is co-owned by Andrew Glover ("Andrew") and David Glover ("David").
4. On December 16, 2025, the Company filed a Notice of Intention to Make a Proposal ("NOI") pursuant to the *Bankruptcy & Insolvency Act* (the "BIA"). BDO Canada Limited ("BDO") was named as the Licensed Insolvency Trustee (in such capacity, the "Proposal Trustee") in these proceedings (the "Proposal Proceedings"). The Certificate of Filing of a Notice of Intention to Make a Proposal issued by the Office to the Superintendent of Bankruptcy is attached hereto as Appendix 'A'.
5. The principal purpose of these Proposal Proceedings is to provide the Company with access to urgent financing necessary for it to pay critical expenses and to conduct a sale process of the business and Property that maximizes value for the Company's stakeholders.

## PURPOSE

6. This is the first report of the Proposal Trustee (the "First Report") to be filed in the Proposal Proceedings. The purpose of this First Report is to:
  - a) Provide this Court with:
    - (i) the background on the circumstances leading to the Company's decision to commence the Proposal Proceedings;
    - (ii) details of the Company's creditors;
    - (iii) the Proposal Trustee's activities since its appointment;
    - (iv) an overview of the Company's intention to return to Court in the near term to seek approval of the SISP (as defined below) for the Company's business and Property; and

- (v) an overview of the Company's 14-week cash flow forecast for the period December 15, 2025, to March 22, 2026 (the "Cash Flow Forecast") and the Proposal Trustee's comments regarding the reasonableness thereof; and
- b) Support the Company's motion seeking an Order:
- (i) granting a first ranking administration charge over all of the Company's current and after-acquired assets, undertakings, and property (collectively, the "Property") in favour of Borden Ladner Gervais LLP ("BLG"), as counsel to the Company, the Proposal Trustee, and Aird & Berlis LLP ("A&B" and together with BLG and the Proposal Trustee, the "Professional Group"), as counsel to the Proposal Trustee, to secure payment of their professional fees incurred in connection with these Proposal Proceedings in the maximum aggregate amount of \$400,000 plus taxes and disbursements (the "Administration Charge");
  - (ii) approving interim financing ("DIP Financing") in the maximum principal amount of \$110,000;
  - (iii) granting a charge over the Property to secure repayment of any DIP Financing (the "DIP Lenders' Charge") ranking in priority to all other encumbrances other than the Administration Charge;
  - (iv) granting a charge over the Property for the benefit of the Company's officers and directors in the maximum amount of \$100,000 as security for the Company's obligations and liabilities that they may incur as directors and officers after filing the NOI (the "Directors' Charge"), ranking in priority to all other encumbrances other than the Administration Charge and the DIP Lenders' Charge;
  - (v) granting an extension of time for the filing of a proposal by the Company by fourteen (14) days up to and including January 30, 2026; and
  - (vi) approving this First Report of the Proposal Trustee and its activities set out herein.
7. This First Report is to be read in conjunction with the affidavit of Andrew sworn January 2, 2026 (the "Andrew Affidavit").
8. The Andrew Affidavit, and all other materials filed with the Court in the Proposal Proceedings, are accessible on the Proposal Trustee's website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/reactor-engineering-group-ltd-o-a-harbour-technologies> (the "Proposal Trustee's Website").

## TERMS OF REFERENCE

9. In preparing this First Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Company, discussions with management of the Company ("Management"), and information from other third-party sources (collectively, the "Information"). Except as described in this First Report in respect of the Cash Flow Forecast:
  - (i) The Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and
  - (ii) Some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
10. Future-oriented financial information referred to in this First Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections even if the assumptions materialize, and the variances could be significant.
11. Unless otherwise indicated, the Proposal Trustee's understanding of factual matters expressed in this First Report concerning the Company and their business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

## BACKGROUND

13. The Company specializes in the custom design and manufacturing of machine tools, high-tolerance tools, machining and assembled components for the nuclear, oil and gas, aerospace and automotive industries.
14. The Company currently employs approximately thirty-four (34) staff of which eight (8) are

management. None of the employees are unionized. Payroll is paid to employees on a weekly basis.

15. Additional information about the Company and its background is included in the Andrew Affidavit filed in support of the Company's motion returnable January 13, 2026.

#### CIRCUMSTANCES LEADING TO THE PROPOSAL PROCEEDINGS

16. The Company designs and builds custom machinery and automation equipment. However, during the Covid-19 pandemic, the Company shifted its manufacturing process to develop a personal protective equipment gown manufacturing line at the Chatham Facility allowing the Company to bid on and win a supply contract tendered by the federal government of Canada, which contract was entered into on or around February 10, 2021, for the delivery of 4.5 million gowns by September 30, 2021 (the "Canada Contract").
17. In order to meet the Canada Contract delivery schedule, in April 2021 the Company entered into several subcontract agreements:
  - (i) A fabric purchase order contract and a pre-manufactured gown contract with International Customer Products Inc. ("ICP"); and
  - (ii) A one (1) million pre-manufactured gown contract with Woolly Mammoth Outerwear Inc. o/a Wuxly Movement ("Wuxly").
18. Due to a number of events outside of the Company's control, it became apparent that the Company would be unable to meet the September 30, 2021, delivery schedule committed to in the Canada Contract, with the Company's delivery extension requests being disregarded by the federal government of Canada. Since the Company could only invoice the federal government of Canada following actual delivery and acceptance of gowns, the delays in fulfilling the Canada Contract resulted in significant cash flow issues and delays in payments to the Company's vendors and subcontractors, including ICP and Wuxly.
19. As a condition for Wuxly to continue supplying the Company, in September 2021, the Company and Wuxly entered into a joint venture agreement (the "JVA") with respect to the personal protective equipment gown manufacturing.
20. The Company subsequently terminated the JVA in December 2021 as Management asserts Wuxly breached the JVA and supplied gowns that failed hydrostatic and flammability testing standards required under the Canada Contract and the JVA. Management asserts that these faulty gowns would ultimately be found to number in the hundreds of thousands.

21. The breakdown in contractual relationships lead to the following proceedings:
  - (i) an arbitration under the JVA wherein Wuxly is the applicant and the Company, Andrew and David are the respondents;
  - (ii) an action by Wuxly against ICP, in which ICP has made a counterclaim which counterclaim led Wuxly to bring a third-party claim against the Company; and
  - (iii) an action by ICP against the Company, Andrew and David.
22. As a result of these proceedings, Management asserts that the Company faces a claim by Wuxly in the approximate amount of \$24.5 million and a claim by ICP in the approximate amount of \$1.7 million.
23. The Company has refocused its efforts on its historically profitable core business of designing and manufacturing custom machinery and automation equipment.

#### SECURED LENDERS AND TRADE CREDITORS

##### Secured Creditors

24. The Company has no secured operating or term lender, however the Company has obtained equipment financing from a number of lessors, which have registered their security interest against certain equipment pursuant to the *Personal Property Security Act (Ontario)* ("PPSA"). Certified copies of the PPSA registration system enquiry response with a file currency of December 18, 2025, for the Company and business name, Harbour Technologies, are attached hereto as Appendix 'B'.

##### Unsecured Creditors

25. Excluding Wuxly, ICP and the lessors with registrations under the PPSA, the Company reports approximately \$150,000 in amounts owing to unsecured trade creditors as at the date of the NOI.

##### Employees

26. Payroll is paid weekly. Employee wages and vacation pay are current to the last payroll.

##### Canada Revenue Agency ("CRA")

27. As at the date of the NOI, the Company had payroll source deduction and HST arrears owing to the CRA in the approximate amounts of \$307,000 and \$31,000, respectively. The Company's corporate income tax account was in a refund position of approximately \$384,000, which refund was being held by CRA due to non-compliance with filing requirements.
28. On December 17, 2025, the Company requested the CRA transfer approximately \$307,000 and

\$11,000 of its corporate tax refund to satisfy the payroll source deduction arrears and a portion of the HST arrears, respectively. The balance of the HST arrears will be satisfied through an anticipated upcoming HST filing refund.

#### PROPOSAL TRUSTEE'S ACTIVITIES TO DATE

29. The Proposal Trustee has established the Proposal Trustee's Website for these Proposal Proceedings. All court documents and other relevant documents will continue to be posted as they are made available.
30. In accordance with its obligations under the BIA, the Proposal Trustee prepared and mailed a notice on December 18, 2025, which includes information about these Proposal Proceedings, to all known creditors who have a claim against the Company of more than \$250.
31. Further, the Proposal Trustee has, among other things:
  - (i) participated in various calls with Management and the Company's counsel;
  - (ii) assisted the Company with stakeholder and customer communications;
  - (iii) participated in various discussions with Management and certain stakeholders in connection with developing a sale and marketing process;
  - (iv) reviewed and commented on the Cash Flow Forecast;
  - (v) created a weekly monitoring protocol to review the Company's weekly cash receipts and disbursements;
  - (vi) corresponded with creditors and other stakeholders who had questions regarding the Proposal Proceedings; and
  - (vii) prepared this First Report, including a preliminary review of the Company's assets, liabilities and operations.

#### CASH FLOW FORECAST

32. The Company's Cash Flow Forecast and related assumptions for the 14-week period ending March 22, 2026, together with Management's report on the Cash Flow Forecast (as required under subsection 50.4(2)(c) of the BIA) are attached hereto as Appendix 'C'.
33. Based on the Proposal Trustee's review of the Cash Flow Forecast, there are no material assumptions

which seem unreasonable in the present circumstances. The Proposal Trustee's report on the Cash Flow Forecast (as required under subsection 50.4(2)(b) of the BIA) is attached hereto as Appendix 'D'.

34. The Cash Flow Forecast presents that the Company will experience net cash inflows of approximately \$142,439 during the 14-week period covered by the Cash Flow Forecast. However, due to the timing of projected receipts relative to disbursements, the Company projects that it will require interim financing in the aggregate amount of \$110,000 to fund post-filing obligations. As a result, the Company is seeking approval of interim financing and a charge to support such financing to pay its post-filing obligations, including the cost of these proceedings.
35. The Proposal Trustee has arranged reporting and monitoring processes with Management which include reviewing the weekly budget versus actual cash flows, financial reporting and receipts and disbursements.

#### INTERIM FINANCING CHARGE

36. The Company is seeking approval for DIP Financing of up to \$110,000, as required, in order to provide sufficient liquidity for the Company to pay its post-filing working capital requirements and any professional fees and expenses incurred in connection with these Proposal Proceedings.
37. The Company is seeking approval to obtain the DIP Financing from lenders (the "DIP Lenders") through the issuance of certificates ("DIP Certificates") for any amount borrowed by way of DIP Financing and the DIP Financing shall be on the terms and subject to the conditions set forth in the DIP Certificates, including interest at a notional rate per annum equal to the prime commercial lending rate of the Bank of Montreal from time to time. A copy of the DIP Certificates is attached hereto as Appendix 'E'.
38. The Company seeks approval for the DIP Lenders to be provided with a DIP Lenders' Charge over the Company's Property. Any DIP Financing advances and any DIP Certificates evidencing the same shall rank and benefit from the DIP Lenders' Charge on a *pari passu* basis. The DIP Lenders' Charge will rank in priority to all other encumbrances but will be subordinate to the Administration Charge.
39. The Proposal Trustee believes the terms of the DIP Certificates are reasonable and competitive in the circumstances. The interest rate of prime is far below the market rate for DIP financing, which generally would sit at over 10% per annum, due to the risk involved. In addition, the use of certificates as the debt instruments avoids the comparatively onerous requirements of a standard DIP loan agreement, and the costs of negotiating the same.

40. The Proposal Trustee is of the view that the Company's request for approval of the DIP Financing and the DIP Lenders' Charge is appropriate, fair and reasonable in order to provide the Company with the necessary financing to maintain ongoing operations. Absent approval of this interim financing, the Company may be forced to cease operations and commence liquidation of its assets, resulting in lost jobs and lost value for the Company's creditors and stakeholders.

#### EXTENSION OF STAY OF PROCEEDINGS

41. Given the date on which the NOI was filed, the Company is currently required to make a proposal by January 16, 2026.
42. The Company is seeking an extension of the stay of proceedings from January 16, 2026, to January 30, 2026.
43. In the Proposal Trustee's view, based on the Cash Flow Forecast and provided that DIP Financing is approved, the Company will have sufficient liquidity to satisfy its obligations as they come due during the proposed extension period.
44. Further, the Company, with the support of the Proposal Trustee, is in the process of developing a sale and investment solicitation process ("SISP") which the Company anticipates obtaining Court approval of when the Company next returns to Court on January 27, 2026. The SISP is anticipated to be structured around a stalking-horse bid. It is also anticipated that the stalking-horse bidder will act as a DIP Lender.
45. The Proposal Trustee supports the Company's extension request for the following reasons:
  - (i) the extension of the stay would permit the Company and the Proposal Trustee to finalize a proposed SISP for the Company's Property;
  - (ii) in the Proposal Trustee's assessment, the Company has acted, and continues to act, in good faith and with due diligence;
  - (iii) it is more likely that the Company will be able to make a viable proposal if the extension is granted;
  - (iv) it will allow the Proposal Trustee and the Company to advance the proposed SISP with the goal of identifying a purchaser and closing a sale transaction;
  - (v) no creditor would be materially prejudiced if the extension being applied for is granted; and
  - (vi) as at the date of this Report, the Proposal Trustee is not aware of any party opposed to an

extension.

#### ADMINISTRATION CHARGE

46. The Company is seeking the Court's approval of the Administration Charge up to a maximum amount of \$400,000 plus taxes and disbursements to secure the professional fees and disbursements incurred during these Proposal Proceedings by the Professional Group.
47. The Proposal Trustee has considered the Company's request and supports the request on the basis that:
  - (i) these charges are typical in restructuring proceedings pursuant to the BIA and the *Companies' Creditors Arrangement Act* ("CCAA"), as the charge facilitates an orderly restructuring process;
  - (ii) the Administration Charge is required to protect the Professional Group who have been retained in these Proposal Proceedings for their fees and disbursements, given the Company's current financial challenges and insolvency; and
  - (iii) the Professional Group requires the protection afforded by the Administration Charge in order to continue in their respective roles throughout these Proposal Proceedings.
48. The Proposal Trustee is of the view that the Administration Charge is reasonable and appropriate in the circumstances.

#### DIRECTOR AND OFFICER CHARGE

49. The Company is seeking the Court's approval of a Directors' Charge up to a maximum amount of \$100,000 for the benefit of the Company's officers and directors as security for the Company's obligations and liabilities that they may incur as directors and officers after filing the NOI and will only be available to the extent that the directors' existing insurance policies do not provide coverage for such claims.
50. The Proposal Trustee has considered the Company's request and supports the request on the basis that:
  - (i) these charges are typical in restructuring proceedings pursuant to the BIA and the CCAA, as the charge facilitates an orderly restructuring process;
  - (ii) the Company's directors and officers are highly knowledgeable with respect to the business

and are essential to the success of the restructuring efforts. The Director's Charge is required to protect the directors and officers, who require the protection afforded by the Directors' Charge in order to continue in their respective roles throughout these Proposal Proceedings; and

- (iii) because the wages are paid weekly, one week in arrears, there could be, at a given time, up to two weeks of wages accrued but unpaid, for which the directors would be personally liable under the *Employment Standards Act (2000)*, and the amount of the Directors' Charge corresponds to such two weeks of payroll, with a small buffer added.

51. The Proposal Trustee is of the view that the Directors' Charge is reasonable and appropriate in the circumstances.

#### NEXT STEPS

52. The Proposal Trustee understands that the Company will bring a motion to be heard by January 27, 2026 (subject to Court availability) for Court approval of the SISP and an extension of the time required to file its proposal.

53. To that end, the Proposal Trustee understands that the Company intends to engage BDO's M&A and Capital Markets team to act as sales agent and assist the Proposal Trustee in carrying out the SISP.

54. Subject to the granting of the relief requested in the Company's motion, the Proposal Trustee intends to continue to work collaboratively with the Company, the DIP Lenders and other stakeholders towards a successful restructuring or sale transaction.

#### CONCLUSIONS AND RECOMMENDATIONS

55. Based on the above, the Proposal Trustee respectfully recommends that the Court grant an order providing the relief described in section 6(b) of this First Report.

All of which is respectfully submitted this 7<sup>th</sup> day of January, 2026.

BDO CANADA LIMITED  
in its capacity as Proposal Trustee of  
Reactor Engineering Group Ltd. o/a Harbour Technologies  
and not in its personal or corporate capacity



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Matthew Marchand, CPA, CMA, CIRP, LIT  
Senior Vice President

Court File No.: CV-26-00035949-0000  
Estate No.: 35-3311888

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF REACTOR ENGINEERING GROUP LTD.

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(IN BANKRUPTCY AND INSOLVENCY)**

PROCEEDING COMMENCED AT WINDSOR

**FIRST REPORT OF PROPOSAL TRUSTEE**

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*Lawyers for the Proposal Trustee*

# APPENDIX C



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**January 27, 2026**

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**Attention: Sam Babe**  
Email: [SBabe@blg.com](mailto:SBabe@blg.com)

**Re: In the Matter of the Notice of Intention to Make a Proposal of Reactor Engineering Group Ltd. (“Reactor”)**

Mr. Babe,

As you are aware, we are counsel to Woolly Mammoth Outerwear Inc., o/a Wuxly Movement (“**Wuxly Movement**”). We have copied counsel to BDO Canada Limited, in its capacity as proposal trustee (the “**Proposal Trustee**”) on this correspondence.

We have had an opportunity to review Reactor’s Motion Record filed in support of its motion returnable on January 30, 2026 seeking, among other things: (i) approval of a sale and investment solicitation process (the “**Proposed SISP**”); and (ii) approval of a stalking horse asset purchase agreement (the “**Stalking Horse APA**”) between Reactor and Atmis Protective Equipment Inc., a related party (the “**Stalking Horse Bidder**”). Wuxly Movement has serious concerns regarding certain aspects of the relief being sought which are set out below and, if not satisfactorily addressed, may necessitate our client’s opposition at the hearing.

- 1. Terms of Pinnacle Engagement:** We note that the engagement letter dated as of January 23, 2026 among Reactor and Pinnacle Consultants Inc. (“**Pinnacle**”) contemplates fees in the range of 25% to 30% of the Scientific Research and Experimental Development credits that Pinnacle will be pursuing. This proposed fee structure appears to be significantly above prevailing market rates which are typically in the range of 15% to 20%. What efforts, if any, were made by Reactor and/or the Proposal Trustee to negotiate these fees and/or canvass the fees of other similar consultants that may be able to provide similar services? Is Reactor able to negotiate a lower rate with Pinnacle?



2. **Stalking Horse Break Fee:** The proposed break fee of \$75,000, representing ~28.6% of the proposed purchase price of \$261,845 is inordinately high. Not only is the quantum of such break fee disproportionate to the proposed purchase price, but it is also likely to have a significant chilling effect on the solicitation of higher or better bids. Accordingly, Wuxly Movement's position is that such break fee should not exceed \$25,000, which, at ~10% of the proposed purchase price, would still be on the higher end of what we would view as market.

3. **Proposed Sale Process:**

a. **Duration:** If approved on January 30, 2026, the Notice (as defined in the Proposed SISP) would not need to be distributed until February 6, 2026. This means that potentially interested parties may only have 3 weeks to become apprised of the opportunity, execute a non-disclosure agreement, get access to the data room, conduct due diligence and submit a binding bid by the bid deadline of February 27, 2026. This timeline is unjustifiably truncated, does not adequately canvass the market and unfairly advantages the Stalking Horse Bidder, by limiting the opportunity for competing bidders to conduct due diligence and prepare qualified binding offers. In this regard, we note that Reactor's cash-flow projections show that it will still have more than \$310,000 in liquidity on March 16, 2026 (being the proposed date of a sale approval hearing). Accordingly, Wuxly Movement requests a meaningful extension of the bid deadline to no earlier than March 27, 2026, or such later date that is supported by Reactor's cashflows.

b. **Confidentiality of Bids:** We note that pursuant to the Proposed SISP, the Proposal Trustee is to assess bids that are received in consultation with Reactor. The Affidavit of Andrew Glover sworn January 23, 2026 outlines both ownership and employee overlap between Reactor and the Stalking Horse Bidder. Specifically, we note that the majority owner of the Stalking Horse Bidder is employed by Reactor. It is a basic tenet of any fair and transparent sale process that measures are taken to ensure that information about competing bids is not shared with other bidders. It is therefore not appropriate for the Proposal Trustee to share the content, details or status of any bids that are with Reactor's management or board as doing so jeopardizes the integrity of the sale process. Please confirm that the Proposed SISP will be amended to reflect this.

We would also appreciate this opportunity to put Reactor and the Proposal Trustee on notice that in the event the Stalking Horse APA is ultimately selected as the successful bid, Wuxly Movement expects that the Proposal Trustee will carefully assess and report on whether the consideration payable pursuant to the proposed Stalking Horse APA will result in greater realization for the assets being acquired (including but not limited to Inventories, Pre-Paid Expenses, Intellectual Property and Tangible Personal Property, as each such term is defined in the Stalking Horse APA) than could be obtained in a liquidation scenario.

Lastly, please be advised that Wuxly Movement is interested in participating in the Proposed SISP and should be treated as a Known Potential Bidder (as such term is defined therein). Please provide us with a copy of the Teaser Letter and NDA at the earliest opportunity.

Blakes

We are hopeful that the concerns raised above can be resolved on a consensual basis, obviating the need for a contested hearing. **To that end, we request your written response by no later than 12:00 PM (Toronto time) on Wednesday January 28, 2026** so that Wuxly Movement may assess its position in advance of the hearing on January 30, 2026.

Yours truly,

A handwritten signature in blue ink, appearing to read "Aryo", with a stylized flourish underneath.

Aryo Shalviri

cc: E. Marques & A. Li, *counsel to Wuxly Movement*  
N. Hollard, *counsel to Reactor*  
K. Plunkett & C. Delfino, *counsel to the Proposal Trustee*

# APPENDIX D

## SALE PROCESS Reactor Engineering Group

### INTRODUCTION

On December 16, 2025, Reactor Engineering Group Ltd. o/a Harbour Technologies (“**Harbour Technologies**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”, and the proceedings, the “**NOI Proceedings**”). BDO Canada Limited, a licensed insolvency trustee, was appointed as proposal trustee (the “**Proposal Trustee**”) under the NOI Proceedings.

On or about January 30, 2026, the Ontario Superior Court of Justice (the “**Court**”) granted an order (the “**Sale Process Order**”) which approved, among other things:

- the Sale Process (the “**Sale Process**”) for the marketing and sale of the Company’s business and assets (the “**Property**”);
- the engagement of BDO Canada Transaction Advisory as sales agent (the “**Sales Agent**”) to assist the Proposal Trustee with carrying out the Sale Process;
- the Company entering into an stalking horse asset purchase agreement (the “**Stalking Horse Agreement**”) between the Company, as vendor, and ATMIS Protective Equipment Inc., as purchaser (in such capacity, the “**Stalking Horse Bidder**”), pursuant to which the Stalking Horse Bidder will make an offer to purchase the Property; and (ii) act as a stalking horse bidder in the Court-supervised Sale Process in the NOI Proceedings; and
- the Proposal Trustee, with the assistance of the Company’s management team and the Sales Agent, to undertake the Sale Process.

The Sale Process herein sets out the manner in which: (a) binding offers for executable transactions involving all or substantially all, or any portion, of the Property will be solicited from interested parties; (b) any such offers received will be evaluated; (c) any Successful Bid (as defined below) will be selected and (d) Court approval of any Successful Bid will be sought.

The Sale Process will be conducted by the Sales Agent and the Proposal Trustee in the manner set forth herein and in accordance with the Sale Process Order. In the event there is a disagreement as to the interpretation or application of the Sale Process, the Court will have exclusive jurisdiction to hear and resolve such dispute.

The Proposal Trustee will post on the Proposal Trustee’s website, any modification, amendment, variation or supplement to the Sale Process and inform the bidders impacted by such modification, amendment, variation or supplement.

In the Sale Process, (i) “**Business Day**” means any day (other than Saturday or Sunday) that banks are open for business in Toronto, Ontario. If any deadline date referred to in the Sale Process falls on a day that is not a Business Day, then such date shall be extended until the next Business Day; and (ii) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase, “without limitation”.

### THE OPPORTUNITY

The Sale Process is intended to solicit interest in, and opportunities for a sale of all or substantially all or part of the Property as a going concern or otherwise, or some combination thereof (each, a “**Transaction**”).

The Sale Process Order, the procedures in respect of the Sale Process as contained herein (the “**Sale Process Procedures**”) and any subsequent orders issued by the Court pertaining to the Sale Process Procedures shall exclusively govern the process for soliciting and selecting bids for the Transaction.

The purpose of the Sale Process Procedures is to determine whether a better Transaction than the transaction contemplated by the Stalking Horse Agreement may be obtained by the Proposal Trustee in a formal marketing process approved by the Court.

The Sale Process contemplates a one stage process that involves the submission by interested parties of binding offers by the Bid Deadline (as defined below).

#### “AS IS, WHERE IS”

The sale of any Property or assets under the Stalking Horse Agreement or any Transaction to any party other than the Stalking Horse Bidder will be on an “*as is, where is*” basis and without surviving representations or warranties, covenants or indemnities of any kind, nature, or description by the Company, the Sales Agent, the Proposal Trustee, or any of their respective agents, advisors or representatives, and all of the right, title and interest of the Company in and to the Property to be acquired, will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to a Court order, except as otherwise provided in such Court order.

#### TIMELINE

The following table sets out the key milestones under the Sale Process:

Milestone	Deadline
Commencement of Sale Process	January 30, 2026
Distribution of the Notice	Within five (5) Business Days of issuance of Sale Process Order
Distribution of Teaser Letter and Marketing Materials	Within two (2) Business Days of issuance of Sale Process Order
Bid Deadline	March 12, 2026
Auction Date (if necessary)	No later than March 17, 2026
Sale Approval Hearing	No later than March 31, 2026

The dates set out in the Sale Process may be revised or extended by the Proposal Trustee in its sole discretion.

#### SOLICITATION OF INTEREST

As soon as reasonably practicable:

1. the Sales Agent, with the approval of the Proposal Trustee, will prepare a list of potential bidders, including: (i) parties that have approached the Proposal Trustee or the Sales Agent indicating an interest in the opportunity; (ii) any parties provided by the Company and/or its advisors; and (iii) domestic and international strategic and financial parties who the Proposal Trustee believes may be interested in purchasing all or part of the Property (collectively, “**Known Potential Bidders**”);

2. the Proposal Trustee will arrange for a notice of the Sale Process (and such other relevant information which the Proposal Trustee considers appropriate) (the “**Notice**”) to be published in *The Globe and Mail* (National Edition) and any other newspaper or journal as the Proposal Trustee considers appropriate, if any, as soon as possible and by no later than five (5) Business Days after issuance of the Sale Process Order; and
3. the Sales Agent, with the approval of the Proposal Trustee, will prepare: (i) a process summary (the “**Teaser Letter**”) describing the opportunity, outlining the Sale Process Procedures and inviting recipients of the Teaser Letter to express their interest pursuant to the Sale Process; and (ii) a non-disclosure agreement in form and substance satisfactory to the Proposal Trustee (the “**NDA**”).

As soon as possible, and by no later than five (5) Business Days after issuance of the Sale Process Order, the Proposal Trustee will publish the Notice and by no later than two (2) Business Days after issuance of the Sale Process Order, the Sales Agent will send the Teaser Letter and the NDA to all Known Potential Bidders and to any other party who requests a copy of the Teaser Letter and the NDA or who is identified to the Proposal Trustee or the Sales Agent as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

## INTERESTED PARTIES

### *Delivery of Confidential Information Package*

Any party who wishes to participate in the Sale Process must provide to the Sales Agent, unless the Proposal Trustee or the Sales Agent confirms to such potential bidder that the below documents are already available to the Proposal Trustee, the following:

1. the NDA executed by it and a letter setting forth the identity of the potential bidder, the contact information for such potential bidder and full disclosure of the direct and indirect principals of the potential bidder; and
2. where the Proposal Trustee deems appropriate, such form of financial disclosure and credit quality support or enhancement that allows the Proposal Trustee to make a reasonable determination as to the potential bidder’s financial and other capabilities to consummate a Transaction.

If the Proposal Trustee determines, exercising its reasonable business judgment, that a bidder has: (i) delivered the documents contemplated in the immediately preceding paragraph; and (ii) the financial capability based on the availability of financing, experience and other considerations, to be able to consummate a Transaction pursuant to the Sale Process, then such bidder shall be deemed to be a “**Qualified Bidder.**” For greater certainty, no bidder shall be deemed to be a Qualified Bidder without the approval of the Proposal Trustee.

At any time during the Sale Process, the Proposal Trustee may, in its reasonable business judgment, eliminate a Qualified Bidder from the Sale Process, in which case such Qualified Bidder will be eliminated from the Sale Process and will no longer be a Qualified Bidder for the purposes of the Sale Process.

The Sales Agent, with the approval of the Proposal Trustee, will prepare and share with each Qualified Bidder a confidential information package providing additional information considered relevant to the potential Transaction (the “**Confidential Information Package**”).

The Proposal Trustee and its advisors make no representation or warranty as to the completeness and accuracy of the information contained in the Confidential Information Package or otherwise made available pursuant to the Sale Process, except to the extent expressly contemplated in any definitive

sale agreement with a Successful Bidder ultimately executed and delivered by the Proposal Trustee. None of the Sales Agent, the Proposal Trustee or the Company is responsible for, and will bear no liability with respect to, any information provided and obtained by any party in connection with the Company or the sale of the Property.

Qualified Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property in connection with their participation in the Sale Process and any Transaction they enter into with the Proposal Trustee.

### ***Due Diligence***

The Sales Agent, with the approval of the Proposal Trustee, shall, in its reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials and information relating to the Property as they reasonably request. Due diligence access may include management presentations, access to electronic data rooms, on-site inspections, and other matters which a Qualified Bidder may reasonably request and as to which the Proposal Trustee in its reasonable business judgment may agree.

The Proposal Trustee will designate a representative to coordinate all reasonable requests for additional information and due diligence access from a Qualified Bidder and the manner in which such requests must be communicated. None of the Sales Agent, the Proposal Trustee or the Company will be obligated to furnish any information relating to the Property to any person other than to Qualified Bidder. Further, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Proposal Trustee determines such information to represent proprietary or sensitive competitive information.

### **SUPERIOR BIDS**

A “**Superior Bid**” means a credible, reasonably certain and financially viable Qualified Bid (defined below), the terms of which are, in the determination of the Proposal Trustee and its Sales Agent acting reasonably, no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse Agreement, and which at a minimum includes a payment of the Purchase Price (as defined in the Stalking Horse Agreement plus a minimum additional amount of \$75,000.

### **QUALIFIED BIDS**

Qualified Bidders that wish to make a formal offer to purchase the Property or a portion thereof shall submit a binding offer (a “**Bid**”) on substantially the same terms and conditions as the terms and conditions contained in the Stalking Horse Agreement. In order to be considered a “**Qualified Bid**”, a Bid must meet the following minimum criteria:

1. the Bid must be received by the Proposal Trustee at the address specified in Schedule “**A**” hereto (including by email), so as to be received by the Proposal Trustee no later than 5:00 PM (Eastern Time) on March 12, 2026 (the “**Bid Deadline**”);
2. the Qualified Bidder and the representatives thereof who are authorized to act on the Qualified Bidder’s behalf must be sufficiently identified;
3. the Bid must be submitted in writing and include a blackline of the offer to the Stalking Horse Agreement, reflecting the Qualified Bidder’s proposed changes;
4. the Bid must be accompanied by a deposit by way of certified cheque or wire transfer, in an amount equal to at least 10% of the aggregate purchase price payable under the Bid;

5. the Bid must be open for acceptance by the Proposal Trustee until approval by the Court of the execution by the Qualified Bidder and the Proposal Trustee of an agreement of purchase and sale in respect of the purchased assets subject to the Bid;
6. the Bid must be on terms no less favourable and no more burdensome or conditional than the Stalking Horse Agreement;
7. the Bid must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the offeror's obligation to complete the transaction that are not otherwise contained in the Stalking Horse Agreement;
8. the Bid must include a description of those liabilities and obligations (including operating liabilities) which the Qualified Bidder intends to assume and which such liabilities and obligations it does not intend to assume;
9. the Bid must be accompanied by written evidence of a commitment for financing or other evidence of the Qualified Bidder's ability to consummate the transaction contemplated by the Bid;
10. the Bid must be for a purchase price equal to or greater than the sum of the Purchase Price (as defined in the Stalking Horse Agreement) plus a minimum additional amount of \$75,000;
11. the Bid must be irrevocable until approval by the Court of the execution by the Qualified Bidder and the Proposal Trustee of an agreement of purchase and sale in respect of the purchased assets subject to the Bid;
12. the Bid constitutes, in the reasonable business judgment of the Proposal Trustee, a Bid; and
13. the Bid contemplates closing the Transaction set out therein on or before the outside closing date of no later than April 15, 2026.

The Transaction contemplated by the Stalking Horse Agreement shall be deemed to be a Qualified Bid.

The Proposal Trustee may waive strict compliance with any one or more of the non-material foregoing requirements and deem any such non-compliant bid to be a Qualified Bid.

## **SELECTION OF SUCCESSFUL BIDDERS**

Following the Bid Deadline, the Proposal Trustee will assess the Bids received in consultation with the Sales Agent. The Proposal Trustee shall approve the disqualification of any Bids that are deemed not to be Qualified Bids. Only bidders whose Bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).

The Proposal Trustee shall notify each bidder in writing as to whether its Bid constituted a Qualified Bid within four (4) Business Days following the Bid Deadline, or at such later time as the Proposal Trustee deems appropriate, in consultation with the Sales Agent.

If no Qualified Bids (either individually or in the aggregate) other than the Stalking Horse Agreement have been received by the Bid Deadline, then the Proposal Trustee, with the consent of the Stalking Horse Bidder, may consider an extension of the Bid Deadline for up to seven (7) Business Days to allow any party that submitted a Bid to consult with the Proposal Trustee and to revise such Bid such that it would provide for, or that might reasonably be expected to provide for, a Superior Bid.

### ***Evaluation of Competing Bids***

A Qualified Bid will be evaluated upon many factors, including, without limitation, items such as:

1. the Purchase Price and the net value provided by such Qualified Bid;
2. the identity, circumstances and ability of the Qualified Bidder to successfully complete such Transaction;
3. the proposed Transaction documents;
4. factors affecting the speed, certainty and value of the Transaction;
5. the assets included or excluded from the Bid;
6. the liabilities to be assumed in the Transaction;
7. the likelihood and timing of consummating such Transaction; and
8. whether the Transaction results in a Superior Bid.

Each, as determined by the Proposal Trustee, in consultation with the Sales Agent.

### ***Selection of Successful Bid***

The Proposal Trustee shall, in consultation with the Sales Agent:

1. first, review and evaluate each Qualified Bid, provided that the Proposal Trustee may contact any Qualified Bidder to clarify the terms of any Bid, and the applicable Qualified Bidder may amend, modify or vary such Bid for the purpose of clarification;
2. second, identify if any Qualified Bid is a Superior Bid; and
3. third, if one or more Qualified Bids are considered to be Superior Bid, those Qualified Bidders presenting a Superior Bid shall proceed to an auction with the Stalking Horse Bidder to be held on or before March 17, 2026 (the "Auction"), which Auction shall will be conducted and administered by the Proposal Trustee in accordance with the terms of this SISP proceed according to the Auction Procedures set out in **Schedule "B"** to this Sale

Process to identify the Successful Bid. Instructions to participate in the Auction, which will take place via video conferencing, will be provided to Qualified Bidders not less than 24 hours prior to the Auction.

The Proposal Trustee will review and evaluate each Superior Bid, if any, and: (a) may identify the highest or otherwise best offer for the Property (the “**Successful Bid**” or “**Successful Bidder**”); or (b) if no Superior Bid is received by the Bid Deadline, the Auction will not be held and the Stalking Horse Bidder will be declared to be the Successful Bidder. The determination of any Successful Bid by the Proposal Trustee shall be subject to approval by the Court.

### ***Sale Approval Motion Hearing***

At the hearing of the motion to approve any Transaction with a Successful Bidder (the “**Sale Approval Hearing**”), the Proposal Trustee shall seek, among other things, approval from the Court to consummate the Successful Bid. All the Qualified Bids other than the Successful Bid, if any, shall be deemed rejected by the Proposal Trustee on and as of the date of approval of the Successful Bid by the Court.

### **DEPOSIT**

All deposits shall be held by the Proposal Trustee in a single non-interest bearing account designated solely for such purpose. A deposit paid by a Successful Bidder shall be dealt with in accordance with the definitive documents for the Transaction contemplated by the Successful Bid. Deposits paid by bidders not selected as the Successful Bidder shall be returned to such bidder within three (3) Business Day of Court approval of the Successful Bid.

### **CONFIDENTIALITY AND ACCESS TO INFORMATION**

All discussions regarding a Transaction, Bid or Successful Bid should be directed through the Sales Agent. Under no circumstances, should the management of Company or its customers be contacted directly without the prior written consent of the Sales Agent or the Proposal Trustee. Any such unauthorized contact or communication could result in exclusion of the interested party from the Sale Process at the discretion of the Proposal Trustee.

Participants and prospective participants in the Sale Process shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Known Potential Bidders, Qualified Bidders, or Qualified Bids, the details of any Bids or Qualified Bids submitted or the details of any confidential discussions or correspondence between the Sales Agent, the Proposal Trustee and such other Known Potential Bidders or Qualified Bidders in connection with the Sale Process.

Notwithstanding the foregoing, under no circumstances will the Sales Agent or the Proposal Trustee share any material information concerning any of the Bids with any person other than the Company.

### **SUPERVISION OF THE SALE PROCESS**

The Sales Agent shall conduct the Sale Process, with the oversight of the Proposal Trustee in the manner set out in the Sale Process Procedures and is entitled to receive all information in relation to the Sale Process.

The Sale Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Sales Agent or the Proposal Trustee or the Company and any Qualified Bidder, Known Potential Bidder, or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Proposal Trustee.

Without limiting the preceding paragraph, the Sales Agent and the Proposal Trustee shall not have any liability whatsoever to any person or party, including, without limitation, any Qualified Bidder, Known Potential Bidder, the Successful Bidder, the Company or any creditor or other stakeholder of the Company, for any act or omission related to the process contemplated by the Sale Process Procedures, except to the extent such act or omission is the result from gross negligence or wilful misconduct of the Sales Agent or the Proposal Trustee. By submitting a Bid, each Known Potential Bidder, Qualified Bidder or Successful Bidder shall be deemed to have agreed that it has no claim against the Sales Agent or the Proposal Trustee in respect of the Sale Process for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct by the Sales Agent or the Proposal Trustee.

Participants in the Sale Process are solely responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a Transaction.

Notwithstanding the process and deadlines outlined above with respect to the Sale Process, with the prior consent of the DIP Lender (as defined in the First Report of the Proposal Trustee dated January 7, 2026), the Sales Agent and the Proposal Trustee may at any time: (i) pause, terminate, amend or modify the Sale Process; (ii) remove any portion of the Property from the Sale Process; (iii) bring a motion to the Court to seek approval of a sale of all or part of the Property or the Company, whether or not such sale is in accordance with the terms or timelines set out in the Sale Process Procedures; and (iv) establish further or other procedures for the Sale Process, provided that Qualified Bidders and Known Potential Bidders shall be advised of any substantive modification to the procedures set forth herein.

## Schedule "A"

### Address of Proposal Trustee, Proposal Trustee's Counsel and Sales Agent

**BDO Canada Limited**

20 Wellington Street East, Suite 500  
Toronto, ON M5E 1C5

Attention: Matthew Marchand and Martin Chan  
Email: [mmarchand@bdo.ca](mailto:mmarchand@bdo.ca)  
[mchan@bdo.ca](mailto:mchan@bdo.ca)

with copies to:

**Aird & Berlis LLP**

Brookfield Place, 181 Bay St. #1800  
Toronto, ON M5J 2T9

Attention: Kyle Plunkett and Cristian Delfino  
Email: [kplunkett@airdberlis.com](mailto:kplunkett@airdberlis.com)  
[cdelfino@airdberlis.com](mailto:cdelfino@airdberlis.com)

and to:

**BDO Canada Transaction Advisory**

222 Bay Street, Suite 2200  
Toronto, ON M5K 1H6

Attention: Michael Morrow and Salman Virani  
Email: [mmorrow@bdo.ca](mailto:mmorrow@bdo.ca)  
[svirani@bdo.ca](mailto:svirani@bdo.ca)

## Schedule "B"

### AUCTION PROCEDURES

1. On or before March 16, 2026, the Proposal Trustee will confirm those Qualified Bidders who submitted a Qualified Bid that they will be invited to the Auction.
2. Unless otherwise ordered by the Court, only the authorized representatives, professional advisors or agents of the Stalking Horse Bidder and each Qualified Bidder shall be eligible to attend at the Auction and make any Subsequent Bid (as defined below) at the Auction.
3. All Qualified Bidders and the Stalking Horse Bidder at the Auction must have at least one individual representative with authority to bind such Qualified Bidders and the Stalking Horse Bidder present at the Auction.
4. The Auction, if any, shall be conducted by the Proposal Trustee, on or before March 17, 2026 at 10:00 a.m. (Eastern Time) via video conference.
5. Each Qualified Bidder participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the bid process; and (ii) its bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bid. For greater certainty, communications between the Stalking Horse Bidder and the Proposal Trustee with respect to and in preparation of the Stalking Horse Agreement, if one is submitted and approved by the Court prior to the commencement of the SISP will not represent collusion or communications prohibited by this paragraph.
6. At the Auction, all Qualified Bidders and the Stalking Horse Bidder shall be permitted to increase their Qualified Bids and the bid contemplated by the Stalking Horse Agreement in accordance with the procedures set forth herein (each, a "Subsequent Bid"). All Subsequent Bids presented during the Auction shall be made and received via video conference on an open basis. All participating Qualified Bidders and the Stalking Horse Bidder shall be entitled to be present for all bidding with the understanding that the true identity of each participating Qualified Bidder shall be fully disclosed to all other Qualified Bidders and the Stalking Horse Bidder and that all material terms of each Subsequent Bid presented during the Auction will be fully disclosed to the Stalking Horse Bidder and all other participating Qualified Bidders throughout the entire Auction.
7. The Auction shall be recorded by the Proposal Trustee for its exclusive use and shall not be recorded by any other party.
8. At least one (1) Business Day(s) prior to the Auction, the Proposal Trustee will advise the Stalking Horse Bidder and all other Qualified Bidders which of the Qualified Bidders or the Stalking Horse Bidder the Proposal Trustee has determined, in its reasonable business judgment, after consultation with its advisors, constitutes the then highest or otherwise best offer Transaction (the "Starting Bid").
9. Bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one Subsequent Bid is submitted by a Qualified Bidder or the Stalking Horse Bidder that: (i) improves upon such Qualified Bidder's immediately prior Superior Bid or the bid contemplated by the Stalking Horse Agreement, as the case may be, and meets the overbid requirement set forth in paragraphs 10 and 11 below; and (ii) the Proposal Trustee determines, in its reasonable business judgment, after consultation with its advisors, such Subsequent Bid is a higher or otherwise better offer than the then current leading Superior Bid.
10. Bidding at the Auction shall be in minimum cash increments of \$25,000 and shall continue until such time as the highest and best bid is determined by the Proposal Trustee's reasonable business judgment after consultation with its advisors. For the purpose of evaluating the value of the consideration provided by each Bid (including any Subsequent Bid by the Stalking Horse Bidder) presented at the Auction, the value will: (i) be deemed to be the net consideration payable to the Proposal Trustee; and (ii) take into account any additional liabilities of the

- Company to be assumed by a Qualified Bidder.
11. After the first round of bidding and between each subsequent round of bidding, the Proposal Trustee shall announce the Subsequent Bid that the Proposal Trustee has determined, in its reasonable business judgment, after consultation with its advisors, to be the then highest or best bid (the "**Leading Bid**"). A round of bidding will conclude after each participating Qualified Bidders and the Stalking Horse Bidder has had an opportunity to submit a Subsequent Bid with full knowledge of the Leading Bid.
  12. If no Qualified Bidder or the Stalking Horse Bidder submits a Subsequent Bid (as determined by the Proposal Trustee) after a period of 15 minutes following the Proposal Trustee's acceptance of a Subsequent Bid as the Leading Bid, and the Proposal Trustee chooses not to adjourn the Auction further, the Proposal Trustee shall enter into a binding agreement of purchase and sale substantially on the same terms as the Superior Bid or the Stalking Horse Agreement (as the case may be), as amended by the Leading Bid, with the Qualified Bidder or the Stalking Horse Bidder (the Successful Bidder) that submitted the highest and best Bid as determined by the Proposal Trustee, whereupon the Auction will be concluded.
  13. No bids will be considered for any purpose after the Auction has concluded.
  14. At the Auction, the Proposal Trustee, after consultation with its advisors, may employ and announce additional procedural rules that are fair and reasonable under the circumstances (e.g., the amount of time allotted to make Subsequent Bids) for conducting the Auction; provided, however, that such rules are: (a) not inconsistent with the Auction procedures set forth in this Schedule "B", the BIA, any order of the Courts entered in connection with such Auction procedures; and (b) disclosed to each Qualified Bidder and the Stalking Horse Bidder at the Auction.

# APPENDIX E

**REACTOR ENGINEERING GROUP LTD.**

as Vendor

and

**ATMIS PROTECTIVE EQUIPMENT INC.**

as Purchaser

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**STALKING HORSE ASSET PURCHASE AGREEMENT**

January 23, 2026

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## STALKING HORSE ASSET PURCHASE AGREEMENT

This stalking horse asset purchase agreement is dated January \_\_\_\_, 2026 between Reactor Engineering Group Inc., a corporation incorporated pursuant to the *Business Corporations Act* (Ontario) (the “**OBCA**”) doing business as Harbour Technologies (the “**Vendor**”), as vendor, and ATMIS Protective Equipment Inc., a corporation incorporated pursuant to the *OBCA* (the “**Purchaser**” and, collectively with the Vendor, the “**Parties**” and either one, a “**Party**”), as purchaser.

### RECITALS:

- (a) on December 16, 2025, the Vendor initiated proceedings (the “**Proposal Proceedings**”) under the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3 (the “**BIA**”) by filing a Notice of Intention to Make a Proposal (“**NOI**”) under subsection 50.4(1) of the *BIA*. BDO Canada Limited was appointed as the proposal trustee of the Vendor in the Proposal Proceedings (in such capacity, the “**Proposal Trustee**”);
- (b) in connection with the Proposal Proceedings, the Vendor intends to seek approval from the Ontario Superior Court of Justice (the “**Court**”) of a sale and investment solicitation process to be conducted by BDO Canada Transaction Advisory Services Inc. (“**BDO Transaction Advisory**”) and overseen by the Proposal Trustee, substantially in the form of the process set out on **Schedule “A”** to this Agreement (the “**Stalking Horse Sales Process**”), pursuant to which this Agreement will serve as the Stalking Horse Bid (as defined herein) to acquire the Purchased Assets (as defined herein);
- (c) this Agreement is intended to serve as the Stalking Horse Bid (as defined herein) in the Stalking Horse Sales Process; and
- (c) subject to Court approval, the completion of the Stalking Horse Sales Process, and determination by BDO Transaction Advisory and the Proposal Trustee that none of the Qualified Bids other than the Stalking Horse Bid constitutes a Superior Bid (as defined herein) resulting in a Successful Bid (as defined herein), the Purchaser agrees to purchase and acquire and the Vendor has agreed to sell, transfer and assign to the Purchaser, the Purchased Assets, on the terms and conditions set forth herein.

In consideration of the above and for other good and valuable consideration, the Parties agree as follows:

### ARTICLE 1 INTERPRETATION

#### Section 1.1 Definitions.

As used in this Agreement (including in the recitals above), the following terms have the following meanings:

“**Accounts Receivable**” means all accounts receivable, bills receivable, trade accounts, book debts notes and other debts due or accruing due to the Vendor, including recoverable deposits, in each case owned by the Vendor on the Closing Date.

“**Administrative Professionals**” means the Vendor’s legal counsel, the Proposal Trustee, the Proposal Trustee’s legal counsel.

“**Administration Charge**” means the charge granted by the Court pursuant to the Initial Order to secure the fees and expenses of the Administrative Professionals;

“**Affiliate**” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to “**control**” another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term “**controlled**” shall have a similar meaning.

“**Agreement**” means this stalking horse asset purchase agreement, including all schedules annexed hereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

“**Approval and Vesting Order**” means the approval and vesting order issued by the Court, in form and substance satisfactory to the Purchaser, the Vendor and the Proposal Trustee, each acting reasonably, which shall, among other things, approve this Agreement and the transaction contemplated by this Agreement and convey to the Purchaser the Purchased Assets, free and clear of all Encumbrances other than the Permitted Encumbrances.

“**Assigned Contracts**” means all contracts, agreements, commitments, promises or undertakings of the Vendor (including any indenture, note, bond or other evidence of indebtedness, equipment lease, equipment financing contract, instrument, license, Real Property Lease, purchase order or other legally binding agreement) whether written or oral, to be assigned to the Purchaser in accordance with Article 4 or by way of an Assignment Order, provided that the Purchaser may add any contracts to the Excluded Assets on **Schedule “B”** up until two (2) Business Day prior to the Closing Date.

“**Assignment Order**” means an order of the Court requiring the assignment of contracts designated by the Purchaser to which the Vendor is a party to the Purchaser, in form and substance satisfactory to the Purchaser and the Proposal Trustee, acting reasonably.

“**Assumed Liabilities**” shall have the meaning defined in Section 3.1.

“**BIA**” shall have the meaning defined in the Recitals.

“**Bid Deadline**” means February 27, 2026, as may be extended in accordance with the Stalking Horse Sales Process.

“**Books and Records**” means all information in any form relating to, or used in connection with, the Business, including books of account, financial and accounting information and

records, personnel records, sales and purchase records, customer and supplier lists, business reports, operating guides and manuals, plans and projections, marketing and advertising materials, corporate records, and all other documents, files, correspondence and other information (whether in written, printed, electronic or computer printout form, or stored on computer discs or other data and software storage and media devices);

“**Break Fee**” shall have the meaning defined in Section 10.1(2).

“**Business**” means the businesses operated by the Vendor, which consists of the development and manufacture of custom machine tools, high-tolerance tools, machining and assembled components for the nuclear, oil and gas, aerospace and automotive industries, and matters related thereto.

“**Business Day**” means a day on which banks are open for business in the City of Windsor but does not include a Saturday, Sunday, or statutory holiday in the Province of Ontario.

“**Cash Amount**” has the meaning defined in Section 5.2 (a).

“**Confidential Information**” means all information or materials relating to or concerning the Vendor, the Purchased Assets or the Business that are not generally available to the public (including information or materials relating to or concerning products or services, pricing structures, accounting and business methods, business and strategic plans, financial data, budgets and projections, marketing plans, employee information, training techniques and materials, customer lists and other marketing lists, contracts, arrangements with third parties, inventions, devices, data servers, software, new developments, methods and processes, customers and clients and customer or client lists, copyrightable works and all technology, trade secrets and other intellectual property and proprietary information whether owned or licensed), provided that all Personal Information shall be Confidential Information whether or not it is generally available to the public.

“**Closing**” shall have the meaning defined in Section 11.1.

“**Closing Date**” means the date that is two (2) Business Days after the conditions of closing in Article 10 of this Agreement are satisfied or waived and shall, in no event, be later than the Outside Date.

“**Consent Required Contracts**” means the contracts to which the Vendor is a party and which are not assignable in whole or in part without the consent, approval or waiver of the party or parties thereto other than the Vendor.

“**Contract Assumed Liabilities**” shall have the meaning defined in Section 4.1(2).

“**Court**” shall have the meaning defined in the Recitals.

“**Credit Bid Debt**” all or a portion of the Liabilities of the Vendor owing to the Purchaser, as the DIP Lender, pursuant to the DIP Financing and/or the Post-Filing Note, in an amount to be determined by the Purchaser and communicated to, and approved by, the Proposal Trustee in writing at least two (2) Business Days prior to the Closing Date.

“**Cure Payment**” means a payment solely required to comply with section 84.1(5) of the *BIA* to cure any existing monetary default or breach of the Vendor under any contract which is to become an Assigned Contract as at the date such contract becomes an Assigned Contract which, for greater certainty, may be an amount agreed to by the Purchaser and the counterparty to a Contract.

“**DIP Financing**” means the non-revolving loan facility in the maximum aggregate amount of the \$110,000 as approved by the Initial Order and to be advanced pursuant to DIP Certificates, as such term is defined in the Initial Order.

“**DIP Lender**” means ATMIS Protective Equipment Inc., in its capacity as lender to the Vendor pursuant to the DIP Financing.

“**Initial Order**” means the Order of the Court made January 16, 2026 in the Proposal Proceedings, among other things, approving the DIP Financing and granting the DIP Lenders’ Charge, the Administration Charge and the Directors’ Charge (as such terms are defined in the Initial Order).

“**Employee Plans**” means all the employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, retirement, pension, registered retirement savings, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices relating to the current or former directors, officers or employees of the Vendor maintained, sponsored or funded by the Vendor, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered, but excluding the Profit Sharing Plan.

“**Encumbrances**” means any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), easement, license, right of first refusal or first offer, title retention agreement or arrangement, conditional sale, deemed or statutory trust, restrictive covenant, execution, levies, or other financial or monetary claims or encumbrances of any nature (whether at law or equity), and any contract, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

“**ETA**” shall have the meaning defined in Section 6.1.

“**Excluded Assets**” shall have the meaning defined in Section 2.2.

“**Excluded Liabilities**” shall have the meaning defined in Section 3.2(1).

“**Excluded Litigation**” means, collectively: (i) the arbitration proceeding, *Woolly Mammoth Outerwear Inc. o/a Wuxly Movement v. Reactor Engineering Group Ltd. o/a Harbour Technologies, Andrew Glover and David Glover*; (ii) the Court action, *Woolly Mammoth Outerwear Inc. o/a Wuxly Movement v. International Custom Products Inc.*, CV-22-00683103-0000; and (iii) the Court action, *International Custom Products Inc. v. Reactor Engineering Group Ltd. o/a Harbour Technologies, Andrew Glover and David Glover*, CV-23-00699593-0000.

“**Governmental Authority**” means governments, regulatory authorities, governmental departments, agencies, commissions, commissioners, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, republic, territory, state or other geographic or political subdivision thereof, including, without limitation, any municipality in which the Real Property is located; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, and “**Governmental Authority**” means any one of them.

“**GST/HST**” means all goods and services tax and harmonized sales tax imposed under Part IX of the *ETA* or any other statute in any jurisdiction of Canada.

“**Intellectual Property**” means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, including without limitation, “Harbour Technologies” and “Reactor Engineering”, domain names, website names and world wide web addresses including, without limitation, “www.reactorengineeringgroup.com” and “www.harbour-tech.com”, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs; and (viii) any other intellectual property and industrial property.

“**Inventories**” means all inventories of stock-in-trade and merchandise including materials, supplied, work-in-progress and purchase finished goods (including those in possession of suppliers, customer and other third parties), in each case owned by the Vendor on the Closing Date.

“**ITA**” shall have the meaning defined in Section 6.3.

“**Laws**” means any principle of common law and all applicable: (i) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and by-laws; (ii) judgments, orders, writs, injunctions, decisions, awards and directives of any Governmental Authority; and (iii) to the extent that they are treated as binding by the Governmental Authority or have the force of law, policies, guidelines, notices and protocols of any Governmental Authority.

“**Liability**” means any debt, loss, damage, adverse claim, fines, penalties, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute

or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, and whether in or under statute, contract, tort, strict liability or otherwise), and includes all costs and expenses relating thereto (including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation).

**“Material Contract”** means any contract, licence or agreement to which the Vendor is at any time a party or pursuant to which the Vendor has at any time acquired rights, and includes rights of the Vendor to receive money due and to become due to it in connection with a contract, licence or agreement, but shall not include any contract, licence or agreement made in the ordinary course of Business under which the Vendor has a financial obligation or right to be paid of less than \$10,000 per year and which can be terminated by the Vendor in accordance with its terms without the Vendor being required to pay any damages, penalty or other amount by giving not more than thirty days notice, and notwithstanding any financial threshold, any other contract that would reasonably be expected to be material to the Business.

**“NOI”** shall have the meaning defined in the Recitals.

**“Notice”** shall have the meaning defined in Section 13.1.

**“Ordinary Course”** means, with respect to the Vendor, an action consistent with the past practices of the Vendor prior to the filing of the NOI and taken in the ordinary course of the normal day-to-day business and operations of the Vendor, provided that such action is in compliance, in all material respects, with applicable Laws (provided that it is required to comply with the requirements of the Proposal Proceedings).

**“Outside Date”** means March 31, 2026, or such later date as may be agreed to in writing by the Parties, and approved by the Proposal Trustee in writing.

**“Parties”** shall have the meaning defined in the Recitals.

**“Permitted Encumbrances”** means all security interests and other interests arising exclusively from the Assumed Liabilities and Contract Assumed Liabilities.

**“Person”** means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company, or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator, or other legal personal representative, Governmental Authority, or other entity however designated or constituted.

**“Personal Information”** has the meaning applied to such term under the *Personal Information Protection and Electronic Documents Act* (Canada).

**“Post-filing Note”** means the secured grid promissory note made January 7, 2026 by the Vendor in favour of the DIP Lender.

**“Premises”** means the Vendor’s leased premises located at 2545 and 2557 Doty Place, Windsor, Ontario, and 830 Richmond Street, Chatham, Ontario.

**“Pre-Paid Expenses”** means pre-paid expenses and deposits paid by the Vendor in connection with Assigned Contracts.

**“Proposal Proceedings”** shall have the meaning defined in the Recitals.

**“Proposal Trustee’s Certificate”** shall have the meaning defined in Section 11.1(3).

**“Priority Payables”** means all amounts outstanding and owed by the Vendor as of the Closing Date in respect of all salary, wages, bonuses, commissions, vacation pay, and other compensation relating to employment of all employees of the Vendor for the period beginning six-months prior to the date of filing of the NOI and ending on the Closing Date, source deductions relating to the same, HST/GST, plus the fees and disbursements secured by or to be secured by the Administration Charge to complete the administration of the Proposal Proceedings.

**“Profit Sharing Plan”** means the Vendor’s still-unfulfilled deferred profit sharing plan for its employees that was to be administered through Manulife.

**“Proposal Trustee”** means BDO Canada Limited, in its capacity as proposal trustee of the Vendor under the *BIA*.

**“Purchased Assets”** shall have the meaning defined in Section 2.1.

**“Purchase Price”** shall have the meaning defined in Section 5.1.

**“Purchaser”** shall have the meaning defined in the Recitals.

**“Qualified Bid(s)”** has the meaning defined in the Stalking Horse Sales Process.

**“Real Property Leases”** means the leases to the Premises.

**“Stalking Horse Sales Process”** shall have the meaning defined in the Recitals.

**“Sales Process Order”** means an order or orders to be sought from the Court upon terms acceptable to the Parties, each acting reasonably, that alone or in combination, among other things, authorizes the Vendor to enter into this Agreement and to conduct a marketing and sale process for the right, title and interest of the Vendor in and to the Purchased Assets and the Excluded Assets substantially in accordance with the Stalking Horse Sales Process.

**“Stalking Horse Bid”** shall have the meaning defined in Section 10.1(1).

**“Tangible Personal Property”** means, collectively, all furniture, fixtures, equipment, machinery, tools, vehicles, office equipment, supplies, computer hardware, telephones and other chattels (including those in possession of third parties) owned by the Vendor on the Closing Date.

**“Tax”** means: (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with

respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Party.

**“Time of Closing”** means 12:01 a.m. (Windsor time) on the Closing Date.

**“Transferred Employees”** means those employees of the Vendor who accept offers of employment from either the Purchaser an Affiliate of the Purchaser, as the case may be, made pursuant to Section 7.1 herein.

**“Transfer Taxes”** shall have the meaning defined in Section 6.2.

**“Vendor”** shall have the meaning defined in the Recitals.

**“Winning Bidder”** shall have the meaning defined in Section 10.1(3).

### **Section 1.2 Date for Any Action.**

If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

### **Section 1.3 Gender and Number.**

Any reference in this Agreement to gender includes all genders. Words importing the singular number only shall include the plural and vice versa.

### **Section 1.4 Headings, etc.**

The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect its interpretation.

### **Section 1.5 Currency.**

All references in this Agreement to dollars or to \$ are expressed in Canadian currency, unless otherwise specifically indicated.

### **Section 1.6 Certain Phrases, etc.**

In this Agreement (i) the words “including”, “includes” and “include” mean “including (or includes or include) without limitation”, and (ii) the phrase “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”. Unless otherwise specified, the words “Article” and “Section” followed by a number mean and refer to the specified Article or Section of this Agreement.

### **Section 1.7 Schedules.**

The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

## **ARTICLE 2 PURCHASED ASSETS**

### **Section 2.1 Purchased Assets.**

Subject to the terms and conditions of this Agreement, except for the Excluded Assets, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor, on the Closing Date, effective as of the Time of Closing, or such later time as is contemplated by this Agreement, all undertakings, property and assets of the Vendor, including any and all assets that relate to or are used in connection with the operation of the Business (collectively, the “**Purchased Assets**”), including but not limited to the following assets, all free and clear of all Encumbrances (other than Permitted Encumbrances):

- (a) the Assigned Contracts;
- (b) the Pre-Paid Expenses;
- (c) the Books and Records;
- (d) the Intellectual Property owned or leased by the Vendor;
- (e) the Inventories;
- (f) the Tangible Personal Property;
- (g) all orders, authorizations, approvals, licenses or permits of any Governmental Authority, owned, held or used by the Vendor;
- (h) all claims, actions, causes of action, indemnities, warranties, guarantees, rights of recovery, rights of set-off and rights of recoupment of the Vendor other than the Excluded Litigation;
- (i) all proceeds payable to the Vendor upon any policies of insurance, other than in respect of claims with respect to Excluded Assets; and

- (j) the goodwill of the Business, including the exclusive right of the Purchaser to (i) represent itself as carrying on the Business in continuation of and in succession to the Vendor, and (ii) use any words indicating that the Business is carried on.

## **Section 2.2 Excluded Assets.**

The Purchased Assets shall not include any of the following (collectively, the “**Excluded Assets**”):

- (a) cash on hand, bank balances, moneys in possession of banks or other depositories, term or time deposits and similar cash items of, owned or held by of for the account of the Vendor;
- (b) retainer funds held by counsel for the Vendor, the Proposal Trustee, BDO Canada Transaction Advisory Services Inc. or other professionals retained by the Vendor;
- (c) the Accounts Receivable;
- (d) the benefit of this Agreement;
- (e) any claims asserted by the Vendor in the Excluded Litigation;
- (f) any tax rebates, refunds or credits due to the Vendor including, without limitation, any Scientific Research and Experimental Development credits;
- (g) any legal files of the Vendor in the possession of or maintained by counsel for the Vendor;
- (h) Tangible Personal Property associated with contracts that are not Assigned Contracts;
- (i) the assets listed on **Schedule “B”**; and
- (j) any other assets that the Purchaser elects to exclude in writing prior to Closing in accordance with the terms of this Agreement.

For greater certainty, the Purchase Price will not be adjusted or set off against for Excluded Assets.

## **ARTICLE 3 ASSUMED LIABILITIES**

### **Section 3.1 Assumed Liabilities.**

Subject to the Closing, and except for the Excluded Liabilities, the Purchaser, or in the case of the Transferred Employees and Liabilities related to the Transferred Employees, an Affiliate of the Purchaser as the Purchaser may direct, if applicable, agrees to assume, as of the Time of Closing or such later time as is contemplated by this Agreement, all of the Vendor’s obligations and liabilities (and no other obligations or liabilities) relating to (collectively, the “**Assumed Liabilities**”):

- (a) the Purchased Assets arising and accruing in respect of the period after the Time of Closing and not related to any default existing at, prior to or as a consequence of Closing (which excludes all obligations and liabilities in connection with the Assigned Contracts, the assumption of obligations and liabilities of which is dealt with pursuant to Article 4);
- (b) the obligations and liabilities of the Vendor with respect to the Transferred Employees that are expressly assumed by the Purchaser or its Affiliate pursuant to this Agreement; and
- (c) any other liability which the Purchaser agrees in writing to assume on or before the Closing Date.

### **Section 3.2 Excluded Liabilities.**

- (1) Other than the Assumed Liabilities and the Contract Assumed Liabilities, the Purchaser shall not assume and shall have no obligation to discharge, perform or fulfill any liability or obligation of the Vendor or in connection with the Purchased Assets or the Business (the “**Excluded Liabilities**”), whether known, unknown, direct, indirect, absolute, contingent or otherwise or arising out of facts, circumstances or events, in existence on or prior to the Time of Closing (with respect to the Assumed Liabilities) or, subject to Article 4, on or prior to the date on which a contract to which the Vendor is a party becomes an Assigned Contract, respectively (with respect to the Contract Assumed Liabilities).
- (2) Without limiting the generality of (1), the Purchaser shall not assume and shall have no obligation in respect of: (i) any of the Excluded Assets; (ii) except as expressly provided herein, any liabilities of the Vendor for Taxes other than Transfer Taxes payable by the Purchaser pursuant to Section 6.2; (iii) any claims asserted against the Vendor in the Excluded Litigation; or (iv) the Profit Sharing Plan.

## **ARTICLE 4 ASSIGNMENT AND ASSUMPTION OF CONTRACTS AND LEASES**

### **Section 4.1 Assignment of Assigned Contracts.**

- (1) On or prior to the Bid Deadline, the Purchaser may, in its sole discretion, designate any contract to which the Vendor is a party to become an Assigned Contract.
- (2) Subject to Section 4.2, on Closing the Vendor shall be deemed to have assigned the benefit of any Assigned Contract and the Purchaser shall be deemed to have assumed, all of the Vendor’s obligations and liabilities relating to such Assigned Contract arising and accruing in respect of the period after Closing and not related to any default existing at, prior to or as a consequence of the Closing or of the assignment of such Assigned Contract (collectively, the “**Contract Assumed Liabilities**”), in each case without payment of any additional consideration.

#### **Section 4.2 Consent Required Contracts.**

- (1) Nothing in this Agreement shall be construed as an agreement to assign any Consent Required Contract, unless the consent, approval or waiver required to assign such Consent Required Contract has been given or an Assignment Order has been made with respect to such Consent Required Contract.
- (2) The Vendor and the Purchaser shall use reasonable commercial efforts to obtain the consents, approvals and waivers required for the assignment of the Consent Required Contracts that are designated as Assigned Contracts. Other than the payment of Cure Payments in accordance with this Agreement, which the Purchaser shall be required to pay, the Purchaser shall be under no obligation to pay any money, incur any obligations, commence any legal proceedings, or offer or grant any accommodation (financial or otherwise) to any third party in order to obtain any consent, approval or waiver for any Consent Required Contract.
- (3) Upon request by the Purchaser, the Vendor shall obtain the Assignment Order, should the Purchaser and Vendor not otherwise obtain any of the consents provided for in (2) above.

### **ARTICLE 5 PURCHASE PRICE**

#### **Section 5.1 Purchase Price.**

- (1) The aggregate purchase price for the Purchased Assets shall be made up of the following amounts (in aggregate, the “**Purchase Price**”), in each case exclusive of Transfer Taxes:
  - (a) \$261,845.00 less the amount of the Credit Bid Debt; *plus*
  - (b) The amount of the Credit Bid Debt; *plus*
  - (c) The aggregate amount of the Assumed Liabilities and the Contract Assumed Liabilities.

#### **Section 5.2 Payment of Purchase Price.**

The Purchase Price shall be satisfied by the Purchaser on Closing as follows:

- (a) as to the amount referred to in Section 5.1(1) (a), by wire transfer of immediately available funds on Closing payable to the Proposal Trustee, in trust (the “**Cash Amount**”);
- (b) as to the amount referred to in Section 5.1(1) (b), by cancellation of the Credit Bid Debt; and
- (c) as to the dollar value of the Assumed Liabilities and the Contract Assumed Liabilities, by the Purchaser assuming the Assumed Liabilities and the Contract Assumed Liabilities.

### **Section 5.3 Allocation of Purchase Price.**

The Parties covenant and agree with each other that the Purchase Price shall be allocated among the Purchased Assets, and that such Purchase Price allocation shall be mutually agreed upon by the Parties no later than two (2) Business Days prior to the Closing Date. The Parties agree to cooperate in the filing of such elections under applicable Tax codes or statutes as may be necessary or desirable to give effect to such allocation for Tax purposes. The Parties agree to prepare and file their respective tax returns in a manner consistent with the aforesaid allocations and elections.

### **Section 5.4 Adjustment of Purchase Price.**

Other than in accordance with Section 5.1(1) (a), the Purchase Price shall not be adjusted in any manner whatsoever.

## **ARTICLE 6 TAX MATTERS**

### **Section 6.1 ETA Elections.**

- (1) The Purchaser and the Vendor acknowledge and agree that the Purchaser is acquiring ownership, possession and use of substantially all of assets reasonably necessary for the Purchaser to carry on the Business and that the purchase and sale of the Purchased Assets shall be completed on the basis that no GST/HST (and no Tax imposed under any provision of any applicable provincial or territorial legislation imposing a similar value-added or multi-staged Tax) will be payable by the Purchaser in respect of the purchase and sale of the Purchased Assets.
- (2) The Purchaser and the Vendor shall jointly elect under subsection 167(1) of the *Excise Tax Act* (Canada) (the “*ETA*”) and any equivalent or comparable corresponding provision under any applicable provincial or territorial legislation, in the form prescribed for the purposes of each such provision, in respect of the sale and transfer of the Purchased Assets and the Purchaser shall file such elections with the applicable tax authorities within the time and in the manner required by the applicable Law.

### **Section 6.2 Transfer Taxes.**

Subject to any available elections or exemptions contemplated by Section 6.1, the Purchaser shall be liable for and shall pay all federal and provincial sales taxes and all other similar Taxes or other like charges of any jurisdiction (“**Transfer Taxes**”) (for greater certainty, excluding all income or capital taxes of the Vendor) properly payable by the Purchaser in connection with the transfer of the Purchased Assets by the Vendor to the Purchaser.

### **Section 6.3 Income Tax Elections.**

- (1) The Purchaser and the Vendor shall elect jointly in the prescribed form under section 22 of the *Income Tax Act* (Canada) (the “*ITA*”) and the corresponding provisions of any other applicable provincial Tax statute as to the sale of the Accounts Receivable forming part of the Purchased Assets and designate in such election an amount equal to the portion of the

Purchase Price allocated to the Accounts Receivable pursuant to Section 5.3. This election, or these elections, shall be made within the time prescribed for such elections.

- (2) The Purchaser and the Vendor shall, if applicable, jointly execute and file an election under subsection 20(24) of the *ITA* in the manner required by subsection 20(25) of the *ITA* and under the equivalent or corresponding provisions of any other applicable provincial or territorial statute, in the prescribed forms and within the time period permitted under the *ITA* and under any other applicable provincial statute as to such amount paid by the Vendor to the Purchaser for assuming future obligations. In this regard, the Purchaser and the Vendor acknowledge that a portion of the Purchased Assets transferred by the Vendor pursuant to this Agreement and having a value equal to the amount elected under subsection 20(24) of the *ITA* and the equivalent provisions of any applicable provincial or territorial statute, is being transferred by the Vendor as a payment for the assumption of such future obligations by the Purchaser.
- (3) The Purchaser and the Vendor shall also execute and deliver such other Tax elections and forms as they may mutually agree upon.

## **ARTICLE 7 EMPLOYEE MATTERS**

### **Section 7.1 Offer to Employees.**

The Purchaser or its Affiliate, as designated by the Purchaser in its sole discretion, shall make written offers of employment to such employees of the Business as the Purchaser determines, no later than five (5) Business Days prior to the Closing Date, which offers shall be conditional upon Closing, and the terms and conditions of such written offers of employment shall be substantially similar to the respective terms and conditions of employment existing as of the Closing Date, and the Purchaser shall acknowledge the prior service of the employees for all purposes required by law.

### **Section 7.2 Employee Plans.**

The Purchaser or its Affiliate shall assume the Employee Plans and the liability for accrued benefits or any other liability under or in respect of any of the Employee Plans.

### **Section 7.3 Employee Liability.**

- (1) The Vendor shall be liable for all salary, wages, bonuses, commissions, vacation pay, and other compensation relating to employment of all employees of the Vendor for the period prior to the Closing Date.
- (2) The Vendor shall be liable for statutory notice of termination or payment in lieu of notice obligations and statutory severance obligations in respect of any employees of the Vendor who do not accept the Purchaser's offer of employment.
- (3) Without limiting the Purchaser's obligations in respect of the Transferred Employees, the Purchaser or its Affiliate, as applicable, shall be responsible for:

- (a) All liabilities for salary, wages, bonuses, commissions, vacation pay, and other compensation relating to employment of the Transferred Employees in accordance with the offer made to such Transferred Employees by the Purchaser for the period on or after the Closing Date; and
- (b) All statutory notice of termination or payment in lieu of notice obligations and statutory severance obligations in respect of the termination by the Purchaser of the employment of any Transferred Employee arising on or after the Closing Date.

## ARTICLE 8 REPRESENTATIONS AND WARRANTIES

### Section 8.1 Vendor Representations and Warranties.

The Vendor represents and warrants as follows to the Purchaser at the date of this Agreement and at the Closing Date and acknowledge and confirm that the Purchaser is relying upon such representations and warranties in connection with the purchase of the Purchased Assets and the assumption of the Assumed Liabilities and the Contract Assumed Liabilities:

- (1) **Incorporation and Qualification.** The Vendor is a corporation duly incorporated and existing under the laws of its jurisdiction of incorporation and has the corporate power to enter into and perform its obligations under this Agreement.
- (2) **Authorization.** The execution and delivery of and performance by the Vendor of this Agreement and the consummation of the transactions contemplated by it have been authorized by all necessary corporate action on the part of the Vendor.
- (3) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Vendor and constitutes a legal, valid and binding agreement of the Vendor, enforceable against it in accordance with its terms subject only to (A) as of the date hereof, any limitation under applicable laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction and (B) as of the Closing Date, the issuance of the Approval and Vesting Order.
- (4) **Residence.** The Vendor is not a non-resident of Canada for purposes of the *ITA*.
- (5) **Registration.** The Vendor is registered under Part IX of the *ETA* and its registration number is 729553735RT001. The Vendor is registered under any other comparable provincial legislation in each other province where the nature of the Vendor's business requires such registration.
- (6) **Brokers and Finders.** There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of the Vendor.

- (7) **Collective Agreement.** There is no collective agreement in force with respect to the Business or any of the employees of the Business nor is there any contract or agreement with any employee association in respect of the Business or the employees of the Business.

### **Section 8.2 Purchaser's Representations and Warranties.**

The Purchaser represents and warrants as follows to the Vendor at the date of this Agreement and at the Closing Date and acknowledges and confirms that the Vendor is relying on such representations and warranties in connection with the sale by the Vendor of the Purchased Assets:

- (1) **Incorporation and Qualification.** The Purchaser will be an entity formed or incorporated in its jurisdiction of formation or incorporation as the case may be.
- (2) **Corporate Authority.** The execution and delivery of and performance by the Purchaser of this Agreement and the consummation of the transactions contemplated by it have been authorized by all necessary corporate action on the part of the Purchaser.
- (3) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of the Purchaser, enforceable against it in accordance with its terms subject only to (A) as of the date hereof, any limitation under applicable laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction and (B) as of the Closing Date, the issuance of the Approval and Vesting Order.
- (4) **Registration.** The Purchaser will, prior to Closing, be registered under Part IX of the *ETA* and under comparable provincial legislation in each other province where the Purchaser is required to be registered for purposes of any election to be made pursuant to Section 6.1.
- (5) **Brokers and Finders.** There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of the Purchaser.

### **Section 8.3 Survival.**

The representations and warranties contained in this Agreement shall merge on Closing.

### **Section 8.4 No Other Representations or Warranties of the Vendor; "As Is, Where Is".**

- (1) The representations and warranties given by the Vendor in Article 8 are the sole and exclusive representations and warranties of the Vendor in connection with this Agreement and the transactions contemplated by it. Except for the representations and warranties given by the Vendor in Article 8, the Purchaser did not rely upon any statements, representations, promises, warranties, conditions or guarantees whatsoever, whether express or implied (by operation of law or otherwise), oral or written, legal, equitable, conventional, collateral or

otherwise, regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith.

- (2) The Purchaser hereby acknowledges and agrees as follows:
- (a) Except as expressly provided herein, the Purchased Assets are being purchased on an “as is, where is” basis;
  - (b) Except as expressly set forth in this Agreement, the Vendor and the Proposal Trustee make no representations, or warranties in favour of the Purchaser concerning the Purchased Assets, which the Purchaser acknowledges are being acquired on an “as is, where is” basis, whether express or implied, statutory or collateral, arising by operation of Laws or otherwise, including express or implied warranties of merchantability, fitness for a particular purpose, title, description, quantity, condition or quality, and that any and all conditions and warranties expressed or implied by the *Sale of Goods Act* (Ontario) or other Laws do not apply to the transaction contemplated herein and are hereby waived by the Purchaser; and
  - (c) without limiting the generality of Section 8.4(1) above, the Purchaser acknowledges that it has completed its due diligence or has otherwise waived any further due diligence.

## **ARTICLE 9 COVENANTS**

### **Section 9.1 Conduct of Business in the Ordinary Course.**

During the period up to the Closing Date, the Vendor shall use commercially reasonable efforts to (i) conduct the Business in the Ordinary Course consistent with past practice; and (ii) use its best efforts to maintain and preserve intact its current Business organization and operations and to preserve the rights, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having relationships with the Business, in each case except to the extent required to allow the Vendor to comply with any of its obligations under this Agreement, subject in all cases to any limitation imposed by being subject to the commercial proposal process under the *BIA* and any Court order relating thereto and to the Vendor cash flow forecasts filed by the Proposal Trustee. Except with the prior written consent of the Purchaser, the Vendor shall not enter into, amend, disclaim, restate or allow there to occur a default under any Material Contract.

### **Section 9.2 Actions to Satisfy Closing Conditions.**

The Vendor and the Purchaser agree to take all such actions as are within their respective control and shall use their respective commercially reasonable efforts to take, or cause to be taken, all other actions and make all such other filings and submissions, and obtain such authorizations, which are necessary or advisable in order to (i) fulfil their respective obligations under this Agreement; and (ii) assist with the satisfaction of and ensure all conditions for the benefit of the other Party provided for in Section 10.2, Section 10.3 and Section 10.4 are satisfied.

### **Section 9.3 Access.**

Subject to applicable Laws, the Vendor shall (i) upon reasonable notice, permit the Purchaser and its employees, agents, counsel, accountants or other representatives, to have reasonable access during normal business hours to (A) the Purchased Assets, including all books and records whether retained by the Vendor or otherwise, (B) all contracts and leases to which any of the Vendor is a party, (C) personnel files relating to the employees of the Vendor (which shall be maintained in strict confidence by the Purchaser and only used for the purpose of considering and/or making employment offers to employees), and (D) the senior personnel of the Vendor, so long as the access does not unduly interfere with the ordinary conduct of the Business; and (ii) furnish to the Purchaser or its employees, agents, counsel, accountants or other such representatives such financial and operating data and other information with respect to the Purchased Assets as the Purchaser from time to time reasonably requests.

### **Section 9.4 Access to Books and Records.**

For a period of seven (7) years from the Closing Date or for such longer period as may be required by Law, the Purchaser will use its reasonable commercial effects, without any liability to the Vendor, to retain all original books and records relating to the Purchased Assets that are transferred to the Purchaser under this Agreement. So long as any such books and records are retained by the Purchaser pursuant to this Agreement, the Vendor, the Proposal Trustee, any receiver or bankruptcy trustee appointed in respect of the Vendor and their respective representatives shall have the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser. The Purchaser has the right to have its representatives present during any such inspection.

### **Section 9.5 Use of Business Name.**

On or promptly following the Closing Date, and except as may be required for purposes of the Proposal Proceedings, the Vendor shall discontinue use of the names “Harbour Technologies” and “Reactor Engineering Group Ltd.”, and any variations thereof, except where legally required to advise that its name has been changed to another name or to refer to the historical fact that the Vendor previously conducted the Business under the “Reactor Engineering Group Ltd.” and “Harbour Technologies” names, and the Vendor shall, subject to the Court’s approval, as soon as reasonably practicable following Closing file articles of reorganization to change the corporate name of the Vendor to another name if requested by the Purchaser, acting reasonably, and otherwise not confusingly similar to its present name. To the extent necessary as determined by the Purchaser, in its sole discretion, and subject to the Court’s approval, the Approval and Vesting Order shall authorize and direct the appropriate Governmental Authority to accept such articles of reorganization, notwithstanding the insolvency of the Vendor.

### **Section 9.6 Post-Closing Accounts Receivable**

- (1) As of the Closing Date, the Purchaser shall, as agent for the Vendor, bill and collect Accounts Receivable related to Assigned Contracts.
- (2) The Purchaser agrees that, after the Closing, it shall hold and shall promptly transfer and deliver to the Proposal Trustee or any trustee-in-bankruptcy appointed with respect to the

Vendor, from time to time as and when received by the Purchaser, any cash, checks with appropriate endorsements or other collections on Accounts Receivable or other property that the Purchaser may receive on or after the Closing which properly belongs to or is for the account of the Vendor according to the terms of this Agreement, including any Excluded Assets.

- (3) Subject to Section 9.6(2) above, as of the Closing Date, the Vendor hereby:
  - (a) authorizes the Purchaser to open any and all mail addressed to Vendor related to the Business or the Purchased Assets and delivered to the Premises or otherwise to Purchaser if received on or after the Closing Date; and
  - (b) appoints the Purchaser to endorse, cash and deposit any monies, checks or negotiable instruments received by Purchaser after the Closing Date with respect to accounts receivable relating to work performed by Purchaser after the Closing, as the case may be, made payable or endorsed to the Vendor or its order, for the Purchaser's own account.

## **ARTICLE 10 SALE PROCESS AND CONDITIONS OF CLOSING**

### **Section 10.1 Sales Process**

- (1) The Vendor shall bring a motion for the Sales Process Order on or before January 30, 2026 (subject to the Court's availability). The Sales Process Order shall recognize the within offer by the Purchaser and Purchase Price as a baseline or "stalking horse bid" (the "**Stalking Horse Bid**"). The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of determining whether a Superior Bid (as defined herein) can be obtained for the Purchased Assets.
- (2) In consideration for the Purchaser's expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, and subject to Court approval, the Purchaser shall be entitled to a break fee in the amount of \$75,000 (inclusive of HST, if any) (the "**Break Fee**") payable by the Vendor to the Purchaser only in the event that a successful bid other than the Stalking Horse Bid is accepted by the Vendor, approved by the Court and completed. The payment of the foregoing amounts shall be approved in the Sales Process Order and shall be payable to the Purchaser out of the sale proceeds derived from and upon completion of the Winning Bid. The Parties acknowledge and agree that the foregoing amounts represent a fair and reasonable estimate of the expenses that will be incurred by the Purchaser as a result of preparing for and entering into this Agreement, and is not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Assets, Business, Assumed Liabilities and Contract Assumed Liabilities. For certainty, the Break Fee does not form part of the Purchase Price.
- (3) In the event that one or more Persons submits a Qualified Bid on or before the Bid Deadline, the Proposal Trustee shall conduct an auction for the determination and selection of a winning bid (the Person submitting such bid being the "**Winning Bidder**"). Upon the

selection of the Winning Bidder, there shall be a binding agreement of purchase and sale between the Winning Bidder and the Vendor. The Vendor shall forthwith bring a motion following the selection of the Winning Bidder for an order approving the agreement reached with the Winning Bidder and to vest the Purchased Assets in the Winning Bidder and, if granted, shall proceed with closing the transaction forthwith.

- (4) Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not the Winning Bidder, then upon the making of the order by the Court contemplated in Section 10.1(3) above to approve a transaction with such Winning Bidder (the “**Alternate Transaction**”), this Agreement shall be terminated and the Purchaser shall be entitled to the Break Fee (if applicable and as soon as practicable) and neither Party hereto shall have any further liability or obligation, except as expressly provided for in this Agreement.
- (5) If no Qualified Bids are received by the Bid Deadline (other than the Stalking Horse Bid), the Vendor shall forthwith bring a motion to the Court to obtain the Approval and Vesting Order and, if granted, shall proceed with completing the transaction contemplated hereby forthwith.

#### **Section 10.2 Conditions for the Benefit of both Parties.**

The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed on or before the Closing Date:

- (1) **No Court Orders.** No provision of any applicable Law and no judgment, injunction, order or decree that prohibits the consummation of the purchase of the Purchased Assets pursuant to this Agreement shall be in effect; and
- (2) **Approval and Vesting Order.** The Approval and Vesting Order shall have been issued and entered and shall not have been stayed, amended, appealed, modified, reversed or dismissed as at the Closing Date.

#### **Section 10.3 Conditions for the Benefit of the Purchaser.**

The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed on or before the Closing Date, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:

- (1) **Representations and Warranties.** The representations and warranties of the Vendor contained in this Agreement shall be true and correct as of the Closing Date in all material respects, with the same force and effect as if such representations and warranties had been made on and as of such date;
- (2) **Covenants.** The Vendor shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it in all material respects at or prior to the Closing Date, including delivery by the Vendor of the documents and instruments contemplated by Section 11.2;

- (3) **No Bankruptcy.** Other than as a direct result of any action or inaction of any Person related to the Purchaser (including, for greater certainty, the DIP Lender), the Vendor shall not be and shall not have become a bankrupt under the *BIA*;
- (4) **Consents.** The Vendor shall have obtained consents from the counterparties to the Consent Required Contracts that have been designated as Assigned Contracts from the counterparties to those agreements and shall have delivered such consents to the Purchaser; and
- (5) **Assignment Order.** The Assignment Order, if requested by the Purchaser, shall have been issued and entered in form and substance satisfactory to the Purchaser.

#### **Section 10.4 Conditions for the Benefit of the Vendor.**

The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed on or before the Closing Date, which are for the exclusive benefit of the Vendor and which may be waived, in whole or in part, by the Vendor in its sole discretion:

- (1) **Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement shall be true and correct as of the Closing Date in all material respects, with the same force and effect as if such representations and warranties had been made on and as of such date; and
- (2) **Covenants.** The Purchaser shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it in all material respects at or prior to the Closing Date, including delivery by the Purchaser of the documents and instruments contemplated by Section 11.3.

### **ARTICLE 11 CLOSING**

#### **Section 11.1 General.**

- (1) The completion of the transactions of purchase, sale and assumption contemplated by this Agreement (the “**Closing**”) shall take place electronically on the Closing Date, at the Time of Closing, or via such other place as may be agreed upon in writing by the Parties.
- (2) As soon as practicable following the determination that this Agreement is the Winning Bid pursuant to the Sales Process, the Vendor shall file motion materials seeking the issuance of the Approval and Vesting Order, provided that the Purchaser has had a reasonable opportunity to review and approve such materials, acting reasonably, in advance of filing with the Court. The Vendor shall serve notice of the motion seeking the issuance and entry of the Approval and Vesting Order on all Persons determined reasonably necessary by the Purchaser and shall provide reasonable advance notice of any Court appearances so that the Purchaser may make arrangements to attend if it so desires.
- (3) The Parties hereby acknowledge and agree that the Proposal Trustee shall be entitled in accordance with the Approval and Vesting Order to file a certificate, substantially in the form attached to the Approval and Vesting Order (the “**Proposal Trustee’s Certificate**”),

with the Court upon receiving written confirmation from the Vendor and the Purchaser that all conditions of Closing have been satisfied or waived.

**Section 11.2 Vendor's Closing Deliveries.**

At the Closing, the Vendor shall execute and/or deliver or cause to be delivered to the Purchaser the following:

- (a) the Purchased Assets, which shall be delivered *in situ* wherever located as of the Closing;
- (b) a true and complete copy of the Approval and Vesting Order, as entered by the Court;
- (c) if requested by the Purchaser a true and complete copy of the Assignment Order, as entered by the Court;
- (d) true and complete copies of the Assigned Contracts to which the Vendor is a party, to the extent not delivered prior to Closing;
- (e) such executed Tax elections as are required pursuant to Article 6;
- (f) a true and complete copy of the Proposal Trustee's Certificate executed by the Proposal Trustee (such Proposal Trustee's Certificate to be filed with the Court by the Proposal Trustee following Closing and a copy of such filed Proposal Trustee's Certificate shall be delivered to the Purchaser promptly thereafter); and
- (g) any other documents necessary or desirable in the opinion of the Purchaser, acting reasonably.

**Section 11.3 Purchaser's Closing Deliveries.**

At the Closing, the Purchaser shall execute and/or deliver or cause to be delivered to the Vendor the following:

- (a) subject to Section 13.3, the payment contemplated by Section 5.2 (a);
- (b) payment of any applicable Transfer Taxes;
- (c) such executed Tax elections as are required pursuant to Article 6; and
- (d) any other documents necessary or desirable in the opinion of the Vendor, acting reasonably.

## **ARTICLE 12 TERMINATION**

### **Section 12.1 Termination of Agreement.**

This Agreement may by notice in writing given prior to or on the Closing Date be terminated:

- (a) by mutual consent of the Vendor and the Purchaser;
- (b) by the Purchaser or the Vendor if the Approval and Vesting Order shall fail, once granted, to be in full force and effect or shall have been amended, appealed, modified, reversed or dismissed without the prior written consent of the Purchaser;
- (c) by the Purchaser (unless waived by the Purchaser) if the Assignment Order shall fail, once granted, to be in full force and effect or shall have been amended, appealed, modified, reversed or dismissed without the prior written consent of the Purchaser;
- (d) by the Purchaser if an event has occurred as a result of which the conditions in Section 10.3 are not capable of being satisfied by the Outside Date, as determined by the Purchaser in its sole discretion; or
- (e) automatically if the Closing has not occurred by 11:59 p.m. on the Outside Date.

### **Section 12.2 Effect of Termination.**

In the event that the Agreement is terminated in accordance with Section 12.1, then each of the Parties shall be relieved of its duties and obligations arising under this Agreement, including with respect to the payment of the Break Fee, effective as of the date of such termination and such termination shall be without liability to the Purchaser and the Vendor, including without limitation in respect of any Liabilities accrued from the date of execution of this Agreement to the date of termination.

## **ARTICLE 13 MISCELLANEOUS**

### **Section 13.1 Notices.**

Any notice, direction or other communication given regarding the matters contemplated by this Agreement (each a “**Notice**”) must be in writing, sent by personal delivery, courier or electronic mail and addressed:

- (a) to the Vendor:

**Reactor Engineering Group Ltd.**  
2545 Doty Place  
Windsor, Ontario N8X 2W5

Attention: Andrew Glover and David Glover  
Emails: aglover@harbour-tech.com and dglover@harbour-tech.com

with a copy to the Proposal Trustee at:

**BDO Canada Limited**  
20 Wellington Street East, Suite 500  
Toronto, Ontario M5E 1C5

Attention: Matthew Marchand and Martin Chan  
Email: mmarchand@bdo.ca and mchan@bdo.ca

with a copy to the Proposal Trustee's counsel:

**Aird & Berlis LLP**  
181 Bay Street, Suite 1800  
Toronto, ON M5J 2T9

Attention: Kyle Plunkett and Cristian Delfino  
Email: kplunkett@airdberlis.com and cdelfino@airdberlis.com

with a copy to BDO Transaction Advisory:

**BDO Canada Transaction Advisory**  
222 Bay Street, Suite 2200  
Toronto, Ontario M5K 1H6

Attention: Michael Morrow and Salman Virani  
Email: mmorrow@bdo.ca and svirani@bdo.ca

(b) to the Purchaser:

**ATMIS Protective Equipment Inc.**  
830 Richmond Street  
Chatham, Ontario N7M 5J5

Attention: Andy Valentine  
Email: avalentine@atmis.ca

A Notice is deemed to be given and received if sent by personal delivery, courier or electronic mail, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day. A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a Party.

**Section 13.2 Assignment.**

- (1) Except as provided in this Section 13.2, neither this Agreement nor any of the rights or obligations under this Agreement may be assigned or transferred, in whole or in part, by any Party without the prior written consent of the other Parties.
- (2) Upon giving notice to the Vendor at any time on or prior to two (2) Business Day prior to the date of the hearing for the Approval and Vesting Order, the Purchaser is entitled to assign this Agreement or any of its rights under this Agreement to any Person in its sole discretion; provided that the assignee enters into an assignment and assumption agreement with the Vendor, in a form approved by the Proposal Trustee acting reasonably. The Purchaser and its assignee shall be jointly and severally liable for all obligations and liabilities under this Agreement until the successful completion of this transaction contemplated hereunder.

**Section 13.3 Survival.**

Any provision of this Agreement which contemplates performance or the existence of obligations after the Closing Date shall not be deemed to be merged into or waived by the execution, delivery or performance of this Agreement or documents delivered in connection herewith or Closing, but shall expressly survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement and shall be binding upon the Party or Parties obligated thereby (including any trustee-in-bankruptcy appointed in respect of such Party) in accordance with the terms of this Agreement.

**Section 13.4 Time of the Essence.**

Time is of the essence in this Agreement.

**Section 13.5 Enurement.**

This Agreement becomes effective when executed by the Vendor and the Purchaser. After that time, it will be binding upon and enure to the benefit of the Parties and their respective successors, legal representatives and permitted assigns.

**Section 13.6 Confidentiality**

- (1) Unless and until this Agreement is terminated prior to Closing, the Purchaser shall maintain as confidential any Confidential Information of the Vendor including such information relating to any of the Purchased Assets, the Business and the assumed liabilities.
- (2) The Parties will cooperate and consult with one another, to the extent reasonably practical, with respect to the issuance of any press release or other public statement regarding this Agreement and the transaction contemplated hereunder.

### **Section 13.7 Entire Agreement.**

This Agreement and the other documents executed in connection herewith constitutes the entire agreement between the Parties with respect to the transactions contemplated in this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to such transactions. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

### **Section 13.8 Waiver.**

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right it may have.

### **Section 13.9 Amendments.**

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Vendor and the Purchaser.

### **Section 13.10 Further Assurances.**

From and after the Closing Date, each of the Parties covenants and agrees to do such things, to attend such meetings and to execute such further conveyances, transfers, documents and assurances as may be deemed necessary or advisable from time to time in order to effectively transfer the Purchased Assets, the Assumed Liabilities and the Contract Assumed Liabilities to the Purchaser and carry out the terms and conditions of this Agreement in accordance with their true intent.

### **Section 13.11 Severability.**

If any provision of this Agreement is determined to be illegal, invalid or unenforceable, by any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

### **Section 13.12 Governing Law.**

This Agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 13.13 Jurisdiction.**

The Parties hereby irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario with respect to any matter arising under or related to this Agreement.

**Section 13.14 Counterparts.**

This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Agreement.

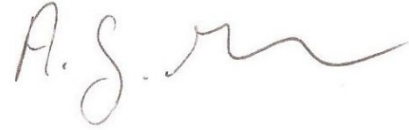
*[signature page follows]*

**IN WITNESS WHEREOF** the Parties hereto have duly executed this Agreement as of the date first written above.

) **REACTOR ENGINEERING GROUP LTD.**

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)  
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)  
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Per:



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Name: Andrew Glover

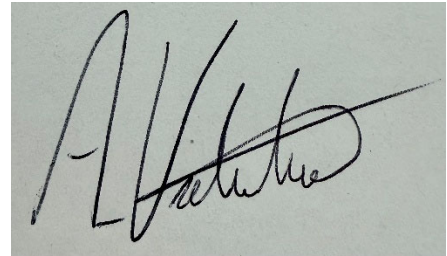
Title: President

*I have the authority to bind the corporation*

) **ATMIS PROTECTIVE EQUIPMENT INC.**

)  
)  
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)  
)  
)

Per:



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Name: Andy Valentine

Title: President

*I have the authority to bind the corporation*

**SCHEDULE "A"**  
**STALKING HORSE SALE AND INVESTMENT SOLICITATION PROCESS**  
**INCLUDING AUCTION PROCEDURE**



**[INSERT UPDATED SISP PROCEDURES]**

**SCHEDULE "B"**  
**ASSIGNED CONTRACTS**

1. the Real Property Leases

2. <\*>

**SCHEDULE "C"  
EXCLUDED ASSETS**

1. 
2. 

# APPENDIX F

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
REACTOR ENGINEERING GROUP LTD. O/A HARBOUR TECHNOLOGIES  
OF THE CITY OF WINDSOR  
IN THE PROVINCE OF ONTARIO

AFFIDAVIT OF MATTHEW MARCHAND  
(sworn January 21, 2026)

I, **MATTHEW MARCHAND**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY** that:

1. I am a Senior Vice President of BDO Canada Limited (“BDO”) and as such have knowledge of the matters hereinafter deposed.
2. On December 16, 2026 (the “Filing Date”), Reactor Engineering Group Ltd. o/a Harbour Technologies (the “Company”), filed a Notice of Intention to Make a Proposal (“NOI”) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the “BIA”). BDO, a Licensed Insolvency Trustee, was named proposal trustee (the “Proposal Trustee”) in the Company’s proposal proceeding (the “Proposal Proceeding”).
3. On January 7, 2026, the Proposal Trustee finalized its First Report to the Court in which it outlined its activities with respect to the Proposal Proceeding.
4. The Proposal Trustee has provided services in the amount of \$57,198.00 (exclusive of HST) during the period December 8, 2025, to January 16, 2026 (the “Period”). Attached hereto and marked as Exhibit “A” to this Affidavit are summaries of all invoices rendered by the Proposal Trustee, on a periodic basis during the Period (the “Proposal Trustee’s Accounts”).
5. I confirm the amount of \$64,633.75 accurately reflects the time charges, fees and disbursements inclusive of applicable taxes incurred by BDO in its capacity as Proposal Trustee from December 8, 2025, to January 16, 2026. Attached hereto as Exhibits “B” and “C” are true copies of the accounts rendered for the above period by BDO in its capacity as Proposal Trustee.
6. In the course of performing its duties as set out above at paragraph 5, the Proposal Trustee’s staff expended a total of 88.1 hours during the Period. Attached hereto as Exhibit “D” to this Affidavit is a schedule setting out a summary of the individual staff involved in the administration of the Proposal Trustee’s appointment and the hours and applicable rates claimed by the Proposal

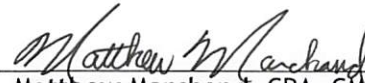
Trustee for the Period. The average hourly rate billed by the Proposal Trustee during this Period is \$649.24 (exclusive of HST).

7. The Proposal Trustee requests that this Court approve its Proposal Trustee's Accounts for the Period, in the total amount of \$64,633.75 for services rendered and recorded during the Period.
8. The time and amounts shown in the detailed account attached as Exhibits A-D are a fair and accurate description of the services provided and the amounts charged by the Proposal Trustee at its standard billing rates.
9. I consider the amounts disclosed for BDO's fees and expenses to be fair and reasonable considering the circumstance connected with the Proposal Trustee's appointment.
10. This affidavit is sworn in support of the Company's motion for, among other things, approval of the Proposal Trustee's fees and disbursements and those of its legal representatives and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, )  
in the Province of Ontario, this )  
21<sup>st</sup> day of January 2026 )



\_\_\_\_\_  
Commissioner for Taking Affidavits, etc )



\_\_\_\_\_  
Matthew Marchand, CPA, CMA, CIRP, LIT )

Antonio Montesano, a Commissioner, etc.,  
Province of Ontario, for BDO Canada LLP  
and BDO Canada Limited, and  
their subsidiaries, associates and affiliates.  
Expires December 21, 2026.

This is **Exhibit "A"** referred to in the affidavit of

**Matthew Marchand**

Sworn before me this 21<sup>st</sup> day of January 2026



\_\_\_\_\_  
A COMMISSIONER FOR TAKING AFFIDAVITS

Antonio Montesano, a Commissioner, etc.,  
Province of Ontario, for BDO Canada LLP  
and BDO Canada Limited, and  
their subsidiaries, associates and affiliates.  
Expires December 21, 2026.

**EXHIBIT "A"**

**BDO Canada Limited**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF REACTOR ENGINEERING  
GROUP LTD. O/A HARBOUR TECHNOLOGIES  
FEES SUMMARY FROM DECEMBER 8, 2025, TO JANUARY 16, 2025**

<b>Invoice #</b>	<b>Description</b>	<b>Period</b>	<b>Fees Incurred</b>	<b>HST</b>	<b>Total</b>
CINV3745558	NOI	December 8, 2025, to January 2, 2026	\$28,450.50	\$3,698.57	\$32,149.07
CINV3751830	NOI	January 3, 2026, to January 16, 2026	28,747.50	3,737.18	32,484.68
			<u>\$57,198.00</u>	<u>\$7,435.75</u>	<u>\$64,633.75</u>

This is **Exhibit "B"** referred to in the affidavit of

**Matthew Marchand**

Sworn before me this 21<sup>st</sup> day of January 2026



A COMMISSIONER FOR TAKING AFFIDAVITS

Antonio Montesano, a Commissioner, etc.,  
Province of Ontario, for BDO Canada LLP  
and BDO Canada Limited, and  
their subsidiaries, associates and affiliates.  
Expires December 21, 2026.



Tel: 416 865 0210  
 Fax: 416 865 0904  
 www.bdo.ca

BDO Canada Limited  
 20 Wellington Street E., Suite 500  
 Toronto ON M5E 1C5 Canada

**INVOICE**

*Strictly Private & Confidential*

Reactor Engineering Group Ltd  
 o/a Harbour Technologies  
 2545 Doty Place  
 Windsor, ON N8X 2W5

Attention: Andrew Glover

**Date**  
 January 14, 2026

**Invoice No.**  
 CINV3745558

**Re: Notice of Intention to Make a Proposal under the BIA**

**FOR PROFESSIONAL SERVICES RENDERED** in connection with our Engagement for the period from December 8, 2025, to January 2, 2026 as per the details below:

For Professional Services	\$ 28,450.50
HST - 13.0% (#R101518124)	3,698.57
<b>Total Due</b>	<b>\$ 32,149.07</b>

<i>Summary of Time Charges:</i>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
M. Marchand, Partner	25.2	735.00	18,522.00
J. Parisi, Partner	1.6	735.00	1,176.00
M. Chan, Sr. Manager	13.5	595.00	8,032.50
J. Hue, Sr. Analyst	3.1	200.00	620.00
T. Montesano, Sr. Analyst	0.5	200.00	100.00
<b>TOTAL</b>	<u>43.9</u>		<u>\$ 28,450.50</u>

**BANK WIRE TRANSFER/EFT PAYMENTS:** Payment can be made online in Canadian funds. Please ensure you email your online payment confirmations including invoice #, amount paid and payment date) to [EFTPayments@bdo.ca](mailto:EFTPayments@bdo.ca)

The banking information for BDO Canada Limited is as follows for Canadian Funds

CIBC Main Branch  
 Commerce Court  
 199 Bay Street  
 Toronto, ON M5L 1G9  
 Account Name: BDO Canada Limited

Bank: Canadian Imperial Bank of Commerce  
 Bank Institution #: 010  
 Transit #: 00002  
 Account #: 91-26910  
 Swift Reference #: CIBCCATT



Staff	Date	Comments	Hours
M. Marchand	8-Dec-25	Correspondence with S. Babe re potential NOI filing; teleconference with S. Babe, S. Pollock, management and J. Parisi re situation, potential NOI filing and related matters; email correspondence with S. Pollock re conflicts; matters related to risk management; correspondence with M. Morrow re sales process.	1.5
M. Marchand	9-Dec-25	Review PPSA; matters related to risk management.	0.8
M. Marchand	10-Dec-25	Matters related to risk management; email correspondence with BLG re conflicts; correspondence with M. Morrow re sales process; coordinate meeting with BLG and management.	1.0
M. Marchand	11-Dec-25	Draft engagement letter; draft email to BLG and management re engagement letter and preliminary information requests; matters related to risk management; teleconference with BLG and management re engagement, situation and next steps; prepare cash flow projection template.	2.9
M. Marchand	12-Dec-25	Review email and attachments from A. Glover re financial information; email correspondence with S. Pollock re engagement letter; review email and attachments from S. Babe re CRA accounts; prepare information request listing; revise engagement letter.	0.8
M. Marchand	15-Dec-25	Matters related to NOI filing forms, including correspondence with J. Hue and obtaining information from debtor; email correspondence with S. Babe re NOI filing forms, directors resolution and engagement letter; email correspondence with A. Glover re engagement letter; execute engagement letter; matters related to retainer receipt; email correspondence with M. Morrow re sales process; review email and attachments from J. Hue re NOI filing forms; review email and attachment from A. Glover re creditor listing; email correspondence with A. Glover re NOI filing forms and information requests.	1.4
J. Hue	15-Dec-25	Request a corporate profile search; prepare estate information summary ("EIS"), proposal consent to act and Notice of Intention to Make a Proposal filing forms and email same to M. Marchand.	0.9
M. Marchand	16-Dec-25	Correspondence with J. Hue re review and updates to NOI filing forms; matters relating to retainer; email correspondence with S. Babe re employee communications; email correspondence with A. Glover re NOI filing forms and director resolution; review email and attachment from S. Pollock re directors resolutions; phone call and email correspondence with A. Glover re NOI and related matters; provide direction to J. Hue re NOI filing forms; review same; sign consent to act; sign estate information summary; email correspondence re efilng NOI; email correspondence with S. Virani re sales process; draft email to management re information request; matters related to independent legal counsel.	1.8

Staff	Date	Comments	Hours
J. Hue	16-Dec-25	Entry of creditors for the NOI notice, revised the EIS and email same to M. Marchand; correspondence with M. Marchand re revisions to EIS; email A. Glover re revised NOI; prepare the NOI notice cover letter; efile the EIS, proposal consent, directors resolution and Form 33 with the OSB.	1.9
M. Marchand	17-Dec-25	Email correspondence with A. Glover re cash flow projections; provide direction to M. Chan re same; correspondence with J. Hue re status of NOI certificate; review email and attachment from OSB re certificate for NOI; draft email to management and BLG re same; matters related to independent legal counsel; email correspondence with James at Wuxly re NOI filing; correspondence with J. Hue re creditor noticing.	0.8
J. Hue	17-Dec-25	Call and email with the OSB to inquire on the status of the certificate of appointment.	0.3
M. Marchand	18-Dec-25	Review and revise NOI notice cover letter; provide instructions to T. Montesano re creditor noticing; review email from M. Chan re cash flow projection; email correspondence with K. Plunkett re conflicts and status updates; email correspondence with A. Glover re payroll; prepare for meeting with management; teleconference with management re cash flow projections, stakeholder communications, business updates, next steps and related matters.	1.8
T. Montesano	18-Dec-25	Mailout NOI packages to creditors.	0.5
M. Chan	18-Dec-25	Review communication between debtor and M. Marchand. Cash flow call with debtor. Review information request list and information provided by the debtor. Review cash flow projection. Draft and prepare statutory documents - Form 29/30. Discussions with M. Marchand on same.	5.5
M. Marchand	19-Dec-25	Draft email to management re cash flow projection and supporting documents; correspondence with M. Chan re cash flow filing forms; review email and attachment from J. O' Beid re cash flow projection; email correspondence with J. O' Beid re same; correspondence with M. Chan re cash flow projection; review email correspondence re site visit.	0.9
M. Marchand	20-Dec-25	Review emails and attachments from J. O' Beid and D. Glover re cash flow projection, supporting documents and information requests; meeting with M. Chan re cash flow projection and related matters.	1.8
J. Parisi	22-Dec-25	Attend at Harbour Technologies to speak to A. Glover. Take photos and upload to server. Correspondence with M. Marchand re site visit.	0.8
M. Chan	22-Dec-25	Review additional supporting cash flow projection supporting materials. Revise cash flow as appropriate. Discussion with M. Marchand and management re the same.	4.2
M. Marchand	22-Dec-25	Review emails and attachments from J. O' Beid re cash flow and supporting information; review emails from M. Chan re same; review email and attachment from A. Glover re corporate information and supporting materials;	3.6



Staff	Date	Comments	Hours
		correspondence with J. Parisi re site visit; review photos from site visit; email correspondence with S. Babe re professional fees; email correspondence with M. Morrow re sales process and professional fees; review and revise form 29, form 30 and representation letter; correspondence with M. Chan re cash flow projection and related matters; phone call with J. Yurichuk re situation, litigation and related matters; matters related to retainer receipt; teleconference with A. Glover, J. O' Beid and M. Chan re cash flow projections and related matters.	
M. Chan	23-Dec-25	Finalize cash flow discussions with Company. Review updated schedules and supporting materials. Further discussions with M. Marchand and management re cash flow projection and related matters.	3.8
M. Marchand	23-Dec-25	Review emails and attachments from J. O' Beid re updated cash flow projection and supporting documents; review email and attachment from M. Chan re update cash flow projection; update cash flow projection and notes; correspondence with M. Chan re same; email correspondence with S. Babe re cash flow projection and Court date; email correspondence with management re cash flow projection finalization and related matters; matters related to efilng cash flow documents; receive phone call with J. O' Beid cash flow projection issues; correspondence with M. Chan re same; review email and attachments from J. O' Beid re updated cash flow information; teleconference with A. Glover and M. Chan re same; review email from A. Glover re cash flow revisions; review email and attachment from M. Chan re revised cash flow projection; phone call with M. Chan re same; draft email to Y. Michelin re revised cash flow projection.	3.4
M. Marchand	31-Dec-25	Email correspondence with S. Babe re cash flow projection, sales process and related matters.	0.2
J. Parisi	2-Jan-26	Call with K. Plunkett & M. Marchand to discuss court appearance. Review affidavit of Andrew Glover. Review various emails.	0.8
M. Marchand	2-Jan-26	Correspondence with M. Chan re cash flow monitoring and status of information requests; teleconference with K. Plunkett and J. Parisi re background, updates and next steps; draft email to S. Babe re same; review email and attachments from S. Babe re draft order and affidavit; correspondence with M. Chan re CRA accounts; email correspondence with S. Babe re affidavit and order; email correspondence with S. Babe re Form 33, PPSA and corporate profile report; review email correspondence with management re information requests and cash flow monitoring.	2.5

This is **Exhibit "C"** referred to in the affidavit of

**Matthew Marchand**

Sworn before me this 21<sup>st</sup> day of January 2026

A handwritten signature in blue ink that reads "T. Montesano". The signature is written in a cursive style with a large, sweeping initial "T".

A COMMISSIONER FOR TAKING AFFIDAVITS

Antonio Montesano, a Commissioner, etc.,  
Province of Ontario, for BDO Canada LLP  
and BDO Canada Limited, and  
their subsidiaries, associates and affiliates.  
Expires December 21, 2026.



Tel: 416 865 0210  
 Fax: 416 865 0904  
 www.bdo.ca

BDO Canada Limited  
 20 Wellington Street E., Suite 500  
 Toronto ON M5E 1C5 Canada

**INVOICE**

**Strictly Private & Confidential**

Reactor Engineering Group Ltd  
 o/a Harbour Technologies  
 2545 Doty Place  
 Windsor, ON N8X 2W5

Attention: Andrew Glover

**Date**  
 January 20, 2026

**Invoice No.**  
 CINV3751830

**Re: Notice of Intention to Make a Proposal under the BIA**

**FOR PROFESSIONAL SERVICES RENDERED** in connection with our Engagement for the period from January 3, 2025 to January 16, 2026 as per the details below:

For Professional Services	\$ 28,747.50
HST - 13.0% (#R101518124)	3,737.18
<b>Total Due</b>	<b>\$ 32,484.68</b>

<b>Summary of Time Charges:</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
M. Marchand, Partner	18.2	735.00	13,377.00
J. Parisi, Partner	0.7	735.00	514.50
M. Chan, Sr. Manager	24.8	595.00	14,756.00
J. Hue, Sr. Analyst	0.5	200.00	100.00
<b>TOTAL</b>	<b>44.2</b>		<b>\$ 28,747.50</b>

**BANK WIRE TRANSFER/EFT PAYMENTS:** Payment can be made online in Canadian funds. Please ensure you email your online payment confirmations including invoice #, amount paid and payment date) to [EFTPayments@bdo.ca](mailto:EFTPayments@bdo.ca)

The banking information for BDO Canada Limited is as follows for Canadian Funds

CIBC Main Branch  
 Commerce Court  
 199 Bay Street  
 Toronto, ON M5L 1G9  
 Account Name: BDO Canada Limited

Bank: Canadian Imperial Bank of Commerce  
 Bank Institution #: 010  
 Transit #: 00002  
 Account #: 91-26910  
 Swift Reference #: CIBCCATT

Staff	Date	Comments	Hours
J. Parisi	5-Jan-26	Review court report and provide comments.	0.7
M. Marchand	5-Jan-26	Review email and attachment from N. Hollard re motion record; review email and attachments from K. Plunkett re PPSA; draft court report; matters related to case website; draft email to management re cash flow monitoring; email correspondence with S. Babe re case website; review email and attachment from J. Parisi re Court report; review email from M. Chan re same; email correspondence with K. Plunkett re Court report; review email and attachment from S. Virani re sales agent engagement letter; draft email to S. Virani re same; review email and attachment from J. O' Beid re insurance policy.	4.1
M. Marchand	6-Jan-26	Matters related to creditor inquiries; correspondence with M. Chan re cash flow monitoring; review email and attachments from A. Glover re cash flow monitoring; review email and attachment from K. Plunkett re Court report; revise court report; draft email to K. Plunkett re same; draft email to S. Babe re same.	1.3
M. Chan	6-Jan-26	Review weekly transactions and cash flow support materials. Review and revision of First Report of the Proposal Trustee. Review various correspondences between counsels and Proposal Trustee. Matters related to creation of case website.	2.3
J. Hue	6-Jan-26	Finalize NOI affidavit.	0.3
M. Marchand	7-Jan-26	Correspondence with M. Chan re cash flow monitoring; email correspondence with A. Glover re interim financing and SRED claim; review email and attachment from S. Babe re service list; matters related to case website; review email and attachment from C. Delfino re court report; email correspondence with C. Delfino re report appendices; review email and attachment from S. Babe re court report; phone call with A. Glover re interim financing and related matters; finalize court report; email correspondence with C. Delfino re service of materials; review email and attachment from S. Babe re promissory note; email correspondence with S. Babe re same.	1.6
M. Chan	8-Jan-26	Review correspondence between legal counsels. Follow up with management re outstanding information requests and insurance policies. Call with counsel re letter from Wuxly.	1.3
M. Marchand	8-Jan-26	Review email from K. Plunkett re promissory note; review email and attachment from S. Babe re revised promissory note; correspondence with S. Virani re sales process engagement letter; review email and attachment from K. Plunkett re letter from Blakes; email correspondence with K. Plunkett re same; provide direction to M. Chan re same; email correspondence with A. Glover re information requests; correspondence with A. Glover and M. Chan re insurance and related party transactions; phone call with K. Plunkett re Blakes letter; draft email to S. Babe re M&A engagement letter.	1.5
M. Chan	9-Jan-26	Review additional correspondence between counsels. Review materials from Reactor re related party transactions.	1.0
M. Marchand	9-Jan-26	Review email and attachment from C. Delfino re letter to Blakes; email correspondence re same; phone call with K. Plunkett re Wuxly; draft email to S. Babe re sales process; review email and attachment	0.9

Staff	Date	Comments	Hours
		from A. Gasparini re factum; review email from A. Gasparini re court hearing details.	
M. Marchand	12-Jan-26	Email correspondence with S. Babe re sales process and sales agent engagement letter; review email and attachments from A. Glover re financial and business monitoring; correspondence with M. Chan re same; correspondence with S. Virani re sales process; teleconference with S. Babe, K. Plunkett and BDO re sales process and related matters; correspondence with M. Morrow re sales process engagement letter; correspondence with M. Chan re sales process procedures; email correspondence with S. Virani re information requests.	1.7
M. Chan	12-Jan-26	Review correspondences from and to legal counsels. Update call re sale and investment solicitation process ("SISP") and other matters.	0.8
J. Hue	12-Jan-26	Request to update case website.	0.2
M. Marchand	13-Jan-26	Email correspondence with K. Plunkett re Court scheduling; review email from A. Glover re related party transactions; email correspondence with legal counsel re same; review email from S. Babe re court hearing rescheduling; review and revise SISP procedures; correspondence with M. Chan and legal counsel re same; correspondence with M. Chan re second Court report; review email and attachment from S. Babe re endorsement; matters related to accounts; correspondence with M. Chan re cash flow monitoring.	2.3
M. Marchand	14-Jan-26	Correspondence with M. Chan re sales process; correspondence with legal counsel re same; review email and attachment from S. Virani re SISP; draft email to S. Babe re sales process and related matters; review email correspondence re cash flow monitoring.	0.7
M. Chan	14-Jan-26	Review various correspondences between legal counsels. Discussions re SISP and court proceedings. Draft and revise SISP procedures. Review comments from legal counsel and M. Marchand re SISP. Various correspondences with the Company re cash flow and financial matters.	8.2
M. Marchand	15-Jan-26	Email correspondence with S. Babe re numerous matters related to sales process, funding, cash flows and stalking horse offer; email correspondence with K. Plunkett re same; review revised SISP document; correspondence with legal counsel and sales agent re same; review email from N. Hollard re Court hearing coordinates; correspondence with S. Virani re sales process; teleconference with counsel re sales process procedures and court hearing.	1.6
M. Chan	15-Jan-26	Draft second report of the Proposal Trustee. Update call with counsel. Discussion with proposed sales agent re sale process materials. Cash flow monitoring for Week #4 and review supporting materials for same.	6.2
M. Chan	16-Jan-26	Discussions with M. Marchand re cash flow and monitoring. Draft second report of the Trustee. Follow up on various outstanding items from Company.	5.0
M. Marchand	16-Jan-26	Review emails and attachments from J. O' Beid re cash flow activity; review emails and attachments from M. Chan re cash flow monitoring; review email and attachment from S. Babe re stalking horse asset purchase agreement; prepare for Court hearing; attend Court hearing;	2.5



081

Staff	Date	Comments	Hours
		email correspondence with A. Rock re Office of Superintendent of Bankruptcy stay extension document requests; phone call with M. Chan re cash flow monitoring, funding, and second court report.	

This is **Exhibit "D"** referred to in the affidavit of

**Matthew Marchand**

Sworn before me this 21<sup>st</sup> day of January 2026

A handwritten signature in blue ink that reads "T. Montesano". The signature is written in a cursive style with a large initial "T".

A COMMISSIONER FOR TAKING AFFIDAVITS

Antonio Montesano, a Commissioner, etc.,  
Province of Ontario, for BDO Canada LLP  
and BDO Canada Limited, and  
their subsidiaries, associates and affiliates.  
Expires December 21, 2026.

**EXHIBIT "D"**

**BDO Canada Limited**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF REACTOR ENGINEERING  
GROUP LTD. O/A HARBOUR TECHNOLOGIES**

**TIME SUMMARY FROM DECEMBER 8, 2025, TO JANUARY 16, 2025**

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
M. Marchand, Partner	43.4	\$ 735.00	31,899.00
J. Parisi, Partner	2.3	\$ 735.00	1,690.50
M. Chan, Senior Manager	38.3	\$ 595.00	22,788.50
J. Hue, Senior Analyst	3.6	\$ 200.00	720.00
T. Montesanto, Senior Analyst	0.5	\$ 200.00	100.00
<b>Subtotal</b>	<b>88.1</b>		<b>57,198.00</b>
<b>Average Hourly Amount</b>			<b><u><u>\$ 649.24</u></u></b>

# APPENDIX G

Court File No.: CV-26-00035949-0000  
Estate No.: 35-3311888

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF REACTOR  
ENGINEERING GROUP LTD.**

**AFFIDAVIT OF KYLE PLUNKETT  
(sworn January 21, 2026)**

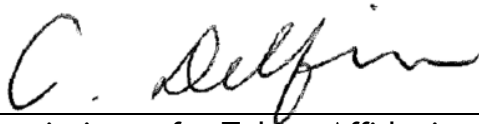
I, **KYLE PLUNKETT**, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a lawyer at Aird & Berlis LLP (“**A&B**”) and, as such, I have knowledge of the matters to which I hereinafter depose.
2. A&B has acted, and continues to act, as legal counsel for BDO Canada Limited (“**BDO**”), in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) of Reactor Engineering Group Ltd. o/a Harbour Technologies.
3. In connection with its mandate as counsel to the Proposal Trustee, A&B has prepared a statement of account dated January 20, 2026, which details its services rendered and fees incurred for the period from December 18, 2025 to January 15, 2026 in the amount of \$27,869.21, inclusive of HST and disbursements in connection with its fees and disbursements (“**Statement of Account**”).
4. Attached hereto and marked as **Exhibit “A”** to this Affidavit is a copy of the aforementioned Statement of Account.

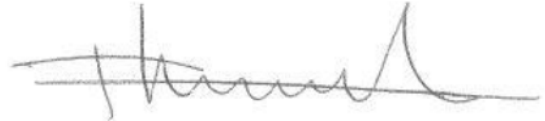
5. Attached hereto and marked as **Exhibit "B"** to this Affidavit is a summary with a breakdown of timekeepers who have worked on this file for the periods referenced above. The average hourly rate of A&B is \$695.17.

6. This Affidavit is made in support of a motion to, *inter alia*, approve the fees and disbursements detailed in the attached Statement of Account of A&B, and for no improper purpose whatsoever.

**SWORN REMOTELY** by Kyle Plunkett of the )  
City of Toronto, in the Province of )  
Ontario, before me on January 21, 2026, in )  
accordance with O. Reg. 431/20, )  
Administering Oath of Declaration )  
Remotely. )



\_\_\_\_\_  
Commissioner for Taking Affidavits  
(Cristian Delfino, LSO No. 87202N)



\_\_\_\_\_  
**KYLE PLUNKETT**

Attached is Exhibit "A"  
referred to in the  
AFFIDAVIT OF KYLE PLUNKETT  
sworn before me  
this 21<sup>st</sup> day of January, 2026



---

Commissioner for taking Affidavits, etc.

**AIRD BERLIS**

Kyle B. Plunkett  
Direct: 416-865-3406  
E-mail: [kplunkett@airdberlis.com](mailto:kplunkett@airdberlis.com)

January 20, 2026

Matthew Marchand  
BDO Canada Limited  
500-20 Wellington Street West  
Toronto, ON  
M5E 1C5 Canada

Dear Mr. Marchand:

RE: Reactor Engineering Group Ltd. o/a Harbour Technologies  
Our Matter No: 336047

---

Enclosed please find our invoice # 1471270 for services rendered to January 15, 2026. The balance due is \$27,869.21 CAD. Please include our invoice number in the payment detail section of your wire transfer.

I trust the foregoing is satisfactory. Please do not hesitate to call me if you have any questions.

Yours very truly,

AIRD & BERLIS LLP



Kyle B. Plunkett

KBP/ch

Encl.



Aird & Berlis LLP  
Brookfield Place, Suite 1800  
181 Bay Street  
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500  
F 416 863 1515  
airdberlis.com

BDO Canada Limited  
500-20 Wellington Street West  
Toronto, ON  
M5E 1C5 Canada

January 20, 2026

Attention: Matthew Marchand

**Invoice No: 1471270**

**Re: Reactor Engineering Group Ltd. o/a Harbour Technologies**

Client No: 013137  
Matter No: 336047

**FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending January 15, 2026**

Total Fees	\$24,539.50
Total Disbursements	128.12
Total Taxes	3,201.59
<b>Amount Due</b>	<b>\$27,869.21 CAD</b>

Payment by EFT / Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

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**GST / HST Registration # 12184 6539 RT0001 | PST Registration #PST-1485-2365**

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Aird & Berlis LLP  
Brookfield Place, Suite 1800  
181 Bay Street  
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500  
F 416 863 1515  
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BDO Canada Limited  
500-20 Wellington Street West  
Toronto, ON  
M5E 1C5 Canada

January 20, 2026

Attention: Matthew Marchand

**Invoice No: 1471270**

**Re: Reactor Engineering Group Ltd. o/a Harbour Technologies**

Client No: 013137  
Matter No: 336047

**FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending January 15, 2026**

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	12/18/2025	825.00	0.40	330.00	Review and respond to emails from client regarding new matter.
KBP	12/19/2025	825.00	0.50	412.50	Review and consider update email from client, and next steps.
SRM	12/19/2025	510.00	0.40	204.00	Review email and certificate of Notice of Intention; Conduct prelim; Order, review and report on profile and PPSA search for Reactor Engineering Group Ltd. and Harbour technologies
SRM	12/22/2025	510.00	0.10	51.00	Review certified PPSA searches
KBP	01/01/2026	860.00	0.50	430.00	Review cashflows and emails from BLG and BDO.
KBP	01/02/2026	860.00	2.00	1,720.00	Attend strategy call with client; review and provide comments on draft motion materials for extension and DIP.
KBP	01/05/2026	860.00	1.50	1,290.00	Review and provide comments on draft materials and order; attend call with client.
CD	01/06/2026	515.00	1.20	618.00	Review record of Company; Revise first report of proposal trustee
KBP	01/06/2026	860.00	2.40	2,064.00	Draft and update Report.
CD	01/07/2026	515.00	2.30	1,184.50	Finalize report; Prepare for service; Draft affidavit of service re same
KBP	01/07/2026	860.00	2.00	1,720.00	Revise and finalize report for service; updated order.
CD	01/08/2026	515.00	2.40	1,236.00	Revise letter from interested party; Call with K. Plunkett re same; Draft response letter

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
JJL	01/08/2026	1,020.00	0.80	816.00	Review email from K. Plunkett re D&O insurance; Review of insurance policy re D&O coverage issues; Email to K. Plunkett re D&O insurance coverage
KBP	01/08/2026	860.00	1.20	1,032.00	Attend call with client to discuss Wuxly letter; review and consider factum.
PLW	01/08/2026	310.00	0.40	124.00	Submitted First Report of the Proposal Trustee for filing online with the court
CD	01/09/2026	515.00	1.20	618.00	Respond to various emails; Meeting with counsel to creditor; File materials with court
KBP	01/09/2026	860.00	2.00	1,720.00	Revise and finalize letter response to Wuxly counsel; attend w/out prejudice call with Blakes; attend debrief call with client to discuss Wuxly position and other administrative matters.
CD	01/12/2026	515.00	0.50	257.50	Revise service list; Draft emails to client team and BLG team
CD	01/12/2026	515.00	1.00	515.00	Revise materials and prepare submissions for court attendance
KBP	01/12/2026	860.00	2.20	1,892.00	Attend call with client regarding motion materials and SISP; review and respond to emails from BLG regarding DIP and extension motion; draft Orders.
CD	01/13/2026	515.00	0.40	206.00	Attend hearing for purpose of adjournment
KBP	01/13/2026	860.00	0.50	430.00	Attend call with client to discuss SISP and upcoming motion.
CD	01/14/2026	515.00	2.90	1,493.50	Revise and edit SISP for review and comment; Draft and respond to various emails re same
KBP	01/14/2026	860.00	0.90	774.00	Negotiate APA; revise and update documents from SISP.
CD	01/15/2026	515.00	1.60	824.00	Attend client call; Revise SISP per client comments
CD	01/15/2026	515.00	2.50	1,287.50	Review all motion materials; Prepare submissions re same
KBP	01/15/2026	860.00	1.50	1,290.00	Attend call with client team regarding motion and SISP terms; review and provide comments on draft SISP.
<b>TOTAL:</b>			35.30	\$24,539.50	

Name	Year of Call	Title	Hours	Rate	Value
Delfino, Cristian (CD)	2023	Associate	16.00	\$515.00	\$8,240.00
Longo, John J. (JJL)	1989	Partner	0.80	\$1,020.00	\$816.00
Morris, Shannon R (SRM)		Law Clerk	0.50	\$510.00	\$255.00
Plunkett, Kyle B. (KBP)	2011	Partner	17.60	\$858.21	\$15,104.50
Williams, Patrick L. (PLW)		Law Clerk	0.40	\$310.00	\$124.00

**OUR FEE** \$24,539.50  
HST @ 13% 3,190.13

**DISBURSEMENTS**

**Non-Taxable Disbursements**

Due Diligence-Gov Fee 8.00  
Search Under P.P.S.A. 32.00

Total Non-Taxable Disbursements \$40.00

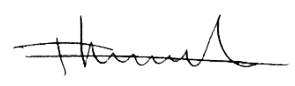
**Taxable Disbursements**

Due Diligence 10.00  
Postage 57.52  
Service Provider Fee 20.60

Total Taxable Disbursements \$88.12  
HST @ 13% 11.46

**AMOUNT DUE** \$27,869.21 CAD

THIS IS OUR INVOICE HEREIN  
AIRD & BERLIS LLP



Kyle B. Plunkett

E.&O.E.

Payment by EFT / Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

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**GST / HST Registration # 12184 6539 RT0001 | PST Registration #PST-1485-2365**

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BDO Canada Limited  
500-20 Wellington Street West  
Toronto, ON  
M5E 1C5 Canada

January 20, 2026

Attention: Matthew Marchand

**Invoice No: 1471270**

**Re: Reactor Engineering Group Ltd. o/a Harbour Technologies**

Client No: 013137  
Matter No: 336047

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**REMITTANCE SLIP**

Total Fees	\$24,539.50
Total Non-Taxable Disbursements	40.00
Total Taxable Disbursements	88.12
Total Taxes	3,201.59

**AMOUNT DUE**

**\$27,869.21 CAD**

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TD Canada Trust	Bank No.:	004
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Attached is Exhibit "B"  
referred to in the  
AFFIDAVIT OF KYLE PLUNKETT  
sworn before me  
this 21<sup>st</sup> day of January, 2026



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Commissioner for taking Affidavits, etc.

**Client: (013137) BDO Canada Limited**

**RE: (336047) Reactor Engineering Group Ltd. o/a Harbour Technologies**

**Working Member Summary**

**Invoice # 1471270**

<b>LAWYERS</b>	<b>CALL TO BAR</b>	<b>HOURLY RATE \$</b>	<b>TOTAL TIME</b>	<b>VALUE \$</b>
Longo, John J.	37 (called to the Bar in 1989)	\$1,020.00	0.8	\$816.00
Plunkett, Kyle B.	15 (called to the Bar in 2011)	\$858.21	17.6	\$15,104.50
Delfino, Cristian	3 (called to the Bar in 2023)	\$515.00	16.0	\$8,240.00
Morris, Shannon R	Law Clerk	\$510.00	0.5	\$255.00
Williams, Patrick L.	Law Clerk	\$310.00	0.4	\$124.00
<b>Total Fees</b>			<b>35.3</b>	<b>\$24,539.5</b>

Court File No.: CV-26-00035949-0000  
Estate No.: 35-3311888

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF REACTOR ENGINEERING GROUP LTD.

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(IN BANKRUPTCY AND INSOLVENCY)**  
  
PROCEEDING COMMENCED AT LONDON

**AFFIDAVIT OF FEES OF KYLE PLUNKETT**  
(Sworn January 21, 2026)

**AIRD & BERLIS LLP**  
Brookfield Place  
181 Bay Street  
Suite 1800  
Toronto, ON M5J 2T9

**Kyle Plunkett (LSO No. 61044N)**  
Tel: 416.865.3406  
Email: [kplunkett@airdberlis.com](mailto:kplunkett@airdberlis.com)

**Cristian Delfino (LSO No. 87202N)**  
Tel: 416.865.7748  
Email: [cdelfino@airdberlis.com](mailto:cdelfino@airdberlis.com)

*Lawyers for the Proposal Trustee*

Court File No.: CV-26-00035949-0000  
Estate No.: 35-3311888

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF REACTOR ENGINEERING GROUP LTD.

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(IN BANKRUPTCY AND INSOLVENCY)**

PROCEEDING COMMENCED AT LONDON

**SECOND REPORT OF PROPOSAL TRUSTEE**

**AIRD & BERLIS LLP**

Brookfield Place  
181 Bay Street, Suite 1800  
Toronto, Ontario M5J 2T9

**Kyle Plunkett (LSO No. 61044N)**

Tel: 416-865-3406

Email: [kplunkett@airdberlis.com](mailto:kplunkett@airdberlis.com)

**Cristian Delfino (LSO No. 87202N)**

Tel: 416-865-7748

Email: [cdelfino@airdberlis.com](mailto:cdelfino@airdberlis.com)

*Lawyers for the Proposal Trustee*