

Court File No. CV-26-00035949-000T
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

FOURTH REPORT OF THE PROPOSAL TRUSTEE
April 13, 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 and machining and assembled components for the nuclear, oil and gas, aerospace and automotive industries.
2. 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**”).
3. The Company is co-owned by Andrew Glover (“**Andrew**”) and David Glover (“**David**”, and collectively with Andrew, the “**Principals**”), who are brothers.
4. 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

5. In support of the Company’s motion returnable January 16, 2026 (the “**January 16th Hearing**”), the Proposal Trustee filed its First Report, a copy of which, without appendices, is attached hereto as **Appendix “A”**.
6. At the January 16th Hearing, 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 (the “**Stay Period**”);
 - 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 the professional fees incurred in connection with these Proposal Proceedings to the maximum aggregate amount of \$400,000 (the “**Administration Charge**”);
 - c) approving interim financing (“**DIP Financing**”) in the maximum principal amount of \$110,000 (plus interest, fee and costs);

- d) granting a charge over the Property to secure repayment of any advances made 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.
7. A copy of the January 16 Order and Endorsement of The Honourable Madam Justice Rady are attached hereto as **Appendix “B”**.
8. In support of the Company’s motion returnable January 30, 2026 (the “**January 30th Hearing**”), the Proposal Trustee filed its second report dated January 27, 2026 (the “**Second Report**”), a copy of which, without appendices, is attached hereto as **Appendix “C”**.
9. At the January 30th Hearing, the Court issued two orders:
- a) an ancillary order (the “**January 30 Ancillary Order**”), *inter alia*:
 - i. approving a further extension to the Stay Period for a period of forty-five (45) days up to and including March 16, 2026;
 - ii. approving the Second Report of the Proposal Trustee and the activities set out therein;
 - iii. approving the fees and disbursements of the Proposal Trustee and its counsel, A&B, as set out in the Second Report and the fee affidavits appended thereto; 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 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, does not have the effect of giving the DIP Lender a preference and shall not be void as against any trustee in bankruptcy under sections 95(1) or 96(1) of the BIA.
 - b) a sales process order (the “**Sales Process Order**”), *inter alia*:
 - i. approving the stalking horse sale process and auction procedures in respect of the Company (the “**Sales Process**”), including the engagement of BDO Transaction Advisory Services Inc.

- (the “**Sales Agent**”), *nunc pro tunc*, 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 an amended stalking horse asset purchase agreement dated January 29, 2026, between 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**”) and approval of the transaction contemplated by such agreement (the “**Sale Transaction**”) shall require further approval of the Court;
 - iii. approving the Break Fee (as defined in the Stalking Horse Agreement) in the amount of \$50,000 (inclusive of HST, if any);
 - 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 carrying out the Sales Process; and
 - 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.
10. Copies of the January 30 Ancillary Order, Sales Process Order and the Endorsement of The Honourable Madam Justice Mitchell dated January 30, 2026, are attached hereto as **Appendices “D”, “E” and “F”**, respectively.
11. In support of the Company’s motion returnable March 6, 2026 (the “**March 6th Hearing**”), the Proposal Trustee filed its third report dated March 2, 2026 (the “**Third Report**”), a copy of which, without appendices, is attached hereto as **Appendix “G”**.
12. At the March 6th Hearing, the Court issued an order (the “**March 6 Order**”), *inter alia*:
- a) approving an extension of the Stay Period up to and including April 17, 2026;
 - b) approving the Third Report of the Proposal Trustee and the activities set out therein;
 - c) approving the fees and disbursements of the Proposal Trustee and its counsel, A&B, as set out in the Third Report and the fee affidavits appended thereto;
 - d) approving the Company entering into a scientific research and experimental development (“**SRED**”) tax credit preparation revised consultancy engagement letter dated February 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**”), respectively;

- e) granting a charge (the “**Pinnacle Charge**”) over any amounts actually received by the Company on account of investment tax credits resulting from the SRED Claims to secure the payment of any amounts owing to Pinnacle pursuant to the SRED Engagement Letter ranking in priority to all other encumbrances other than the Administration Charge; and
 - f) approving and authorizing the Company to pay Pinnacle such amounts that may be owing or owed under the SRED Engagement Letter in accordance with the terms thereunder, and that any payments required to be made under the SRED Engagement Letter 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 and is not a transfer at undervalue and shall not be void as against any trustee in bankruptcy under section 96(1) of the BIA.
13. A copy of the March 6 Order and the Endorsement of The Honourable Justice Garson dated March 6, 2026, which accompanied the March 6 Order are attached hereto as **Appendix “H”**.

PURPOSE

14. The purpose of this fourth report of the Proposal Trustee (the “**Fourth Report**”) is to:
- a) provide this Court with information regarding:
 - (i) the Proposal Trustee’s activities since the Third Report;
 - (ii) the administration and results of the Sales Process;
 - (iii) details of the Sale Transaction;
 - (iv) the Proposal Trustee’s monitoring of the Company’s revised 8-week cash flow forecast for the Period February 23, 2026, to April 19, 2026 (the “**Revised Cash Flow Forecast**”); and
 - (v) an overview of the Company’s revised 4-week cash flow forecast for the period April 6, 2026, to May 3, 2026 (the “**Second Revised Cash Flow Forecast**”) and the Proposal Trustee’s comments regarding the reasonableness thereof; and
 - b) support the Company’s motion seeking the following Orders:
 - (i) an approval and vesting order (the “**Approval and Vesting Order**”), among other things:
 - 1. approving the Stalking Horse Agreement, as amended and restated by the Amended and Restated Stalking Horse Agreement dated April 10, 2026 (the “**Stalking Horse Agreement**”), and authorizing the Company to take all necessary actions and steps,

- including the execution of all other ancillary documents and agreements required to close the Sale Transaction contemplated by the Stalking Horse Agreement;
2. vesting the Company's right, title and interest in and to the Purchased Assets (as defined in the Stalking Horse Agreement) in the Stalking Horse Bidder, free and clear of all encumbrances, except for any permitted encumbrances, upon the Proposal Trustee delivering a certificate (the "**Proposal Trustee's Certificate**") substantially in the form attached as Schedule A to the Approval and Vesting Order, to the Company and the Stalking Horse Bidder, that the Sale Transaction has closed in accordance with the Stalking Horse Agreement;
 3. authorizing and directing the Company to change its legal name following the delivery of the Proposal Trustee's Certificate; and
 4. releasing the current and former directors of the Company and discharging from any and all claims arising from or taking place during the period from the Proposal Proceedings to the Closing Date (as defined in the Stalking Horse Agreement) as more particularly described in the Approval and Vesting Order; and
- (ii) An ancillary order (the "**Ancillary Order**"), among other things:
1. further extending the Stay Period to and including April 30, 2026 (the "**Third Stay Extension**");
 2. approving an increase in the DIP Financing to a maximum principal of \$380,000 and increasing the DIP Lenders' Charge accordingly;
 3. approving the \$40,000 loan advance made by ATMIS to the Company on April 8, 2026 pursuant to the Secured Promissory Note (as defined herein);
 4. upon closing of the Sale Transaction and the cancellation of the Credit Bid Debt in satisfaction of the Purchase Price (as such terms are defined in the Stalking Horse Agreement), the Company, upon written approval and consent of the Proposal Trustee, or any trustee in bankruptcy of the Company, authorizing and directing the Proposal Trustee to make one or more distributions to the DIP Lender in satisfaction of any amounts remaining outstanding under the DIP Financing and, to the extent all amounts owing under the DIP Financing are repaid in full, to ATMIS on account of any amounts outstanding pursuant to the Secured Promissory Note;
 5. approving this Fourth Report and the conduct and activities of the Proposal Trustee set out herein;

6. approving the fees and disbursements of the Proposal Trustee and its counsel, A&B, as set out in this Fourth Report and the fee affidavits appended hereto (together, the “**Fee Affidavits**”);
7. ordering that upon the bankruptcy of the Company, the Proposal Trustee is authorized to transfer the funds currently held as a retainer to any trustee in bankruptcy of the Company (in such capacity, the “**Bankruptcy Trustee**”) to the held by the Bankruptcy Trustee on the same terms as a retainer for its professional fees and disbursements in the bankruptcy proceedings; and
 - (iii) such further and other relief as the Court may deem just and equitable.
15. In support of the Company’s motion returnable April 17, 2026, the Company filed its Motion Record, including the affidavit of Andrew Glover sworn April 10, 2026 (the “**Fourth Glover Affidavit**”), together with exhibits thereto. The Proposal Trustee recommends to readers that this Fourth Report be read in conjunction with the Fourth Glover Affidavit.
16. All materials filed with the Court in the Proposal Proceedings, are or will be accessible on the Proposal Trustee’s website at: <https://www.bdo.ca/reactor> (the “**Proposal Trustee’s Website**”).

TERMS OF REFERENCE

17. In preparing the Fourth 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, Second Report, Third Report, and Fourth Report in respect of the Cash Flow Forecast (as defined herein), the Revised Cash Flow Forecast or the Second Revised 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 the Fourth 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.

18. Future-oriented financial information referred to in the Fourth 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.
19. Unless otherwise indicated, the Proposal Trustee's understanding of factual matters expressed in the Fourth Report concerning the Company and its business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
20. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
21. Capitalized terms used herein and not defined in the Fourth Report shall have the meaning ascribed to them in the First Report, Second Report, Third Report, the Sales Process or the Stalking Horse Agreement, as the case may be.

PROPOSAL TRUSTEE'S ACTIVITIES

22. Since the Third Report, the Proposal Trustee has, among other things:
 - a) prepared for and attended the Company's last motion, which occurred on March 6, 2026;
 - b) monitored the Company's weekly cash receipts and disbursements;
 - c) reviewed and commented on the Second Revised Cash Flow Forecast;
 - d) together with the Sales Agent, administered the Sales Process, including reviewing and negotiating various non-disclosure agreements ("**NDA**");
 - e) participated in various discussions with the Principals, the Sales Agent, and certain stakeholders in connection with the administration and coordination of the Sales Process, including extending the Sales Process timeline as detailed further herein;
 - f) developed, in consultation with the Principals, the Sales Agent, and respective legal counsel, specific and separate protocols within the Sales Process for handling controlled goods subject to the *Defense Production Act (Canada)* and the *Controlled Goods Regulations* ("**Controlled Goods**") of the Company;
 - g) corresponded with and responded to creditor inquiries and requests;
 - h) prepared an estimated liquidation value of the Company in a bankruptcy scenario to compare and contrast against the offer contemplated by the Stalking Horse Agreement;
 - i) uploaded all court material and certain other relevant documents to the Proposal Trustee's Website;

- j) reviewed the Company's latest motion record returnable April 17, 2026; and
- k) prepared and filed this Fourth Report.

RECEIPTS AND DISBURSEMENTS MONITORING

- 23. The Company's 14-week cash flow forecast for the period December 15, 2025, to March 22, 2026 (the "Cash Flow Forecast") was appended as Appendix C to the First Report. The Proposal Trustee's monitoring of the Cash Flow Forecast was detailed in each of the Second Report and the Third Report.
- 24. In support of the Company's request for the last extension to the Stay Period, the Company prepared the Revised Cash Flow Forecast, a copy of which was appended as Appendix G to the Third Report.
- 25. The Company's actual net cash flow during the 6-week period ending April 5, 2026, contemplated by the Revised Cash Flow Forecast resulted in net disbursements over receipts of approximately \$124,000, before funding advances, compared to forecasted net disbursements over receipts of approximately \$14,000, before funding advances. This resulted in an unfavourable net cash flow variance of approximately \$110,000 over that 6-week period. The cash flow activity and variances are summarized in the table below:

Cumulative totals for the 6 weeks ended			
April 5, 2026			
	Budget	Actual	Variance
Opening balance	63,631	63,631	-
Receipts:			
Legal settlement	2,500	4,500	2,000
Revenue collected	242,543	-	(242,543)
Accounts receivable collected	630,240	615,437	(14,803)
Total cash inflow	875,283	619,937	(255,346)
Disbursements:			
Supplier payments	159,283	160,483	(1,200)
Payroll	216,836	196,651	20,185
Employee reimbursements	2,185	5,037	(2,852)
Source deductions	91,690	95,022	(3,333)
GST/HST payable	-	-	-
Vehicle lease payments	12,188	12,188	-
Equipment lease payments	26,280	26,180	100
Office rent	78,775	61,055	17,720
Utilities	9,886	20,965	(11,080)
Insurance	38,820	14,277	24,543
WSIB	3,232	-	3,232
Professional fees	241,054	144,275	96,779
Vehicle expense	6,866	7,405	(539)
Bank fee	101	716	(615)
Telephone	2,400	-	2,400
Total cash outflow	889,595	744,255	145,340
Net receipts/(disbursements)	(14,312)	(124,318)	(110,006)
DIP financing	70,000	70,000	-
Closing balance	119,319	9,313	(110,006)
DIP Continuity:			
Opening Balance	40,000	40,000	-
Draws	70,000	70,000	-
Repayments	-	-	-
Closing Balance	110,000	110,000	-

26. The Proposal Trustee made the following observations and can provide the following explanation of key cash flow variances:

Receipts

- (i) the negative variance in the revenue collected of \$242,543 is an unfavourable timing variance due to the delay in generation and collection of revenue from certain customers; and
- (ii) the negative variance in accounts receivable collected of \$14,803 is an unfavourable timing variance due to the delay in the collection of certain accounts receivable relative to the Company's projections. These accounts receivable are now anticipated to be collected in the weeks of April 6, 2026 and April 13, 2026.

Disbursements

- (i) the unfavourable variance in supplier payments of \$1,200 is a permanent variance related to vendor expenses not contemplated by the Revised Cash Flow Forecast. It is noted that the Company's cash flow during these Proposal Proceedings has been supported by obtaining favourable credit terms on payables extended by certain of its vendors.
- (ii) there are favourable permanent variances in payroll disbursements of \$20,185 due to a decrease in staff hours related to a decline in personnel;
- (iii) there is a favourable timing variance for office rent of \$17,720 due to the landlord not depositing payments;
- (iv) there is an unfavourable permanent variance for utilities of \$11,080 due to higher heating costs than originally anticipated;
- (v) there is a favourable timing variance for insurance of \$24,543, which Management asserts will be reversed in the week of April 6, 2026, when premiums are paid; and
- (vi) the favourable variance in professional fees of \$96,779 is a timing variance related to a delay in the Company remitting payments to such professionals.

Funding

- (i) over the 6-week period ending April 5, 2026, the Company has drawn a total of \$70,000 from the DIP Financing, resulting in no variance to budget.
27. The Company's actual net cash flow commencing from the filing of the NOI over the 16-week period ending April 5, 2026, is summarized in the table below. A cash flow variance analysis over the 16-week period ending April 5, 2026, cannot be meaningfully performed, as the Cash Flow Forecast was replaced after week ten with the Revised Cash Flow Forecast that attempted to incorporate actual results compared to variances to date. As a result, the underlying baseline differs between periods, limiting comparability.

Cumulative totals for the 16 weeks ended April 5, 2026	
	Actual
Opening balance	61,022
Receipts:	
Legal settlement	63,743
Revenue collected	606,874
Accounts receivable collected	974,546
Total cash inflow	1,645,162
Disbursements:	
Supplier payments	410,795
Payroll	563,425
Employee reimbursements	12,230
Source deductions	172,033
GST/HST payable	-
Vehicle lease payments	30,278
Equipment lease payments	52,782
Office rent	122,260
Utilities	36,006
Insurance	53,740
WSIB	-
Professional fees	392,419
Vehicle expense	13,285
Bank fee	1,983
Telephone	2,152
Total cash outflow	1,863,389
Net receipts/(disbursements)	(218,226)
DIP Financing	110,000
Post-filing secured advances	55,000
Actual foreign exchange adjustment	1,517
Closing balance	9,313

28. Over the 16-week period ending April 5, 2026, the Company reports net disbursements over receipts of \$218,226, before funding advances and foreign exchange adjustments. Inclusive of funding advances and foreign exchange adjustments, the Company reports a closing April 5, 2026, cash balance of \$9,313.
29. Over the 16-week period ending April 5, 2026, the Company has drawn a total of \$165,000, through a combination of \$55,000 from a secured promissory note (the “**Secured Promissory Note**”) extended by ATMIS and \$110,000 from the DIP Financing.

SECOND REVISED CASH FLOW FORECAST

30. In support of the request for the Third Stay Extension, the Company has prepared the Second Revised Cash Flow Forecast covering the 4-week period April 6, 2026, through to May 3, 2026. A copy of the Second Revised Cash Flow Forecast is attached hereto as **Appendix “I”**.
31. Based on the Proposal Trustee’s review of the Second Revised Cash Flow Forecast, there are no

material assumptions which seem unreasonable in the present circumstances.

32. The Second Revised Cash Flow Forecast presents that the Company will experience net cash disbursements over receipts of \$270,439, before Secured Promissory Note or DIP Financing advances, during the 4-week period covered by the Second Revised Cash Flow Forecast. The Second Revised Cash Flow Forecast is predicated on the Company's ability to collect existing accounts receivable of \$486,354, as well as refunds from the Canada Revenue Agency ("CRA") on account of corporate income taxes and HST in the aggregate amount of \$423,681.
33. The Second Revised Cash Flow Forecast includes the remittance to CRA of pre-NOI payroll source deductions considered to be impressed with a deemed trust in the estimated amount of \$239,642. The Company previously attempted to satisfy this trust claim by transferring corporate income tax account credits; however, the CRA did not agree to do so and instead advised the Company that it will issue a refund to the Company on or around April 13, 2026, rather than applying against the payroll account indebtedness owing.
34. The Second Revised Cash Flow Forecast also contemplates the payment of outstanding and future professional fees of the Company's legal counsel, the Proposal Trustee and A&B in the amount of \$586,898, inclusive of applicable sales taxes, prior to the Closing Date.
35. Due to a delay in the collection of certain receipts up to the period ending April 5, 2026, the Company experienced a potential liquidity event whereby the Company was unable to fund payroll the week of April 6, 2026, absent an urgent injection of capital. Accordingly, the Company obtained additional funding in the \$40,000 under the Secured Promissory Note from ATMIS on or around April 8, 2026.
36. Lastly, the Second Revised Cash Flow Forecast contemplates additional advances under the DIP Financing of up to \$270,000, which amounts are required to fund the cash flow shortfall presented in the Second Revised Cash Flow Forecast through the period of the Third Stay Extension. In total, the Proposal Trustee has determined that DIP Financing would need to be increased to a total amount of \$380,000.
37. To the extent the DIP Financing needs to increase beyond the projected total of \$380,000, the Proposal Trustee intends on filing a supplemental report prior to the Company's motion returnable on April 17, 2026.
38. The Proposal Trustee will continue to monitor the Company's financial activity, including reviewing the weekly budget to actual cash flows, and work with the Company to operate within the approved cash flows.

SALES PROCESS UPDATE

39. The Sales Process, as approved by this Court, commenced upon the issuance of the Sales Process Order. Due to unforeseen delays in establishing a Controlled Goods protocol, on March 11, 2026 the Proposal Trustee, exercising its discretion under the Sales Process, extended the Sales Process milestone dates in an effort to provide Qualified Bidders potentially interested in the Controlled Goods component of the Company's business with sufficient time to conduct and complete due diligence related to same. Such amendments are reflected in the table below:

Milestone	Deadline
Extended Bid Deadline	March 19, 2026
Auction Date (if necessary)	No later than March 24, 2026
Sale Approval Hearing	No later than April 10, 2026

40. Prior to March 19, 2026 (the "**Extended Bid Deadline**"), the Sales Agent had circulated the Teaser and NDA to one-hundred five (105) Known Potential Bidders, including a number of potentially interested parties provided by the Company. A NDA was signed by seventeen (17) Known Potential Bidders, each of which were provided with access to the non-Controlled Goods virtual data room. No Known Potential Bidders provided the necessary Controlled Goods certificate and clearance to obtain access to the Controlled Goods virtual data room. A total of forty-six (46) Known Potential Bidders expressed their intention to pass on the opportunity, while the balance of Known Potential Bidders did not respond.
41. The Sales Agent followed up with the Known Potential Bidders on numerous occasions during the Sales Process in an effort to solicit a bid by the Extended Bid Deadline, however, no bids were received by the Extended Bid Deadline. Pursuant to the Sales Process, with no Superior Bids received, the Stalking Horse Bidder was declared to be the Successful Bidder, and the Stalking Horse Agreement, as amended, the successful bid subject to Court approval.

SALE TRANSACTION

42. Capitalized terms used in this section and not otherwise defined have the meaning ascribed to them in the Stalking Horse Agreement. On April 9, 2026, the Stalking Horse Agreement was amended to:
- a) extend the dates by which certain provisions of the Stalking Horse Agreement must be satisfied, including the Excluded Assets listing, and the Outside Date;
 - b) provide for an increase in the DIP Financing to support operations and settlement of professional costs and Priority Payables prior to Closing; and

c) limit the Credit Bid Amount up to a maximum of \$261,845.

43. The salient terms of the Stalking Horse Agreement include:

a) The Sale Transaction is structured as an asset purchase;

b) the Stalking Horse Bidder, also the DIP Lender, and extended advances under the Secured Promissory Note;

c) the consideration for the Purchased Assets is made up of the following amounts in aggregate (collectively, the “Purchase Price”):

i. \$261,845.00 less any amount used by 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.

d) the Purchased Assets include:

i. the Assigned Contracts;

ii. the Pre-Paid Expenses;

iii. the Books and Records related to the Purchased Assets;

iv. the Intellectual Property owned or leased by the Company;

v. the Inventories as at the Closing Date;

vi. the Tangible Personal Property;

vii. all orders, authorizations, approvals, licenses or permits of any Governmental Authority, owned, held or 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 as at the Closing Date;
 - iv. the benefit of the Stalking Horse 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 any Transferred Employees; and
 - iii. any other liability which the Purchaser agrees to 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, which as at the date of the Fourth Report total thirty-one (31) employees;
- h) the Stalking Horse Bidder will assume the Real Property Leases, including any Cure Costs related thereto;
- i) the Stalking Horse Bidder will assume all obligations and liabilities relating to the Assigned Contracts, including pre-NOI filing and pre-Closing liabilities;
- j) the Stalking Horse Bidder will assume capital leases, together with any Cure Costs related thereto; and
- 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 21, 2026.
44. As at March 31, 2026, the Assumed Liabilities are estimated to total \$3,921,289, inclusive of vendor accounts payable, accrued expenses, the balance of the Concerta and Ford (as each are defined herein) capital leases, the deposits on the customer jobs, and related party liabilities.

45. While the Accounts Receivable as at the Closing Date are Excluded Assets, the Stalking Horse Bidder will collect and remit these to the Proposal Trustee as agent for the Company. The Proposal Trustee regards this as an advantageous arrangement because the continuity it provides is expected to optimize collections. Where normally a purchaser may charge a percentage of collections for this service, the Stalking Horse Bidder will not require such a fee, thus increasing the benefit to the Company.
46. As the Stalking Horse Bidder will acquire substantially all of the Company's Business, including its intellectual property, the Stalking Horse Bidder, requires, pursuant to section 9.5 of the Stalking Horse Agreement, that the legal name of the Company be changed. In order to change the Company's legal name during these Proposal Proceedings, the Ministry may require that the Approval and Vesting Order authorize and direct the Ministry to complete the articles of amendment.
47. Having regard to an estimated liquidation value of the Company in the event that the Stalking Horse Agreement is not approved by the Court and the Company becomes bankrupt, as more particularly described below, the Proposal Trustee is of the view that the consideration contemplated by the Stalking Horse Agreement is fair, reasonable, and exceeds the recovery creditors would otherwise receive if the Company were liquidated in a bankruptcy. The Proposal Trustee's analysis is set out herein.
48. The Company and Stalking Horse Bidder are working towards a Closing Date of no later than April 21, 2026, and are confident that the Sale Transaction is capable of closing on or before that date.
49. The Proposal Trustee recommends that the Sale Transaction be approved and that the Purchased Assets vest in the Stalking Horse Bidder for the following reasons:
 - a) the only remaining material condition to completion of the Stalking Horse Agreement is the granting of the Approval and Vesting Order;
 - b) the Proposal Trustee is of the view that the Sales Agent thoroughly canvassed the market and the Business was exposed to the market for a sufficient period of time, including after taking into account the extension to the milestones;
 - c) the Stalking Horse Agreement represents the highest, best and only offer received in the Sales Process, which was a robust marketing process approved by the Court;
 - d) there is no indication that any further marketing would yield a better or higher offer than the Stalking Horse Agreement, and there is no liquidity without third party funding to fund any further process;
 - e) the Sale Transaction is more beneficial to the Company's creditors, employees, and customers than a liquidation in a bankruptcy, as detailed below; and

- f) the Sale Transaction will maximize value for the Company's stakeholders, and result in a going concern business.

ESTIMATED REALIZATION IN BANKRUPTCY

50. A schedule of estimated realization (the "Schedule of Estimated Realization") based on Information dated as at March 31, 2026, unless otherwise stated, comparing the estimated realization in a bankruptcy scenario to the estimated realization from the Stalking Horse Agreement is outlined below:

Reactor Engineering Group Ltd. o/a Harbour Technologies
Schedule of Estimated Realization
Estimated as at March 31, 2026

	Book Value	Low	High
Assets			
Cash	42,801	-	74,194
Accounts receivable	378,320	213,088	250,054
Inventory	2,910,201	-	873,060
Prepaid expenses and deposits	27,319	-	-
Capital assets - unencumbered	373,224	32,600	127,690
Capital assets - encumbered	504,838	-	-
Vehicles - encumbered	489,097	-	-
Government receivables	387,445	1,171,246	1,718,040
Net Book Value	5,113,245	1,416,935	3,043,039
Less: Potential Priority Claims			
Wages and vacation pay		62,000	46,900
Deemed trust - source deductions (pre-filing)		-	-
Deemed trust - source deductions (post-filing)		30,968	15,484
Total potential priority claims		92,968	62,384
Estimated realizable value before the undernoted		1,323,967	2,980,655
Less: Secured Indebtedness			
DIP Lender Charge		475,000	475,000
Total secured indebtedness		475,000	475,000
Estimated realizable value before noted exclusions		848,967	2,505,655
Liabilities - Unsecured			
Pursuant to balance sheet		4,145,147	4,145,147
Litigation claims (estimate)		16,500,000	16,500,000
Estimated total unsecured liabilities		20,645,147	20,645,147
51. Estimated distribution to unsecured creditors		4%	12%

52. Certain assets of the Company, comprised of equipment, are subject to the encumbrances of two secured creditors, Concerta Equipment Finance ("Concerta") and Ford Credit Canada Company ("Ford"). The Proposal Trustee has not requested its legal counsel provide a legal opinion on the validity and enforceability of the security held by Concerta and Ford, and for the purpose of the Schedule of Estimated Realization assumes both the Concerta and Ford security interests create a valid and enforceable security interest. As indicated above, it is contemplated that these financing leases will be assumed by the Stalking Horse Bidder at Closing.

53. The Proposal Trustee has identified the following assets of the Company:

Cash

54. The Company maintains two bank accounts, with actual balances reported to be \$72,751 and USD \$925, respectively. It is assumed that recoveries from cash would range from no recovery to being fully recoverable by a trustee in bankruptcy.

Accounts Receivable

55. Accounts receivable, before a bad debt allowance of \$110,443, is reported to total approximately \$475,735 related to ten (10) customers. Management is confident the accounts receivable not identified as a bad debt are highly collectible, however, the Proposal Trustee estimates that any accounts receivable will have a lower realizable value in a bankruptcy scenario, ranging in aggregate from \$213,088 to \$250,054. Accounts receivable, which are an Excluded Asset, are anticipated to have a higher recovery for stakeholders under the Stalking Horse Agreement as customer projects will not be negatively impacted, thus decreasing the risk of bad debts.

Inventory

56. Inventory is reported to consist solely of work-in-process (“WIP”) with a value of \$2,910,201 relating to thirty-nine (39) customer jobs at various stages of completion, for which the Company reports deposits of \$2,536,991 have been received relating to sixteen (16) customer jobs. In totality, the customer jobs are projected to generate \$5,570,462 in revenue, against a minimum of \$4,407,393 in costs, of which \$1,497,193 in costs remain to be incurred, resulting in a maximum accounting gross profit of \$1,163,068.

57. The Company continues to fulfill customer orders, however, as the products produced by the Company are unique for each customer order, in certain cases are subject to Controlled Goods, and consist of in-progress production at various stages, it is unlikely that the WIP would generate a recoverable value close to its reported value or the potential accounting gross profit. It is uncertain whether customers would be willing to acquire the WIP in a bankruptcy scenario and it is unlikely a trustee in bankruptcy would complete any WIP. Accordingly, the Proposal Trustee estimates that WIP will have a realizable value in a bankruptcy scenario ranging in aggregate from \$0 to \$873,060, before costs to complete WIP, if any.

Prepays

58. Prepaid expenses and deposits are reported to total \$27,319 and consist of prepaid rent at the Company’s facility located in Chatham, Ontario and software subscriptions. The Proposal Trustee estimates that prepaid expenses and deposits will have no realizable value in a bankruptcy scenario, but may partially reduce occupancy costs incurred by a trustee in bankruptcy.

Capital Assets

59. Capital assets primarily consist of metal fabrication equipment and tools, of which two pieces are encumbered by Concerta, gown manufacturing equipment, leasehold improvements and office equipment. The Company does not have an equipment appraisal, nor has the Proposal Trustee commissioned an appraisal.
60. Unencumbered capital assets are reported to have a net book value of \$373,224. Management advises the gown equipment is custom made, unique for its purpose and is obsolete and out of service without significant investment. Management advises that the other unencumbered equipment is in fair to excellent condition. As such the Proposal Trustee estimates a net realizable value in a bankruptcy scenario, ranging in aggregate from \$32,600 to \$127,690, taking into consideration selling costs and that the equipment would require significant cost to transport and re-install at a different location by a purchaser.
61. Encumbered capital assets are reported to have a net book value of \$504,838. Management advises this equipment is in excellent condition. Due to the specific nature of the equipment, and considering selling, transportation and installation costs, the Proposal Trustee estimates a net realizable value in a bankruptcy scenario, ranging in aggregate from \$159,024 to \$309,173. As at March 31, 2026, the Company reports Concerta is owned principal of \$320,461. As such, it is assumed Concerta would experience a shortfall on its security and no surplus would be available for unsecured creditors.

Vehicles

62. Vehicles consist of six (6) Ford automotive vehicles with model years ranging from 2023 to 2025. Management advises the vehicles are in good working condition. A *Personal Property Security Act* registry search reports registrations by Ford against all units. Black Book values were used to estimate the realizable value. The Proposal Trustee estimates that after selling costs, the encumbered vehicles will yield no realizable value for unsecured creditors in a bankruptcy scenario.

Government Receivables

63. The Company anticipates receipt of gross SRED refunds of \$1,000,000 and \$800,000 for the fiscal years ending February 28, 2025, and February 28, 2026, respectively. Pinnacle's fees to support the SRED Claims are estimated to total a maximum of \$405,000 (22.5%), but may be lower in the event the CRA does not audit the SRED Claims and/or the SRED Claim refunds are lower than \$1.8 million. The Proposal Trustee estimates that recoveries from SRED Claims will range between 75% and 100% of the filed values, translating to net recoveries ranging from \$1,046,250 to \$1,395,000 after Pinnacle's fees.

64. The Company reports \$375,856 in corporate income tax credits relating to the fiscal year-end December 31, 2024. It is assumed that the corporate income tax recoveries will be 100% of the amount reported. However, it is further assumed that the CRA claims a right of setoff relating to the entire source deductions account balance owing, being \$303,620 against this credit balance.
65. The Company reports \$244,224 in HST credits relating to the monthly periods December 2025 through to February 2026. It is assumed that the December 2025 and January 2026 HST recoveries will be 100% of the filed amounts (\$47,825), however, it is also assumed that the February 2026 HST recoveries will range between 0% and 100% of the filed amounts due to CRA indicated an audit of the return.

Priority Claims and Secured Indebtedness

66. The priority claim for unpaid employee wages and vacation is estimated to range between \$2,000 per employee, the maximum secured amount under the BIA, for thirty-one (31) employees, and seven of ten payroll days that would go unpaid if operations ceased as of March 31, 2026, based on the Company's average weekly payroll of \$33,500.
67. The priority claim for source deductions related to the pre-NOI filing liability is assumed to be offset against the corporate income tax credits as noted above. It is also assumed that post-NOI filing source deductions range between two pay periods not yet remitted to CRA as at the date of bankruptcy, to one pay period not yet remitted.
68. In a bankruptcy scenario the DIP Lender would be entitled to recover upon the funding advanced under the DIP Financing and Secured Promissory Note pursuant to the DIP Charge. It is estimated that the total funds advanced and ranking in priority to unsecured creditors would total approximately \$475,000.

Noted Exceptions

69. Additionally, the schedule of estimated realizations in the event of a bankruptcy scenario includes the following key assumptions:
 - a) it is assumed that a trustee in bankruptcy would allow Concerta and Ford to repossess the collateral for which they have respective security over as it is estimated the debts owing to each of Concerta and Ford exceed the recoverable value of their respective security, however, any residual liability owing is excluded from this analysis;
 - b) costs of administering a bankruptcy and realizing on the aforementioned assets are excluded from this analysis;
 - c) excludes interest accruing on the DIP Financing;

- d) quantification of unsecured liabilities excludes employee termination and severance claims, which the Company estimates to total approximately \$184,000 under *Employment Standards Act* or approximately \$979,000 under common law; and
- e) levies on distributions, as applicable, pursuant to the BIA are excluded from this analysis.

Superior Benefit of Stalking Horse Agreement

70. Based on all of the information that has come to the Proposal Trustee’s attention to date, the Proposal Trustee is of the view that the Stalking Horse Agreement provides a superior benefit to stakeholders of the Company. Net recoveries on the Excluded Assets, principally comprised of the accounts receivable and government receivables, less the residual amount (\$213,155) of the ATMIS funding subject to the DIP Charge not utilized as part of the Credit Bid Debt, are estimated to range between \$1,171,180 and \$1,754,939. Additionally, Assumed Liabilities are estimated to total \$3,921,289, the Stalking Horse Bidder intends to offer employment to all thirty-one (31) current employees, and customer orders will be fulfilled in the ordinary course. Excluded Liabilities are estimated to total \$16,723,857, resulting in a potential distribution of 7% to 10% for unsecured creditors forming Excluding Liabilities. In aggregate, the blended recovery for total liabilities is estimated to range between 25% to 27% when also considering the 100% recovery for the Assumed Liabilities. The table below summarizes the estimated recovery on total liabilities:

Stalking Horse Agreement Estimated Recovery		Low	High
Asset Recoveries			
Accounts receivable		213,088	250,054
Government receivables		1,171,246	1,718,040
Total Asset Recoveries	[A]	1,384,335	1,968,094
Less: DIP Lender secured debt			
Credit Bid		261,845	261,845
Secured advances		(475,000)	(475,000)
Less: DIP Lender secured debt	[B]	(213,155)	(213,155)
Net recoveries for Excluded Liabilities	[A] + [B] = [C]	1,171,180	1,754,939
Assumed Liabilities	[D]	3,921,289	3,921,289
Recovery on Assumed Liabilities		100%	100%
Excluded Liabilities	[E]	16,723,857	16,723,857
Recovery on Excluded Liabilities		7%	10%
Total Liabilities	[D] + [E] = [F]	20,645,147	20,645,147
Total recoveries			
Net recoveries for Excluded Liabilities	[C]	1,171,180	1,754,939
Assumed Liabilities	[D]	3,921,289	3,921,289
Total recoveries	[C] + [D] = [G]	5,092,469	5,676,229
Blended recovery on total liabilities	[G] / [F]	25%	27%

71. Conversely, in a bankruptcy scenario, all employees will be terminated and it is uncertain whether any customer orders will be fulfilled, likely to result in a material negative impact on customers.

Further, the Proposal Trustee estimates a realizable value range of \$855,206 to \$2,530,611, after deducting for the estimated secured indebtedness of the DIP Lender. Since no liabilities will be assumed in a bankruptcy scenario, it is estimated that unsecured creditor claims would total \$20,645,147. This results in a potential distribution of 4% to 12% for unsecured creditors, which is considerably lower than the recovery creditors would experience under the Stalking Horse Agreement.

EXTENSION OF STAY OF PROCEEDINGS

72. The Company is currently required to make a proposal by April 17, 2026.
73. The Company is seeking a further extension of the Stay Period from April 17, 2026 to April 30, 2026. In totality, from the date of the NOI filing, being December 16, 2025, through to April 30, 2026, if granted, the Stay Period will total one-hundred thirty-six (136) days, which is in compliance with the provisions of section 50.4(9) of the BIA, which requires the extension of time for filing a proposal in aggregate not exceed five (5) months in duration after the initial thirty (30) day period.
74. In the Proposal Trustee's view, based on the Second Revised 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.
75. The Proposal Trustee supports the Company's request as:
 - a) the extension of the Stay Period would permit the Company to close the Sale Transaction with ATMIS;
 - b) based on 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;
 - d) it is more likely that the Company will be able to make a viable proposal if the extension is granted; and
 - e) as of the date of this Fourth Report, the Proposal Trustee is not aware of any party opposed to an extension of the relief sought at this motion.

PROFESSIONAL FEES

76. 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.

77. 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 February 16, 2026, to March 31, 2026, and the interim fees and disbursements for A&B for the period from February 16, 2026, to March 31, 2026.
78. The total interim fees of the Proposal Trustee for the period of February 16, 2026, to March 31, 2026, total \$90,733.79, including fees in the amount of \$73,286.50 plus disbursements in the amount of \$7,008.00 and HST in the amount of \$10,438.29, as more particularly described in the affidavit of Matthew Marchand sworn April 13, 2026, a copy of which is attached hereto as **Appendix “J”**. The average hourly rate of the Proposal Trustee is \$569.88 (excluding HST).
79. The total interim fees and disbursements of A&B for the period of February 16, 2026 to March 31, 2026, total \$40,067.29, including fees in the amount of \$35,359.50 plus disbursements of \$98.28, and HST of \$4,609.51, as more particularly described in the affidavit of Kyle Plunkett sworn April 13, 2026, a copy of which is attached hereto as **Appendix “K”**. The average hourly rate of A&B is \$758.79 (excluding HST).
80. The Proposal Trustee has reviewed the fees and disbursements of A&B and believe they are reasonable in the circumstances.
81. The Proposal Trustee also requests approval for an additional fee reserve of up to \$60,000 plus HST and \$45,000 plus HST for the fees and disbursements of the Proposal Trustee and A&B, respectively, to complete the administration of these Proposal Proceedings.
82. 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, including the future estimated fees, of the Proposal Trustee and that of A&B, as set out in this Fourth Report.

CONCLUSIONS AND RECOMMENDATIONS

83. Based on the above, the Proposal Trustee respectfully recommends that the Court grant the Order providing the relief described in paragraph 14(b) of this Fourth Report.

All of which is respectfully submitted this 13th day of April, 2026.

BDO CANADA LIMITED
in its capacity as Trustee *in re* the Proposal 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

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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- Appendix A - Certificate of Filing a Notice of Intention to File a Proposal
- Appendix B - PPSA registration system enquiry response dated December 18, 2025
- Appendix C - 14 Week Cash Flow and Management's Report Thereon
- Appendix D - Proposal Trustee's Report on the Cash Flow
- Appendix E - DIP Certificates

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 7th 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

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

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

Cristian Delfino (LSO No. 87202N)

Tel: 416-865-7748

Email: cdelfino@airdberlis.com

Lawyers for the Proposal Trustee

APPENDIX B

Superior Court of Justice / Cour supérieure de justice

Select Court Address

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
Mr DeFino (I failed to note for whom Mr DeFino appeared)

Email/
Courriel: jlaplante@cohenhighley.com
Mr Hartley for Wuxley
Mr Galluchan - for International
Customer Products

Defendant/
Intimé(e): Present/ Comparait

Counsel/
Avocat(e): Present/ Comparait

Email/
Courriel:

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.

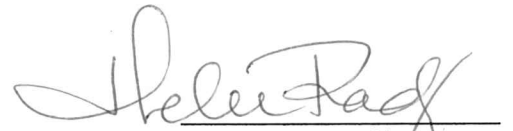
Order to go in accordance with minutes of settlement or consent filed./ Ordonnance conformément au procès-verbal de l'audience de transaction ou le consentement déposé.

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



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

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

THE HONOURABLE) FRIDAY, THE 16TH DAY
JUSTICE RADY) OF JANUARY, 2026

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

ORDER

THIS MOTION, made by Reactor Engineering Group Ltd. ("**Reactor**"), was heard this day by Zoom videoconference.

ON READING the Motion Record of Reactor, including the Affidavit of Andrew Glover sworn January 2, 2026, including the exhibits thereto, and the First Report to the Court of BDO Canada Limited ("**BDO**") in its capacity as proposal trustee (in such capacity, the "**Proposal Trustee**") dated January 7, 2026 (the "**First Report**"), and on hearing the submissions of counsel for Reactor and counsel for the Proposal Trustee, no one else appearing for although duly served as appears from the Lawyer's Certificate of Service dated January 2, 2026, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

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.



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
Tel: 416-367-6000
Fax: 416-367-6749

Sam Babe (LSO No. 49498B)
Tel: 416-367-6182
sbabe@blg.com

Nick Hollard (LSO No. 831700)
Tel: 416-367-6545
nhollard@blg.com

Lawyers for Reactor Engineering Group Ltd.

APPENDIX C

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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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:

Cumulative totals for the 5 weeks ending January 18, 2026			
	Budget	Actual	Variance
Opening cash balance	61,022	61,022	-
Receipts:			
Revenue collected	227,726	249,497	21,771
Accounts receivable collected	292,699	267,337	(25,361)
Total cash in	520,425	516,835	(3,590)
Disbursements:			
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)
Total cash out	530,296	452,908	77,388
Net receipts over disbursements	(9,871)	63,927	73,798
Post filing secured advances	85,000	55,000	30,000
Actual foreign exchange adjustment	-	1,011	(1,011)
Closing cash balance	136,150	180,959	44,809

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 or 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 27th 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

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

Cristian Delfino (LSO No. 87202N)

Tel: 416-865-7748

Email: cdelfino@airdberlis.com

Lawyers for the Proposal Trustee

APPENDIX D



Court File No.: CV-26-00035949-00OT
Estate No.: 35-3311888

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

THE HONOURABLE) FRIDAY, THE 30TH DAY
)
JUSTICE MITCHELL) OF JANUARY, 2026

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

ANCILLARY ORDER

THIS MOTION, made by Reactor Engineering Group Ltd. ("**Reactor**"), was heard this day by Zoom videoconference.

ON READING the Motion Record of Reactor, including the Affidavit of Andrew Glover sworn January 23, 2026, including the exhibits thereto (the "**Second Glover Affidavit**"), the Supplemental Affidavit of Andrew Glover sworn January 29, 2026, including the exhibits thereto, and the Second Report to the Court of BDO Canada Limited ("**BDO**") in its capacity as proposal trustee (in such capacity, the "**Proposal Trustee**") dated January 27, 2026 (the "**Second Report**"), and on hearing the submissions of counsel for Reactor, counsel for the Proposal Trustee, counsel to Woolly Mammoth Outerwear Inc. and counsel to International Customer Products Inc., and such other counsel who were present, and no one else appearing for although duly served as appears from the affidavit of service of Mariela Adriana Gasparini sworn January 23, 2026, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

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 forty-five (45) days up to and including March 16, 2026.

APPROVAL OF THE SECOND REPORT

3. **THIS COURT ORDERS** the Second Report, and the actions, conduct and activities of the Proposal Trustee as set out therein, be and are hereby approved; provided that only the Proposal Trustee in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

APPROVAL OF INTIAL ADVANCES

4. **THIS COURT ORDERS** that Secured Grid Promissory Note made January 7, 2026 by Reactor in favour of ATMIS Protective Equipment Inc. and the Initial Advances (as such term is defined in the Second Glover Affidavit) made pursuant thereto, be and are hereby approved.

5. **THIS COURT ORDERS** that the grant of security in the Secured Grid Promissory Note is valid under section 97(1) of the BIA, is not a transfer at undervalue, does not have the effect of giving the DIP Lender a preference and shall not be void as against any trustee in bankruptcy under sections 95(1) or 96(1) of the BIA.

FEE APPROVAL

6. **THIS COURT ORDERS** that the fees and disbursements of (i) the Proposal Trustee, up to and including January 16, 2026, and (ii) the Proposal Trustee’s legal counsel, Aird & Berlis LLP, up to and including January 15, 2026, as set out in the Second Report and as more particularized in the Fee Affidavits (as defined in the Second Report) appended thereto, be and are hereby approved.

GENERAL

7. **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.

8. **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.

9. **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.

10. **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.

11. **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.

12. **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.

Justice A.K. Mitchell

JUSTICE A. K. MITCHELL

Court File No.: CV-26-00035949-00OT
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

BORDEN LADNER GERVAIS LLP

Bay Adelaide Centre, East Tower
22 Adelaide St W
Toronto, Ontario M5H 4E3
Tel: 416-367-6000
Fax: 416-367-6749

Sam Babe (LSO No. 49498B)

Tel: 416-367-6182
sbabe@blg.com

Nick Hollard (LSO No. 831700)

Tel: 416-367-6545
nhollard@blg.com

Lawyers for Reactor Engineering Group Ltd.

APPENDIX E



Court File No.: CV-26-00035949-00OT
Estate No.: 35-3311888

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

THE HONOURABLE) FRIDAY, THE 30TH DAY
)
JUSTICE MITCHELL) OF JANUARY, 2026

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

ORDER
(SISP Approval)

THIS MOTION, made by Reactor Engineering Group Ltd. (“**Reactor**”) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) for an order, among other things, approving the SISP (as defined herein) in respect of the Property (as defined herein) of Reactor, was heard this day by Zoom videoconference.

ON READING the Motion Record of Reactor, including the Affidavit of Andrew Glover sworn January 23, 2026 (the “**Second Glover Affidavit**”), including the exhibits thereto, the Supplemental Affidavit of Andrew Glover sworn January 29, 2026, including the exhibits thereto, and the Second Report to the Court of BDO Canada Limited (“**BDO**”) in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) dated January 27, 2026, and on hearing the submissions of counsel for Reactor, counsel for the Proposal Trustee, counsel for Woolly Mammoth Outerwear Inc. and counsel for International Customer Products Inc., and such other counsel who were present, and no one else appearing for although duly served as appears from the affidavit of service of Mariela Adriana Gasparini sworn January 23, 2026, filed,

SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Second Glover Affidavit.

APPROVAL OF THE SISP

3. **THIS COURT ORDERS** that the sale and investment solicitation process, including its auction procedures, in the form set out in Schedule “A” to this Order (the “**SISP**”) in respect of all of the assets, undertakings and properties (collectively, the “**Property**”) and/or business (the “**Business**”) of Reactor be and is hereby approved. The Proposal Trustee and BDO Transaction Advisory Services Inc., in its capacity as advisor to the Proposal Trustee and Reactor in connection with the SISP (in such capacity, the “**SISP Advisor**”) are authorized and directed to take such steps as they deem necessary or desirable to carry out and perform their obligations under the SISP and to take such steps and execute such documentation as may be necessary or incidental to the SISP, provided that any definitive agreement to be executed by Reactor in respect of the sale of all or part of the Property or the Business shall require further approval of this Court.

4. **THIS COURT ORDERS** that any step taken by the Proposal Trustee or the SISP Advisor in connection with the SISP prior to the date of this Order is approved and ratified.

5. **THIS COURT ORDERS** that the Proposal Trustee, Reactor and the SISP Advisor and their respective assistants, affiliates, partners, employees, representatives, legal counsel and agents shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct in performing their obligations under the SISP as determined by this Court in a final order that is not subject to appeal or other review.

6. **THIS COURT ORDERS** that, in overseeing and conducting the SISP, the Proposal Trustee and the SISP Advisor shall have all of the benefits and protections granted to it under the BIA and any Order of this Court in the within proceeding.

STALKING HORSE AGREEMENT

7. **THIS COURT ORDERS** that Reactor is hereby authorized and empowered, *nunc pro tunc*, with such minor amendments as may be acceptable to each of the parties thereto, and approved by the Proposal Trustee, to execute, deliver, and enter into the amended stalking horse asset purchase agreement dated January 29, 2026 (the “**Stalking Horse Agreement**”) between the Reactor and ATMIS Protective Equipment Inc. (in such capacity, the “**Stalking Horse Bidder**”) substantially in the form attached as Exhibit “F” to the Second Glover Affidavit. For greater certainty, the Stalking Horse Agreement is approved only as the Stalking Horse Bid (as defined in the Stalking Horse Agreement) and the approval of any transaction in respect of the Property and/or the Business shall be considered by this Court on a subsequent motion made to this Court.

8. **THIS COURT ORDERS** that the Break Fee (as defined in the Stalking Horse Agreement) is approved and, in the event the Stalking Horse Bidder is not the Successful Bidder (as defined in the SISP), Reactor is authorized and directed to pay the Break Fee to the Stalking Horse Bidder subject to and in accordance with the terms of the Stalking Horse Agreement.

PIPEDA

9. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, and any similar legislation in any other applicable jurisdictions, the Proposal Trustee and the SISP Advisor are authorized and permitted to disclose and transfer to each potential bidder that has executed an NDA (the “**Bidders**”), and their respective advisors, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in Reactor’s records pertaining to its past and current employees, but only to the extent desirable or required to negotiate or attempt to complete one or more transactions pursuant to the SISP (each, a “**Transaction**”). Each Bidder to whom such personal information is disclosed shall maintain

and protect the privacy of such information and limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall return all such information to the Proposal Trustee and the SISP Advisor, or in the alternative destroy all such information. The Successful Bidder(s) (as defined in the SISP) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in the Successful Bid(s) (as defined in the SISP), shall be entitled to use the personal information provided to it that is related to the property and/or business acquired pursuant to the Transaction in a manner which is in all material respects identical to the prior use of such information by Reactor, and shall return all other personal information to the Proposal Trustee and the SIPS Advisor, or ensure that all other personal information is destroyed.

EXTENSION OF ADMINISTRATION CHARGE

10. **THIS COURT ORDERS** that the SISP Advisor is entitled to the benefit of the Administration Charge created by the Order of The Honourable Madam Justice Rady dated January 16, 2026, as security for the SISP Advisor's professional fees and disbursements incurred at the standard rates and charges of the SISP Advisor.

GENERAL

11. **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.

12. **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.

13. **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.

Justice A.K. Mitchell

JUSTICE A. K. MITCHELL

SCHEDULE "A"

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, evidence of registration under the Controlled Goods Program and 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 \$50,000.

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 \$50,000;
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 aggregate separate Bids from Bidders to create one 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
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
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
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.

Court File No.: CV-26-00035949-000T
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
(SISP Approval)

BORDEN LADNER GERVAIS LLP

Bay Adelaide Centre, East Tower
22 Adelaide St W
Toronto, Ontario M5H 4E3
Tel: 416-367-6000
Fax: 416-367-6749

Sam Babe (LSO No. 49498B)

Tel: 416-367-6182
sbabe@blg.com

Nick Hollard (LSO No. 83170O)

Tel: 416-367-6545
nhollard@blg.com

Lawyers for Reactor Engineering Group Ltd.

APPENDIX F

ONTARIO

Superior Court of Justice / Cour supérieure de justice

Select Court Address

Court File Number/
Numéro de dossier du greffe
CV-26-00035949-000T

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

Endorsement/
Inscription

Plaintiff/
Applicant: REACTOR ENGINEERING GROUP LTD. [] Present/ Comparait
Counsel/
Avocat(e): Sam Babe [X] Present/ Comparait
Email/
Courriel:

Defendant/
Respondent: See attendances below. [] Present/ Comparait
Counsel/
Avocat(e): [] Present/ Comparait
Email/
Courriel:

30-Jan-2026

JUSTICE
A. K. MITCHELL

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

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

ENDORSEMENT/ INSCRIPTION

S. Babe – counsel for Reactor Engineering Group Ltd.
K. Plunkett and C. Delfino – counsel for the Proposal Trustee, BDO Canada Limited
M. Marchand – representative of BDO
J. Harris – counsel for Woolly Mammoth Outerwear Inc. o/a Wuxly Movement
J. Gallichan – counsel for International Customer Products Inc.

Reactor brings this motion seeking, inter alia, an order:

- 1. authorizing Reactor to undertake a sale and investment solicitation process in respect of all of its assets;
2. approving the "stalking horse" asset purchase agreement dated January 23, 2026;

3. extending the benefit of the Administration Charge granted pursuant to the January 16th order to the fees of the transaction advisor;
4. extending the time to file a proposal to March 16, 2026;
5. approving the second report of the proposal trustee;
6. approving the fees and disbursements of the proposal trustee and its counsel;
7. approving an engagement letter between reactor and its SRED claim advisors and granting them a priority charge for their fees;
8. approving certain secured advances made by the DIP Lender prior to the proposal proceedings.

This motion is unopposed (supported by the proposal trustee) subject to the rights of Wuxley to challenge the superiority of the “stalking horse” transaction relative to a liquidation of Reactor’s assets in bankruptcy upon its review of a liquidation analysis once received.

I find that the proposed “stalking horse” transaction and sale process are in the best interests of the stakeholders of Reactor based on the evidence reviewed (as contained in the second report of the proposal trustee) and summarized by Reactor’s counsel in their submissions. Furthermore, the ancillary relief is appropriate and is hereby approved.

Orders signed in the draft forms provided.



Justice A. K. Mitchell

APPENDIX G

Court File No. CV-26-00035949-000T
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

THIRD REPORT OF THE PROPOSAL TRUSTEE
March 2, 2026

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- Appendix A - First Report of the Proposal Trustee dated January 7, 2026 (without appendices)
- Appendix B - January 16, 2026 Court Order and Endorsement of The Honourable Madam Justice Rady
- Appendix C - Second Report of the Proposal Trustee dated January 27, 2026 (without appendices)
- Appendix D - Ancillary Order dated January 30, 2026
- Appendix E - Sales Process Order dated January 30, 2026
- Appendix F - Endorsement of The Honourable Madam Justice Mitchell dated January 30, 2026
- Appendix G - Revised Cash Flow Forecast
- Appendix H - Fee Affidavit of Matthew Marchand sworn February 27, 2026
- Appendix I - Fee Affidavit of Kyle Plunkett sworn February 26, 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. 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**”).
3. The Company is co-owned by Andrew Glover (“**Andrew**”) and David Glover (“**David**”, and collectively with Andrew, the “**Principals**”).
4. 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

5. In support of the Company’s motion returnable January 16, 2026 (the “**January 16th Hearing**”), the Proposal Trustee filed its First Report, a copy of which, without appendices, is attached hereto as **Appendix “A”**.
6. At the January 16th Hearing, 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.
7. A copy of the January 16 Order and Endorsement of The Honourable Madam Justice Rady are attached hereto as **Appendix “B”**.
8. In support of the Company’s motion returnable January 30, 2026 (the “**January 30th Hearing**”), the Proposal Trustee filed its second report dated January 27, 2026 (the “**Second Report**”), a copy of which, without appendices, is attached hereto as **Appendix “C”**.
9. At the January 30th Hearing, the Court issued an ancillary order (the “**January 30 Ancillary Order**”), *inter alia*:
- a) approving an extension of the time required for the Company to file its proposal by a period of forty-five (45) days from January 30, 2026, up to and including March 16, 2026 (the “**First Stay Extension**”);
 - b) approving the Second Report of the Proposal Trustee and the activities set out therein;
 - c) approving the fees and disbursements of the Proposal Trustee and its counsel, A&B, as set out in the Second Report and the fee affidavits appended thereto; and
 - d) 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 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, does not have the effect of giving the DIP Lender a preference and shall not be void as against any trustee in bankruptcy under sections 95(1) or 96(1) of the BIA.
10. A copy of the January 30 Ancillary Order is attached hereto as **Appendix “D”**.
11. On January 30, 2026, the Court issued a sales process order (the “**Sales Process Order**”), *inter alia*:

- a) 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;
 - b) approving and authorizing the Company, *nunc pro tunc*, to enter into a the amended stalking horse asset purchase agreement dated January 29, 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;
 - c) approving the Break Fee (as defined in the Stalking Horse Agreement) in the amount of \$50,000 (inclusive of HST, if any);
 - d) 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; and
 - e) 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.
12. A copy of the Sales Process Order is attached hereto as **Appendix “E”**.
13. A copy of the Endorsement of The Honourable Madam Justice Mitchell dated January 30, 2026, which accompanied the January 30 Ancillary Order and the Sales Process Order is attached hereto as **Appendix “F”**.

PURPOSE

14. The purpose of this third report of the Proposal Trustee (the “**Third Report**”) is to:
- a) provide this Court with information regarding:
 - (i) the Proposal Trustee’s activities since the Second Report;
 - (ii) the Proposal Trustee’s monitoring of the Company’s cash flow activity during these Proposal Proceedings;
 - (iii) an overview of the Company’s revised 8-week cash flow forecast for the period February 23, 2026, to April 19, 2026 (the “**Revised Cash Flow Forecast**”) and the Proposal Trustee’s comments regarding the reasonableness thereof;
 - (iv) the progress of the Sales Process; and

b) support the Company's motion seeking an Order:

- (i) approving an extension of the time required for the Company to file its proposal from March 16, 2026, the date of the expiry of the current stay, to and including April 17, 2026 (the "**Second Stay Extension**");
- (ii) approving this Third 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 Third Report and the fee affidavits appended hereto (together, the "**Fee Affidavits**");
- (iv) approving the Company entering into a scientific research and experimental development ("**SRED**") tax credit preparation revised consultancy engagement letter dated February 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**");
- (v) granting a charge over any amounts actually received by the Company on account of ITCs (as defined herein) resulting from the SRED Claims to secure the payment of any amounts owing to Pinnacle pursuant to the SRED Engagement Letter ranking in priority to all other encumbrances other than the Administration Charge;
- (vi) approving and authorizing the Company pay to Pinnacle any amounts owing under the SRED Engagement Letter in accordance with the terms thereunder, and 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 and 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
- (vii) such further and other relief as the Court may deem just and equitable.

15. In support of the Company's motion returnable March 6, 2026, the Company filed its Motion Record, including the affidavit of Andrew Glover sworn February 26, 2026 (the "**Third Glover Affidavit**"), together with exhibits thereto. The Proposal Trustee recommends to readers that this Third Report be read in conjunction with the Third Glover Affidavit.
16. All materials filed with the Court in the Proposal Proceedings, are accessible on the Proposal Trustee's website at: <https://www.bdo.ca/reactor> (the "**Proposal Trustee's Website**").

TERMS OF REFERENCE

17. In preparing the Third 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, Second Report, and Third Report in respect of the Cash Flow Forecast (as defined herein) or the Revised 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 Third 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.
18. Future-oriented financial information referred to in the Third 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.
19. Unless otherwise indicated, the Proposal Trustee’s understanding of factual matters expressed in the Third Report concerning the Company and its business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
20. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
21. Capitalized terms used herein and not defined in the Third Report shall have the meaning ascribed to them in the First Report, the Second Report, the Sales Process or the Stalking Horse Agreement, as the case may be.

PROPOSAL TRUSTEE’S ACTIVITIES

22. Since the Second Report, the Proposal Trustee has, among other things:
- a) prepared for and attended the Company’s motion, which occurred on January 30, 2026;

- b) monitored the Company's weekly cash receipt and disbursement activity;
- c) reviewed and commented on the Revised Cash Flow Forecast;
- d) together with the Sales Agent, commenced and administered the Sales Process, including reviewing and negotiating non-disclosure agreements ("**NDA**");
- e) participated in various discussions with the Principals, the Sales Agent, and certain stakeholders in connection with the administration and coordination of the Sales Process;
- f) participated in various discussions with the Principals, the Sales Agent, and respective legal counsels in connection with establishing specific and separate protocols within the Sales Process for handling controlled goods subject to the *Defense Production Act (Canada)* and the *Controlled Goods Regulations* ("**Controlled Goods**") of the Company;
- g) corresponded with the Company and counsel to the Company regarding the SRED Claims and the proposed terms of the SRED Engagement Letter;
- h) corresponded with and responded to creditor inquiries and requests;
- i) uploaded all court material and certain other relevant documents to the Proposal Trustee's Website; and
- j) prepared this Third Report.

RECEIPTS AND DISBURSEMENTS MONITORING

- 23. The Company's 14-week cash flow forecast for the period December 15, 2025, to March 22, 2026 (the "**Cash Flow Forecast**") was appended as Appendix C to the First Report.
- 24. The Company's actual net cash flow for the 10-week period ending February 22, 2026, resulted in net disbursements over receipts of \$93,908, before funding advances, compared to forecasted net receipts over disbursements of \$60,846, before funding advances, resulting in an unfavourable net cash flow variance of \$154,755 over the 10-week period. The cash flow activity and variances are summarized in the table below:

Cumulative totals for the 10 weeks ended February 22, 2026			
	Budget	Actual	Variance
Opening balance	61,022	61,022	-
Receipts:			
Legal settlement	-	59,243	59,243
Revenue collected	863,257	606,874	(256,383)
Accounts receivable collected	460,791	359,108	(101,682)
Total cash inflow	1,324,047	1,025,225	(298,822)
Disbursements:			
Supplier payments	330,998	250,312	80,686
Payroll	363,908	366,773	(2,865)
Source deductions	60,000	77,011	(17,011)
GST/HST payable	-	-	-
Vehicle lease payments	18,091	18,090	0
Equipment lease payments	26,618	26,602	15
Office rent	75,650	61,205	14,445
Utilities	11,037	15,040	(4,004)
Insurance	40,085	39,463	622
WSIB	6,464	-	6,464
Professional fees	320,950	248,143	72,807
Vehicle Expense	7,000	5,880	1,120
Telephone	2,400	2,152	248
Employee reimbursements	-	7,192	(7,192)
Banking charges	-	1,267	(1,267)
Total cash outflow	1,263,201	1,119,134	144,067
Net receipts/(disbursements)	60,846	(93,908)	(154,755)
Post-filing Secured Advances	-	55,000	55,000
DIP Loan	110,000	40,000	(70,000)
Actual foreign exchange adjustment	-	1,517	1,517
Closing balance	231,868	63,631	(168,237)

25. An explanation of key cash flow variances include:

Receipts

- (i) the positive variance from a legal settlement collected of \$59,243 is a favourable permanent difference due to the unaccounted receipt of legal settlement funds;
- (ii) the negative variance in the revenue collected of \$256,383 is an unfavourable timing variance due to the delay in generation and collection of revenue from certain customers; and
- (iii) the negative variance in accounts receivable collected of \$101,682 is an unfavourable timing variance due to the delay in the collection of certain accounts receivable relative to projections. These accounts receivable are now anticipated to be collected in the weeks of February 23, 2026, to March 16, 2026.

Disbursements

- (i) the favourable variance in supplier payments of \$80,686 is a timing variance. It is noted that the Company's cash flow has been supported by obtaining favourable credit terms from certain of its vendors. The Proposal Trustee is currently investigating the quantum of post-filing credit provided to the Company, as well as whether the Company has paid any pre-filing liabilities. The Proposal Trustee has reminded the Company that post-filing credit can only be obtained with the consent of the respective vendor being informed of these Proposal Proceedings and that no pre-filing debts are permitted to be paid without consent of the Proposal Trustee or Court order;
- (ii) there are unfavourable permanent variances in payroll disbursements of \$2,865 due to an increase in staff hours and employee expense reimbursements of \$7,192;
- (iii) there are unfavourable permanent variances in source deductions of \$17,011, the nature of which is pending further clarification from the Company;
- (iv) there is a favourable timing variance for office rent of \$14,445, due to the landlord not depositing the payment; and
- (v) the favourable variance in professional fees of \$72,807 is a timing variance related to a delay in the Company remitting payments.

Funding

- (i) over the 10-week period ending February 22, 2026, the Company has drawn a total of \$95,000, through a combination of \$55,000 from a secured promissory note (the "**Secured Prom Note**") and \$40,000 from the DIP Financing. In aggregate, the Company reports a favourable timing variance of \$15,000 with respect to post-NOI filing funding advances.

REVISED CASH FLOW FORECAST

- 26. In support of the request for the Second Stay Extension, the Company has prepared the Revised Cash Flow Forecast covering the 8-week period February 23, 2026, to April 19, 2026. A copy of the Revised Cash Flow Forecast is attached hereto as **Appendix "G"**.
- 27. Based on the Proposal Trustee's review of the Revised Cash Flow Forecast, there are no material assumptions which seem unreasonable in the present circumstances.
- 28. The Revised Cash Flow Forecast presents that the Company will experience net cash inflows of \$155,472 plus \$70,000 in DIP Financing advances during the 8-week period covered by the Revised Cash Flow Forecast. The Revised Cash Flow Forecast is predicated on the Company's ability to collect existing accounts receivable of \$630,240 as well as invoice and collect revenue of \$642,809.

29. The Revised Cash Flow Forecast contemplates DIP Financing advances of \$70,000, which will exhaust the totality of DIP Financing available, being \$110,000. The Company does not project a need to increase the amount of DIP Financing available throughout the period contemplated by the Revised Cash Flow Forecast and, accordingly, has evidenced sufficient liquidity for the period under the Second Stay Extension.
30. The Proposal Trustee will continue to monitor the Company's financial activity, including reviewing the weekly budget to actual cash flows.

SRED CLAIMS

31. As previously noted in the Second Report, 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, an independent third-party consultant which specializes in SRED filings and whom the Company's has utilized for the past 9 years.
32. As is customary with preparing SRED filings, the SRED Engagement Letter fee is structured as a percentage of investment tax credits ("ITCs") actually received with respect to the SRED Claims on a success-based outcome.
33. Also noted in the Second Report, the Company originally sought to have the SRED Engagement Letter approved at the January 30th Hearing. However, at the request of the Proposal Trustee this relief was adjourned to permit the Proposal Trustee to continue its review of the terms and conditions of the proposed engagement. At the time of the January 30th Hearing, the Proposal Trustee expressed concerns relating to the economic terms of the proposed engagement and that the Proposal Trustee had not had an opportunity to fully reflect and review in order to provide its recommendation.
34. The Proposal Trustee understands that Pinnacle originally proposed a flat fee equal to 30% of the ITCs approved as a result of federal and provincial SRED Claim for a fiscal year. As detailed in the Second Report, the Proposal Trustee raised concerns regarding the proposed fee rate, taking into consideration, among other things, the Pinnacle engagement letters 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 detailed a fee of 17.5% in each of the fiscal years 2016, 2017, 2018 and 2022.
35. Following further discussions with the Company, in consultation with the Proposal Trustee, Pinnacle agreed to revise its fee structure to the tiered arrangement described below.
36. The SRED Engagement Letter now stipulates Pinnacle is entitled to a fee of 20% to 22.5% 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 20% if the SRED Claim is approved as filed, however, the fee will increase to 22.5% 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 by Pinnacle.

37. The Proposal Trustee recognizes that 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.
38. Given the fee payment is tied to a success-based outcome, Pinnacle 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.
39. The beneficiaries of the Directors’ Charge and the DIP Lenders’ Charge consent to the subordination of the Pinnacle Charge.
40. Furthermore, the SRED Engagement Letter contemplates the expeditious filing of the SRED Claims for the fiscal periods February 28, 2025 and February 28, 2026, respectively, by no later than March 15, 2026, and April 30, 2026, respectively.
41. Finally, the Proposal Trustee understands these SRED Claims will be more voluminous and technical than past SRED claims, requiring more intensive preparation, and justifying necessity of the premium fee.
42. The Proposal Trustee supports the Company entering into the SRED Engagement Letter and the granting of the Pinnacle Charge.

SALES PROCESS UPDATE

43. The Sales Process, as approved by this Court, commenced upon the issuance of the Sales Process Order. The table below sets out the key milestone under the Sales Process:

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
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44. Immediately following the issuance of the Sales Process Order, the Proposal Trustee and Sales Agent, among other things, have:
- a) finalized a list of potential bidders (“**Known Potential Bidders**”) to approach regarding the opportunity. Included in the list of Known Potential Bidders were a number of potentially interested parties provided by the Company;
 - b) prepared and distributed a process summary (the “**Teaser Letter**”) on February 3, 2026 to the list of Known Potential Bidders describing the opportunity, outlining the Sales Process and inviting recipients of the Teaser Letter to express their interest in the Sales Process;
 - c) prepared and distributed the NDA together with the Teaser Letter;
 - d) published an advertisement in *The Globe and Mail* (National Edition) (the “**Notice**”) on February 5, 2026, to broadly market the opportunity;
 - e) prepared a confidential information summary (“**CIS**”) detailing the Company’s assets and operations to provide Qualified Bidders (as defined in the Sales Process) with sufficient information for preliminary valuation purposes;
 - f) populated a non-Controlled Goods virtual data room (the “**Non-CGP VDR**”) consisting of financial and operational documents that may be required for Qualified Bidders to conduct their due diligence on the opportunity;
 - g) corresponded with parties expressing an interest in the opportunity and provided Qualified Bidders with access to the Non-CGP VDR; and
 - h) corresponded with the Principals and respective legal counsel to establish a suitable due diligence protocol for the sharing of Controlled Goods information with Qualified Bidders.
45. As of the date of this Third Report, the Teaser Letter and NDA have been sent to one-hundred four (104) Known Potential Bidders, of which seventeen (17) have signed the NDA and were provided access to the Non-CGP VDR. A total of forty-six (46) parties have expressed their intention to pass on the opportunity.

Controlled Goods

46. Although not a material portion of the Company’s business, the Proposal Trustee understands certain of the Company’s operations are restricted pursuant to Controlled Goods, requiring strict compliance with related legislation and regulations. In order to access Controlled Goods information, persons

must have the appropriate certificate and requisite clearance. The Principals have indicated that approximately 10% of the Company’s revenues over the past two (2) years, comprising two (2) customers, are restricted by Controlled Goods.

47. Although Controlled Goods represent a relatively small portion of the Company’s total business, information subject to Controlled Goods must be appropriately handled within the Sales Process to ensure only parties cleared to review Controlled Goods information have access to same. The Proposal Trustee and the Sales Agent do not have the necessary Controlled Goods certificate or requisite clearance, however, have enlisted the assistance of Mr. Matt Glenen, a partner at BDO Canada LLP, who holds a Controlled Goods certification. On February 24, 2026, the Principals confirmed Mr. Glenen had received a favourable Controlled Goods security assessment.
48. In the intervening period, counsel to the Proposal Trustee and counsel to the Company set out a due diligence framework and protocols with respect to allowing Qualified Bidders with the necessary Controlled Goods certificate and clearance to obtain access to the Controlled Goods information which will be populated in a Controlled Goods virtual data room (the “CG VDR”). Mr. Glenen will assist with overseeing the CG VDR in support of the Sales Process. As at the date of this Third Report, no parties have been provided access to the CG VDR.

Extension of the Sales Process

49. Due to delays in establishing a Controlled Goods protocol and granting access to Qualified Bidders with appropriate Controlled Goods clearances to such information, the Proposal Trustee, exercising its discretion under the Sales Process, anticipates extending the Sales Process milestone dates as set out in the below table in an effort to provide Qualified Bidders interested in the Controlled Goods component of the Company’s business with sufficient time to conduct and complete the due diligence related to same:

Milestone	Deadline
Bid Deadline	March 19, 2026
Auction Date (if necessary)	No later than March 24, 2026
Sale Approval Hearing	No later than April 10, 2026

50. It is anticipated that the Bid Deadline will be extended by a week from March 12, 2026 to March 19, 2026. The subsequent milestone deadlines will be adjusted accordingly.

EXTENSION OF STAY OF PROCEEDINGS

51. The Company is currently required to make a proposal by March 16, 2026.

52. The Company is seeking an extension of the stay of proceedings from March 16, 2026, to April 17, 2026. In totality, from the date of the NOI filing, being December 16, 2025, through to April 17, 2026, the stay of proceeding will total one-hundred twenty-three (123) days, which is in compliance with the provisions of section 50.4(9) of the BIA, which requires the extension of time for filing a proposal in aggregate not exceed five (5) months in duration after the initial thirty (30) day period.
53. In the Proposal Trustee's view, based on the Revised 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.
54. 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 extend the Sales Process;
 - 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 of the date of this Third Report, the Proposal Trustee is not aware of any party opposed to an extension of the relief sought at this motion.

PROFESSIONAL FEES

55. 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.
56. 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 January 17, 2026, to February 15, 2026, and the interim fees and disbursements for A&B for the period from January 16, 2026, to February 15, 2026.
57. The total interim fees of the Proposal Trustee for the period of January 17, 2026, to February 15, 2026, total \$70,254.36, including fees in the amount of \$62,172.00 plus HST in the amount of \$8,082.36, as more particularly described in the affidavit of Matthew Marchand sworn February 27, 2026, a copy of which is attached hereto as **Appendix "H"**. The average hourly rate of the Proposal Trustee is \$627.37 (excluding HST).
58. The total interim fees and disbursements of A&B for the period of January 16, 2026, to February 15, 2026, total \$60,398.60, including fees in the amount of \$53,265.00 plus disbursements of \$185.09, and HST of \$6,948.51, as more particularly described in the affidavit of Kyle Plunkett sworn February

26, 2026, a copy of which is attached hereto as **Appendix "I"**. The average hourly rate of A&B is \$689.96 (excluding HST).

59. 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 Third Report.

CONCLUSIONS AND RECOMMENDATIONS

60. Based on the above, the Proposal Trustee respectfully recommends that the Court grant the Order providing the relief described in paragraph 14(b) of this Third Report.

All of which is respectfully submitted this 2nd day of March, 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

Court File No.: CV-26-00035949-000T
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

THIRD 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

Cristian Delfino (LSO No. 87202N)

Tel: 416-865-7748

Email: cdelfino@airdberlis.com

Lawyers for the Proposal Trustee

APPENDIX H



Court File No.: CV-26-00035949-000T
Estate No.: 35-3311888

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

THE HONOURABLE *MR.*) FRIDAY, THE 6TH DAY
JUSTICE *M. A. GARDNER*) OF MARCH, 2026

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

ORDER

THIS MOTION, made by Reactor Engineering Group Ltd. (“Reactor”), was heard this day by Zoom videoconference.

ON READING the Motion Record of Reactor, including the Affidavit of Andrew Glover sworn February 26, 2026, including the exhibits thereto (the “**Third Glover Affidavit**”), and the Third Report to the Court of BDO Canada Limited (“**BDO**”) in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) dated March 2, 2026 (the “**Third Report**”), and on hearing the submissions of counsel for Reactor, counsel for the Proposal Trustee and such other counsel who were present and listed, and no one else appearing for although duly served as appears from the affidavit of service of Mariela Adriana Gasparini sworn February 27, 2026, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

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 thirty-two (32) days up to and including April 17, 2026.

APPROVAL OF THE THIRD REPORT

3. **THIS COURT ORDERS** the Third Report, and the actions, conduct and activities of the Proposal Trustee as set out therein, be and are hereby approved; provided that only the Proposal Trustee in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

RETENTION OF SRED CONSULTANT

4. **THIS COURT ORDERS** that Reactor’s execution, delivery and entry into of the Engagement Letter dated as of February 23, 2026 (the “**Revised Engagement Letter**”) between Reactor and Pinnacle Consultants Inc. (“**Pinnacle**”), as consultant, engaging Pinnacle to prepare and file Reactor’s claims under Scientific Research and Experimental Development Tax Credit Program for each of the fiscal years ending February 28, 2025 and February 28, 2026 (the “**SRED Claims**”), substantially in the form attached as Exhibit “G” to the Third Glover Affidavit, is confirmed, authorized and approved.

5. **THIS COURT ORDERS AND DECLARES** that: (a) Reactor is hereby authorized to pay to Pinnacle any amounts owing to it under the Revised Engagement Letter in accordance with the terms thereunder, and that such payment 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; and (b) the security granted under the Revised Engagement Letter for payments of amount owing to Pinnacle thereunder is 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.

6. **THIS COURT ORDERS** that, notwithstanding the terms of the Order of The Honourable Madam Justice Rady dated January 16, 2026, including but not limited to paragraphs

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~~Error! Reference source not found.~~ and ~~Error! Reference source not found.~~ thereof, the DIP Lenders' Charge and the Directors' Charge shall be subordinated to the security granted in favour of Pinnacle under the Revised Engagement Letter specifically in respect of any amounts received by Reactor on account of the SRED Claims.

FEE APPROVAL

7. **THIS COURT ORDERS** that the fees and disbursements of the Proposal Trustee, and the Proposal Trustee's legal counsel, Aird & Berlis LLP, in connection with these proposal proceedings up to and including February 15, 2026, as set out in the Third Report and as more particularized in the Fee Affidavits (as defined in the Third Report) appended thereto, be and are hereby approved.

GENERAL

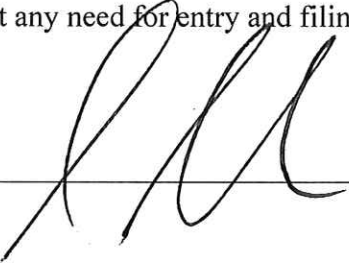
8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist Reactor, the Proposal Trustee, and their respective agents in carrying out the terms of 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.

9. **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.

10. **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.

11. **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.

Date of issuance March 9th, 2026.



A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, is written over a solid horizontal line.

Court File No.: CV-26-00035949-000T
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

BORDEN LADNER GERVAIS LLP

Bay Adelaide Centre, East Tower
22 Adelaide St W
Toronto, Ontario M5H 4E3
Tel: 416-367-6000
Fax: 416-367-6749

Sam Babe (LSO No. 49498B)

Tel: 416-367-6182
sbabe@blg.com

Nick Hollard (LSO No. 831700)

Tel: 416-367-6545
nhollard@blg.com

Lawyers for Reactor Engineering Group Ltd.

Superior Court of Justice / Cour supérieure de justice

Select Court Address

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

Endorsement/
Inscription

Plaintiff/
Applicant: REACTOR ENGINEERING GROUP LTD. Present/ Comparait
Counsel/
Avocat(e): Sam Babe Present/ Comparait
Email/
Courriel:

Defendant/
Respondent: C. White for latent Custodian Pdrft - Present/ Comparait
Creditor - taking no position Present/ Comparait
Email/
Courriel: M. Spence for Proposal Trustee Present

6-Mar-2026
GARSON
JUSTICE
Name

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

Reactor seeks several grounds of relief, including an extension of time for filing its proposal under the BIA, approval of the Third Report of BDO, the proposal Trustee, approval of professional fees and disbursements, approval of a revised engagement letter between Reactor and Pinnacle, and subordinating earlier granted

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.

charges in the Raby J order of Jan. 16/26 to the Pinnacle security interest granted in a Revised Engagement letter.

Order to go in accordance with draft filed./ Une ordonnance sera émise conformément au projet d'ordonnance 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

Upon reviewing materials filed including the Motion Record and Third Report of the Proposal Trustee, and with the support of the Proposal Trustee for the relief sought and upon being satisfied that the proposed extension is in Reactor's and its stakeholders best interests, that the fees and disbursements sought appear reasonable in the circumstances, and that the remaining relief sought is appropriate, order to go in accordance with draft signed by me.

APPENDIX I

**IN THE MATTER OF THE PROPOSAL OF
REACTOR ENGINEERING GROUP LTD. o/a HARBOUR TECHNOLOGIES
Second Extended Cash Flow Projection (CAD)**

Notes	Week #	1	2	3	4	Total
	Week Beginning:	6-4-2026	13-4-2026	20-4-2026	27-4-2026	
	Opening balance	9,313	24,318	22,714	9,234	9,313
	Receipts:					
	Legal settlement	-	-	2,500	-	2,500
2	CRA corporate tax refund	3,528	372,328	-	-	375,856
3	CRA HST refund	-	47,825	-	-	47,825
4	Accounts receivable collected	190,043	38,697	114,683	142,932	486,354
	Total cash in	193,571	458,850	117,183	142,932	912,535
	Disbursements:					
5	Supplier payments	-	48,800	-	-	48,800
6	Payroll	33,000	33,000	33,000	33,000	132,000
7	Payroll deductions at source	-	239,642	-	-	239,642
	Employee reimbursements	-	-	-	-	-
8	Source deductions	30,000	-	30,000	-	60,000
	GST/HST payable	-	-	-	-	-
	Vehicle lease payments	1,787	1,164	3,454	1,164	7,570
	Equipment lease payments	-	170	-	12,756	12,925
	Office rent	8,650	-	-	37,825	46,475
	Utilities	-	576	-	1,455	2,031
	Insurance	19,759	-	-	12,292	32,051
	WSIB	-	8,581	-	-	8,581
9	Professional fees	124,169	128,520	334,209	-	586,898
	Vehicle expense	-	-	-	3,500	3,500
	Bank fee	-	-	-	100	100
	Telephone	1,200	-	-	1,200	2,400
	Total cash out	218,565	460,454	400,663	103,292	1,182,975
	Net receipts/(disbursements)	(24,995)	(1,604)	(283,480)	39,639	(270,439)
10	Post-filing secured advances	40,000	-	-	-	40,000
11	DIP financing	-	-	270,000	-	270,000
	Closing balance	24,318	22,714	9,234	48,873	48,873

**IN THE MATTER OF THE PROPOSAL OF
REACTOR ENGINEERING GROUP LTD. o/a HARBOUR TECHNOLOGIES
Second Extended Cash Flow Projection (CAD)**

Notes	Week #	1	2	3	4	Total
	Week Beginning:	6-4-2026	13-4-2026	20-4-2026	27-4-2026	
DIP Continuity						
	Opening Balance	110,000	110,000	110,000	380,000	110,000
	Drawings	-	-	270,000	-	270,000
	Repayments	-	-	-	-	-
	Projected Closing Balance	110,000	110,000	380,000	380,000	380,000
Secured Promissory Note Continuity						
	Opening Balance	55,000	95,000	95,000	95,000	55,000
	Drawings	40,000	-	-	-	40,000
	Repayments	-	-	-	-	-
	Projected Closing Balance	95,000	95,000	95,000	95,000	95,000

Notes and Assumptions

- 1** Reactor Engineering Group Ltd. o/a Harbour Technologies (the "Company") has prepared the above second extended cash flow projection (the "Second Extended Cash Flow") and the accompanying notes to the Second Extended Cash Flow in support of the Notice of Intention to Make a Proposal ("NOI") that the Company filed under the Bankruptcy and Insolvency Act ("BIA") on December 16, 2025. BDO Canada Limited is the Trustee named on the NOI.
- 2** The Company anticipates the receipt of corporate income tax credits refunds from the Canada Revenue Agency ("CRA") related to previously held credits relating to the fiscal year-ended December 31, 2024.
- 3** Estimated HST refunds related to the periods December 2025 and January 2026.
- 4** Estimated collection schedule based on invoice due date. Collection is based on historical practices in the ordinary course of business and may be subject to change.
- 5** Payments to be made to suppliers.
- 6** Employees are paid on a weekly basis.
- 7** Represents the employee portion of payroll deductions at source not remitted to the CRA pertaining to the per-NOI filing period August 2025 through to December 2025.
- 8** The Company is a threshold 1 remitter.
- 9** Accrued and estimated future professional fees through the Second Extended Cash Flow period.
- 10** Assumes receipts of advance under Secured Promissory Note to cover weekly payroll.
- 11** Assumes approval and receipt of DIP Loan with no repayments over the Second Extended Cash Flow period.

APPENDIX J

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 April 13, 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 as at that date with respect to the Proposal Proceeding.
4. On January 27, 2026, the Proposal Trustee finalized its Second Report to the Court in which it outlined its activities as at that date with respect to the Proposal Proceeding.
5. On March 2, 2026, the Proposal Trustee finalized its Third Report to the Court in which it outlined its activities as at that date with respect to the Proposal Proceeding.
6. The Proposal Trustee has provided services in the amount of \$73,286.50 and incurred disbursements of \$7,008.00, plus applicable sales taxes, during the period February 16, 2026, to March 31, 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”).
7. I confirm the amount of \$90,732.79, inclusive of applicable sale taxes, accurately reflects the time charges, fees and disbursements inclusive of applicable taxes incurred by BDO in its capacity as Proposal Trustee from February 16, 2026, to March 31, 2026. Attached hereto as Exhibits “B”,

"C", and "D" are true copies of the accounts rendered for the above period by BDO in its capacity as Proposal Trustee.

8. In the course of performing its duties as set out above at paragraph 5, the Proposal Trustee's staff expended a total of 128.6 hours during the Period. Attached hereto as Exhibit "E" 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 \$569.88 (exclusive of HST).
9. The Proposal Trustee requests that this Court approve its Proposal Trustee's Accounts for the Period, in the total amount of \$90,733 for services rendered and recorded during the Period.
10. The time and amounts shown in the detailed account attached as Exhibits A-E are a fair and accurate description of the services provided and the amounts charged by the Proposal Trustee at its standard billing rates.
11. The Proposal Trustee also requests that the Court approve future professional fees estimated at up to \$60,000 plus HST of \$7,800 for a total of \$67,800, which may be incurred by the Proposal Trustee complete its mandate.
12. 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.
13. 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)
13th day of April 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 13th day of April 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 FEBRUARY 16, 2026, TO MARCH 31, 2026

Invoice #	Description	Period	Fees Incurred	Disbursements	HST	Total
CINV3814349	NOI	February 16, 2026, to February 28, 2026	\$32,715.00	\$ -	\$4,252.95	\$36,967.95
CINV3820895	NOI	March 1, 2026, to March 15, 2026	21,131.00	7,008.00	3,658.07	31,797.07
CINV3842216	NOI	March 16, 2026, to March 31, 2026	19,440.50	-	2,527.27	21,967.77
			\$73,286.50	\$7,008.00	\$10,438.29	\$90,733.79

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

Matthew Marchand

Sworn before me this 13th day of April 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

March 6, 2026

Invoice No.

CINV3814349

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

FOR PROFESSIONAL SERVICES RENDERED in connection with our Engagement for the period from February 16, 2026 to February 28, 2026 as per the details below:

For Professional Services	\$ 32,715.00
HST - 13.0% (#R101518124)	4,252.95
Total Due	<u>\$ 36,967.95</u>

Summary of Time Charges:	Hours	Rate	Amount
M. Marchand, Partner	22.8	735.00	16,758.00
M. Glenen, Partner	1.7	735.00	1,249.50
M. Chan, Sr. Manager	15.5	595.00	9,222.50
J. Hickey, Sr. Analyst	15.5	350.00	5,425.00
J. Hue, Administrative	0.2	200.00	40.00
T. Montesano, Administrative	0.1	200.00	20.00
TOTAL	<u>55.8</u>		<u>\$ 32,715.00</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

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	17-Feb-26	Email correspondence with A. Elayed re controlled goods program certificates; review email from P. Czegledy re same; matters related to coordinating BDO staff with controlled goods program certificate; review email and attachment from G. Bishop re sales process marketing summary; email correspondence with K. Plunkett re sales process timelines and controlled goods; review email correspondence re cash flow monitoring and vendor credit terms; meeting with M. Glenen re controlled goods and sales process support; draft email to A&B re same; draft email to sales agent re same; review email from D. Glover re controlled goods information; email correspondence with A. Elayed re same; email correspondence with P. Czegledy re controlled goods due diligence protocol; review email and attachments from A. Glover re cash flow monitoring; draft email to M. Chan re same.	2.1
J. Hickey	17-Feb-26	Conduct weekly cash flow monitoring.	0.8
M. Marchand	18-Feb-26	Email correspondence re cash flow monitoring and related matters; correspondence with M. Chan re same; prepare for meeting with management re sales process, controlled goods and related matters; prepare for meeting with management re sales process, controlled goods and related matters; meeting with management and sales agent re same; correspondence with J. Hickey re cash flow variance reconciliation and liquidation analysis; correspondence with M. Chan re liquidation analysis and transaction consideration assessment; email correspondence with G. Bishop re prospective purchaser inquiries; matters related to accounts; email correspondence with A&B re sales process updates and related matters; draft email to S. Babe re SRED engagement; email correspondence with K. Plunkett re fees.	3.1
M. Chan	18-Feb-26	Review cash flow actuals and supporting materials and monitoring schedule. Correspondence with A. Glover re supporting materials.	0.8
J. Hickey	18-Feb-26	Conduct weekly cash flow monitoring.	0.4
M. Marchand	19-Feb-26	Email correspondence with S. Babe re SRED engagement, corporate tax issues and need for court hearing; review email and attachment from P. Hoosain re legal fees; teleconference with K. Plunkett and M. Chan re sales process, prospect listing, SRED engagement letter, Court hearing and related matters; review email from P. Czegledy re controlled goods program diligence protocol.	1.4
M. Chan	19-Feb-26	Teleconference with legal counsel re controlled goods program and sales process. Draft liquidation analysis and third court report of the Proposal Trustee.	4.5
J. Hickey	19-Feb-26	Support preparation of liquidation analysis; reconciling sales data with supporting materials.	0.6
M. Glenen	19-Feb-26	Meeting with Aird & Berlis re scope of controlled goods program support, pre-existing controlled goods program clearance and next steps.	0.5



Staff	Date	Comments	Hours
M. Marchand	20-Feb-26	Email correspondence with A. Glover re legal fees; review email and attachment from M. Glenen re controlled goods program master security assessment application; review email correspondence re same; correspondence with legal counsel re sales process updates and next steps; email correspondence and teleconference with sales agent re same.	0.9
M. Chan	20-Feb-26	Teleconference with sales agent team re sales process updates. Draft third court report of the Proposal Trustee. Review controlled goods program issues and correspondences between legal counsels on same.	5.5
J. Hickey	20-Feb-26	Reconcile cash flow activity to supporting materials; teleconference with sales agent team re sales process updates.	0.6
M. Glenen	20-Feb-26	Complete controlled goods program paperwork provided by D. Glover. Retrieved historical controlled goods program Clearance documentation and discussed controlled goods program document handling procedures with internal BDO security officer. Correspond with Aird & Berlis re same.	0.4
J. Hickey	23-Feb-26	Conduct weekly cash flow monitoring; meeting with M. Chan and M. Marchand re third court report, liquidation analysis and related matters; correspondence with A. Glover re information request.	2.3
M. Marchand	23-Feb-26	Review email correspondence re M. Glenen controlled goods program clearance and related matters; email correspondence with S. Virani re prospective buyers; email correspondence with K. Plunkett re same; review email and attachment from G. Bishop re sales process marketing update; review email correspondence re cash flow monitoring; review email and attachment from A. Glover re DIP certificate; review email and attachment from M. Chan re draft liquidation analysis; teleconference with M. Chan and J. Hickey re liquidation analysis, cash flow projection, court report, sales process timelines, outstanding information requests and related matters.	2.0
M. Chan	23-Feb-26	Teleconference with M. Marchand and J. Hickey re liquidation analysis, cash flow projection, court report, sales process timelines, outstanding information requests and related matters. Review correspondence between counsel and Proposal Trustee re controlled goods program protocols and data room. Draft information request to A. Glover. Review cash flow materials.	2.3
M. Glenen	23-Feb-26	Corresponded with D. Glover re evidence of existing controlled goods program Clearance.	0.4
M. Marchand	24-Feb-26	Review email and attachment from S. Babe re SRED engagement letter; review email from K. Plunkett re same; email correspondence with S. Babe re same; email correspondence with M. Glenen re controlled goods program clearance; email correspondence with P. Czegledy re same; email correspondence with K. Plunkett re sales process timelines; email correspondence with S. Virani re sales process updates; review email correspondence re cash flow monitoring, extending cash flow	1.5



Staff	Date	Comments	Hours
		projections and related matters; correspondence with J. Hue re Court report.	
M. Chan	24-Feb-26	Review email from A. Glover re information requests. Discussion with J. Hickey re lease and capital asset schedules. Review correspondence between counsels re controlled goods program.	1.1
J. Hickey	24-Feb-26	Prepare and send information request to A. Glover; discussion with M. Chan re liquidation analysis and information requirements.	1.2
J. Hickey	25-Feb-26	Draft third court report of the Proposal Trustee; correspondence with A. Glover re revised cash flow projection and related matters.	2.6
M. Marchand	25-Feb-26	Email correspondence with P. Czegledy and M. Glenen re controlled goods program clearance, controlled goods program diligence data room and related matters; email correspondence with Sales Agent team re controlled goods program cleared prospects; email correspondence with S. Babe re Pinnacle engagement letter; email correspondence with K. Plunkett re court materials and sales process timelines; correspondence with J. Hickey re cash flow monitoring and court report; correspondence with M. Chan re revised cash flow projection; email correspondence with A. Glover re same; review emails and attachments from S. Babe re draft order and Glover affidavit; email correspondence with S. Babe re same; review and revise third court report.	3.2
M. Glenen	25-Feb-26	Corresponded with D. Glover re confirmation of security clearance approval and controlled goods program data room. Discussion with M. Marchand re controlled good program data room options.	0.2
M. Marchand	26-Feb-26	Email correspondence with S. Babe re motion materials; review email and attachments from C. Delfino re same; review and revise third court report; review email correspondence re cash flow monitoring and revised cash flow projection; meeting with J. Hickey re same; review email and attachment from A. Gasparini re motion record.	3.3
J. Hickey	26-Feb-26	Draft third court report; discussions with M. Marchand re cash flow monitoring; review and assess revised cash flow projection; correspondence with A. Glover on the same.	3.7
J. Hue	26-Feb-26	Matters related to case website updates.	0.2
T. Montesano	27-Feb-26	Commission M. Marchand fee affidavit.	0.1
M. Chan	27-Feb-26	Teleconference with M. Marchand and J. Hickey re cash flow monitoring and revised cash flow projections. Review revised third court report of the Proposal Trustee. Email correspondence with A. Glover re information requests.	1.3
M. Marchand	27-Feb-26	Review email and attachment from C. Delfino re fee affidavit; review, finalize and swear fee affidavit; update third court report; review email and attachment from A. Glover re revised cash flow projection; correspondence with M. Chan and J. Hickey	5.3



Staff	Date	Comments	Hours
		re cash flow monitoring, revised cash flow projection and related matters; email correspondence with M. Glenen and S. Virani re controlled goods program data room and sales process timelines; correspondence with legal counsel re third court report and related matters; draft email to A. Glover re cash flow monitoring and extended cash flow projection; draft email to S. Babe re same; correspondence with M. Glenen re controlled goods program data room; draft email to legal counsel re same.	
J. Hickey	27-Feb-26	Prepare affidavit of fees; review of extended cash flow projection; review of pre- and post-filing accounts payable balances; call with M. Marchand and M. Chan re third court report and extended cash flow projection; prepare revised cash flow projection appendix for third court report.	3.3
M. Glenen	27-Feb-26	Discuss plan for controlled goods program data room with M. Marchand and internal BDO security officer.	0.2

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

Matthew Marchand

Sworn before me this 13th day of April 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	Invoice No.
March 18, 2026	CINV3820895

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

FOR PROFESSIONAL SERVICES RENDERED in connection with our Engagement for the period from March 1, 2026 to March 15, 2026 as per the details below:

For Professional Services	\$ 21,131.00
Disbursement: Newspaper Ad Globe & Mail	7,008.00
Subtotal	<u>28,139.00</u>
HST - 13.0% (#R101518124)	3,658.07
Total Due	<u><u>\$ 31,797.07</u></u>

Summary of Time Charges:	Hours	Rate	Amount
M. Marchand, Partner	18.0	735.00	13,230.00
J. Parisi, Partner	0.8	735.00	588.00
M. Glenen, Partner	0.3	735.00	220.50
M. Chan, Sr. Manager	1.5	595.00	892.50
J. Hickey, Sr. Analyst	17.6	350.00	6,160.00
J. Hue, Administrative	0.2	200.00	40.00
TOTAL	<u><u>38.4</u></u>		<u><u>\$ 21,131.00</u></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

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	1-Mar-26	Review court report and provide comments and edits.	0.8
M. Marchand	1-Mar-26	Email correspondence with A. Glover re revised cash flow projection; review email and attachment from J. Hickey re extended cash flow projection; draft email to J. Hickey re same; draft emails to S. Babe and S. Virani re professional fees; review email and attachment from G. Bishop re sales process marketing updates; draft email to G. Bishop re same; review email from K. Plunkett re Controlled Goods data room; correspondence with J. Parisi re Court report.	0.8
J. Hickey	2-Mar-26	Prepare email to A. Glover for outstanding information required for third court report; correspondence with M. Marchand on the same; analysis of accounts payable balances; updating and finalizing extended cash flow projection; correspondence with Company re approval of same.	5.2
M. Marchand	2-Mar-26	Correspondence with J. Hickey re cash flow monitoring and projection; email correspondence with G. Bishop re sales process updates; correspondence with M. Glenen and R. Bertola re Controlled Goods protocol; review email and attachment from C. Delfino re third court report; update third court report; email correspondence with A. Glover re cash flow projection and monitoring; email correspondence with S. Babe re controlled goods data room; correspondence with J. Hickey re accounts payable; correspondence with A. Glover re same; correspondence with legal counsel re third court report and related matters; finalize third court report; review email from C. Delfino re service of third court report.	4.5
J. Hickey	3-Mar-26	Discussion with M. Marchand re accounts payable analysis; update accounts payable comparison with new data received from A. Glover; analyzing same; discussion with M. Chan re third court report and liquidation analysis.	2.4
M. Marchand	3-Mar-26	Correspondence with J. Hickey re accounts payable assessment; matters related to case website updates; email correspondence with BLG and A&B re status of controlled goods data room; email correspondence with A. Glover re work-in-progress; review email from A. Gasparini re factum.	1.2
J. Hue	3-Mar-26	Request to update case website re third court report.	0.2
M. Marchand	4-Mar-26	Meeting with M. Chan and J. Hickey re liquidation analysis and stalking horse consideration valuation.	0.7
J. Hickey	4-Mar-26	Conduct cash flow monitoring; meeting with M. Marchand and M. Chan re liquidation analysis and total consideration of stalking horse agreement.	1.4
M. Chan	4-Mar-26	Review correspondence and email exchanges between counsels on various matters re revised cash flow, extended projection, report of the Proposal Trustee, and sales process. Update call re liquidation analysis with M. Marchand and J. Hickey. Review cash flow monitoring schedule.	1.5
M. Marchand	5-Mar-26	Email correspondence re status of controlled goods data room and sales process timelines; email correspondence with M. Spence re	0.4



Staff	Date	Comments	Hours
		Court hearing; correspondence with J. Hickey re cash flow monitoring; correspondence with sales agent team re sales process updates.	
J. Hickey	5-Mar-26	Reconciling accounts receivable invoices with accounts receivable listing in support of cash flow monitoring.	0.8
J. Hickey	6-Mar-26	Attend Court hearing; email A. Glover re invoice.	0.4
M. Marchand	6-Mar-26	Email correspondence with M. Leci re controlled goods data room; correspondence with Sales Agent team re sales process updates; prepare for Court hearing; attend Court hearing; email correspondence with S. Babe re data room access; matters related to accounts.	1.6
M. Marchand	7-Mar-26	Phone call with S. Virani re sales process updates and next steps; email correspondence re controlled goods program data room.	0.3
M. Glenen	9-Mar-26	Created controlled goods data room account and logged into same.	0.3
M. Marchand	9-Mar-26	Email correspondence re with P. Czeglacy and M. Glenen re controlled goods data room; email correspondence with BLG re controlled goods data room and sales process extension; draft email to A&B re same; review sales process procedures; review email correspondence re cash flow monitoring; correspondence with sales agent team re sales process extension communication and interested party inquiries; review email and attachments from A. Gasparini re issued order and endorsement; matters related to case website updates; correspondence with J. Hickey re cash flow monitoring.	1.8
J. Hickey	9-Mar-26	Conduct cash flow monitoring; correspondence with A. Glover re same.	2.4
M. Marchand	10-Mar-26	Review email and attachment from M. Leci re controlled goods protocol; email correspondence with A&B re same; email correspondence with A. Glover re status of controlled goods data room; phone and email correspondence with M. Glenen re same; correspondence with J. Hickey re cash flow monitoring; review sales process procedures; email correspondence with Sales Agent and A&B re sales process timeline extension and communications; prepare communication re sales process timelines extension; email correspondence with A&B and sales agent re same; email correspondence re controlled goods data room and related matters.	2.2
J. Hickey	10-Mar-26	Conduct cash flow monitoring; correspondence with A. Glover re same.	1.3
J. Hickey	11-Mar-26	Meeting with M. Marchand re assessment of liquidation value and assessing Stalking Horse purchase consideration.	2.4
M. Marchand	11-Mar-26	Correspondence with sales agent team re sales process timeline extension; correspondence with P. Czeglacy and M. Glenen re controlled goods protocol; email correspondence with A. Glover re 2025 SRED filing; review stalking horse agreement and assess consideration value; email correspondence re controlled goods	3.8



Staff	Date	Comments	Hours
		data room and protocol; revise liquidation analysis; meeting with J. Hickey re liquidation analysis and stalking horse consideration value; prepare information request for A. Glover; email correspondence with A. Glover re same; draft email to K. Plunkett re stalking horse agreement considerations; review email and attachment from M. Leci re controlled goods protocol.	
M. Marchand	12-Mar-26	Correspondence with P. Czegledy and M. Glenen re controlled goods protocol; email correspondence with A. Glover re information requests; review and approve January estate transaction bank account reconciliation.	0.3
M. Marchand	13-Mar-26	Correspondence with Sales Agent team re sales process updates; email correspondence re controlled goods protocol.	0.3
J. Hickey	13-Mar-26	Review information sent by A. Glover re liquidation analysis.	1.3
M. Marchand	14-Mar-26	Email correspondence re controlled goods protocol.	0.1

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

Sworn before me this 13th day of April 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

April 2, 2026

Invoice No.

CINV3842216

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

FOR PROFESSIONAL SERVICES RENDERED in connection with our Engagement for the period from March 10, 2026 to March 31, 2026 as per the details below:

For Professional Services	\$ 19,440.50
HST - 13.0% (#R101518124)	2,527.27
Total Due	\$ 21,967.77

Summary of Time Charges:	Hours	Rate	Amount
M. Marchand, Partner	17.8	735.00	13,083.00
M. Glenen, Partner	1.5	735.00	1,102.50
J. Hickey, Sr. Analyst	14.9	350.00	5,215.00
J. Hue, Administrative	0.2	200.00	40.00
TOTAL	34.4		\$ 19,440.50

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

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. Glenen	10-Mar-26	Reviewed contents of Controlled Goods Program (CGP) data room. Provided high-level overview of document contents to Aird & Berlis and BDO teams.	1.5
M. Marchand	16-Mar-26	Review email correspondence re cash flow monitoring; correspondence with J. Hickey re same; teleconference with A&B re sales process status updates, status of information requests, preparation for bid deadline and next steps; matters related to Globe advertisement fees and accounts.	0.9
J. Hickey	16-Mar-26	Call with K. Plunkett and C. Delfino re purchase consideration items; conduct cash flow monitoring.	2.3
M. Marchand	17-Mar-26	Approve vendor invoice re Globe advertisement.	0.1
J. Hickey	17-Mar-26	Review of materials provided to date by Harbour re liquidation analysis.	0.8
M. Marchand	18-Mar-26	Review email and attachments from A. Glover re information requests; update liquidation analysis; matters related to accounts; draft email to A. Glover re SRED filing; email correspondence with Sales Agent team re sales process updates; correspondence with M. Chan re related party transactions and input tax credits; draft email to A. Glover re information requests.	3.3
J. Hickey	18-Mar-26	Working discussion with M. Marchand re liquidation analysis.	1.8
M. Marchand	19-Mar-26	Correspondence with M. Chan re related party transactions and input tax credits; correspondence with A. Glover re information requests; correspondence with Sales Agent team re updates; correspondence with Proposal Trustee team and legal counsel re same.	0.6
J. Hickey	19-Mar-26	Correspondence re bid deadline.	0.2
M. Marchand	20-Mar-26	Email correspondence with Sales Agent team re updates; email correspondence with S. Babe re sales process updates and next steps; correspondence with K. Plunkett re same; draft fourth court report; correspondence re cash flow monitoring and tax filings; matters related to case website; email correspondence with J. O'Beid re HST filing.	1.6
M. Marchand	23-Mar-26	Review email and attachment from S. Babe re amended stalking horse agreement; correspondence with Sales Agent team re sales process summary; draft fourth court report; review email and attachments from A. Glover re cash flow monitoring; correspondence with J. Hickey re same; review email and attachment from J. O' Beid re February HST return; email correspondence with J. O' Beid re same; phone call with S. Babe re amendments to stalking horse agreement, sale transaction closing, court materials and related matters; phone call with K. Plunkett and C. Delfino re same.	4.5
J. Hickey	23-Mar-26	Conduct cash flow monitoring activities, correspondence with A. Glover re weekly and cumulative variances.	2.3



Staff	Date	Comments	Hours
M. Marchand	24-Mar-26	Email correspondence with J. O' Beid re February HST return and supporting documentation; correspondence with J. Hickey re related party transactions, liquidation analysis, amended stalking horse agreement and related matters; review email and attachments from J. Hickey re blackbook values.	0.5
J. Hickey	24-Mar-26	Coordinating vehicle black book values re liquidation analysis; determine outstanding information relating to WIP aging.	0.8
J. Hickey	25-Mar-26	Call with M. Marchand, K. Plunkett and C. Delfino re amending Stalking Horse APA.	0.3
M. Marchand	25-Mar-26	Review email and attachment from C. Delfino re proposed amendments to stalking horse agreement; provide commentary on same; correspondence with A&B re same; review email and attachment from S. Babe re same.	1.5
M. Marchand	26-Mar-26	Correspondence with K. Plunkett re accounts; review email and attachment from S. Babe re amended stalking horse agreement.	0.3
M. Marchand	30-Mar-26	Email correspondence re cash flow monitoring; review email and attachments from A. Glover re information requests; correspondence with J. Hickey re same; coordinate meeting with A. Glover.	0.9
J. Hickey	30-Mar-26	Correspondence with A. Glover re weekly cash flow monitoring; call with M. Marchand re liquidation analysis materials; review of materials sent by A. Glover; correspondence re cash flow monitoring.	2.3
J. Hue	30-Mar-26	Complete estate bank trust account reconciliation.	0.2
J. Hickey	31-Mar-26	Weekly cash flow monitoring activities; call with M. Marchand, A. Glover, D. Glover and J. O' Beid regarding liquidation analysis and recent information request; correspondence with A. Glover and M. Marchand re cash flow variances; preparing receipts and disbursements summary and commentary on extended cash flow for fourth report; preparing summary of 15-week actual results for the same.	4.1
M. Marchand	31-Mar-26	Email correspondence re amended stalking horse agreement; review email and attachments from J. Hickey re related party balances; review email and attachments from A. Glover re information requests; teleconference with A. Glover, J. O'Beid, D. Glover and J. Hickey re information requests and related matters; review email and attachment from J. Hickey re cash flow monitoring; correspondence with J. Hickey re same; draft Fourth Court Report; update liquidation analysis.	3.6

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

Matthew Marchand

Sworn before me this 13th day of April 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 "E"

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 FEBRAURY 16, 2026, TO MARCH 31, 2026

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
M. Marchand, Partner	58.6	735	43,071.00
J. Parisi, Partner	0.8	735	588.00
M. Glenen, Partner	3.5	735	2,572.50
M. Chan, Senior Manager	17.0	595	10,115.00
J. Hickey, Senior Analyst	48.0	350	16,800.00
J. Hue, Senior Analyst	0.6	200	120.00
T. Montesano, Senior Analyst	0.1	200	20.00
Subtotal	<u>128.6</u>		<u>73,286.50</u>
Average Hourly Amount			<u><u>\$569.88</u></u>

APPENDIX K

Court File No.: CV-26-00035949-000T
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 April 13, 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 in its proposal proceedings (the “**Proposal Proceedings**”).
3. In connection with its mandate as counsel to the Proposal Trustee, A&B has prepared a statement of account dated March 31, 2026, which details its services rendered and fees incurred for the period from February 17, 2026 to March 31, 2026 in the amount of \$40,067.29, 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 \$758.79.

6. Assuming the Court grants an order to approve, among other things, the fees and disbursements detailed in the attached Statement of Account of A&B, the anticipated legal fees and disbursements to complete the administration of the Proposal Proceedings is anticipated to be \$45,000.00, plus HST.

7. 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 April 13, 2026, in)
accordance with O. Reg. 431/20,)
Administering Oath or Declaration)
Remotely)



Commissioner for Taking Affidavits (or as)
may be))
(Cristian Delfino, LSO No. 87202N)



KYLE PLUNKETT

Attached is Exhibit "A"
referred to in the
AFFIDAVIT OF KYLE PLUNKETT
sworn before me
this 13th day of April, 2026

C. Delfino

Commissioner for taking Affidavits, etc.

AIRD BERLIS

Kyle B. Plunkett
Direct: 416-865-3406
E-mail: kplunkett@airdberlis.com

March 31, 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 # 1482843 for services rendered to March 31, 2026. The balance due is \$40,067.29 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

March 31, 2026

Attention: Matthew Marchand

Invoice No: 1482843

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 March 31, 2026

Total Fees	\$35,359.50
Total Disbursements	98.28
Total Taxes	4,609.51
Amount Due	\$40,067.29 CAD

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

Email notification for EFT and WIRE payments: accounting@airdberlis.com Bill.Com Payment Network ID: c114483219512158

*** Aird & Berlis LLP does not accept interac/email transfers ***

Payment is due on receipt. Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 12% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

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

* For legal services provided to clients residing in Quebec, Manitoba and Saskatchewan, clients are advised to self-assess provincial sales tax on fees and disbursements charged.



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

March 31, 2026

Attention: Matthew Marchand

Invoice No: 1482843

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 March 31, 2026

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	02/17/2026	860.00	0.50	430.00	Review and update CGP protocol.
PKC	02/17/2026	895.00	1.50	1,342.50	Emails with BLG regarding BDO access to controlled goods material; Emails with K. Plunkett regarding principles recommended; Email to BDO team regarding same; Emails with BDO team regarding M. Glenen and certification
CD	02/18/2026	515.00	0.30	154.50	Revise NDA for review and comment
KBP	02/18/2026	860.00	0.90	774.00	Negotiate NDAs; review and respond to emails from BLG regarding SISP; email exchanges with client team.
PKC	02/18/2026	895.00	1.00	895.00	Emails with BDO team regarding connecting on controlled goods access; Email to BLG regarding BDO rep accredited and related access to CGP information; Reactor emails with working group regarding refining proposed principles to guide due diligence; Email to BDO regarding disclosure process
KBP	02/19/2026	860.00	0.70	602.00	Review and respond to emails from S. Babe; attend update call with client team to discuss SISP and administrative matters;

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
PKC	02/19/2026	895.00	3.30	2,953.50	Emails with working group regarding relevant disclosure time periods; Emails with working group regarding disclosure room status; Emails with M. Glenen regarding meeting; Emails with working group regarding update on Glovers disclosure and impact on sales process; Emails with K. Plunkett regarding direction to BLG; Revision of disclosure principles messages; Email regarding same to K. Plunkett; Call with M. Glenen regarding CGP elements and context/mission; Emails with M. Glenen on certification evidence, etc.; Revision of notice to BLG accordingly; Email to BLG of controlled goods program related requests/notice
KBP	02/20/2026	860.00	0.70	602.00	Attend call with BLG to discuss SISP; review and respond to emails from client team regarding extending timeline to SISP and upcoming motion.
PKC	02/20/2026	895.00	0.80	716.00	Email with M. Glenen et al regarding new security application request and review of same; Related advice on response to same; Emails with working group regarding BLG response to CGP requests
KBP	02/23/2026	860.00	0.70	602.00	Negotiate NDAs; review and respond to client regarding administrative matters.
PKC	02/23/2026	895.00	0.40	358.00	Emails with M. Glenen regarding response to company request on information for certification; Further emails with M. Glenen regarding CGP application
KBP	02/24/2026	860.00	1.40	1,204.00	Review and provide comments on updated SISP; review and provide comments on draft materials for motion to extend and approve SRED.
PKC	02/24/2026	895.00	0.60	537.00	Emails with M. Glenen et al regarding Glover response to CGP access request; Emails with BDO regarding CGP approval; Email to BLG regarding CGP access and process; Check of CGP authorization provided
CD	02/25/2026	515.00	1.80	927.00	Revise materials for review and comment
KBP	02/25/2026	860.00	0.50	430.00	Review and provide comments on draft order.
PKC	02/25/2026	895.00	0.40	358.00	Emails with M. Glenen and BDO regarding data room access request; Emails with BLG and working group regarding data room management; Further emails with working group regarding data rooms
KBP	02/26/2026	860.00	0.90	774.00	Review and consider updated draft materials; email exchanges with BLG on CGP data.

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
CD	02/27/2026	515.00	1.50	772.50	Revise report for review and comment
MES	02/27/2026	860.00	0.50	430.00	Review emails re advancing materials for court date; Discussion with K. Plunkett re same
CD	03/01/2026	515.00	1.10	566.50	Revise report and send same to client team
KBP	03/01/2026	860.00	1.00	860.00	Review and revise draft Report.
CD	03/02/2026	515.00	0.70	360.50	Revise NDA for review and comment; Draft email to BDO team re NDA
CD	03/02/2026	515.00	1.50	772.50	Draft service email; Prepare for service; Organize service and filing re same
KBP	03/02/2026	860.00	1.00	860.00	Revise and update draft report; email exchanges with client; email exchanges with BLG.
MES	03/02/2026	860.00	0.50	430.00	Review emails re finalizing Third Report
PKC	03/02/2026	895.00	0.30	268.50	Emails with BDO, BLG and AB team regarding CGP data room, report to court, data management, etc.
CD	03/03/2026	515.00	0.20	103.00	Revise affidavit of service and file same with court
KBP	03/03/2026	860.00	0.50	430.00	Email exchanges with client team and BLG regarding CGP data room and motion.
MES	03/03/2026	860.00	0.60	516.00	Review factum for March 6 motion date
PLW	03/03/2026	310.00	0.40	124.00	Submitted Third Report of the Proposal Trustee for filing online with the court
CD	03/05/2026	515.00	0.50	257.50	Drafts various emails organizing Case Center materials
MES	03/05/2026	860.00	0.30	258.00	Exchange emails re March 6 court appearance
MES	03/06/2026	860.00	3.30	2,838.00	Review materials in advance of court hearing; Attend court for stay extension
MES	03/09/2026	860.00	0.20	172.00	Review endorsement from March 6 hearing
PKC	03/09/2026	895.00	0.20	179.00	Emails with M. Marchand regarding CGP data room and protocol status
PKC	03/10/2026	895.00	1.80	1,611.00	Review of proposed CGP protocol; Emails with M. Marchand and working group regarding CGP data room, access, protocol, applicable NDA, etc.; Review and revision of protocol; Emails regarding same with BDO and K. Plunkett
CD	03/11/2026	515.00	0.60	309.00	Draft email to service list

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	03/11/2026	860.00	0.50	430.00	Email exchanges with client and BLG regarding SISP process and CGP protocol.
PKC	03/11/2026	895.00	0.40	358.00	Emails with M. Marchand regarding protocol; Email of same to BLG; Further emails regarding protocol
KBP	03/12/2026	860.00	0.70	602.00	Review and provide comments on draft SISP extension letter; email exchanges with debtor counsel on SISP.
PKC	03/12/2026	895.00	0.60	537.00	Emails with BLG regarding request for altered approach on security plan, etc.; Related emails with M. Marchand; Emails with working group agreeing to proposal; Further emails with working group regarding criminal checks
PKC	03/13/2026	895.00	0.20	179.00	Emails with BDO and BLG regarding revised protocol
CD	03/16/2026	515.00	0.50	257.50	Call with Proposal Trustee
KBP	03/16/2026	860.00	0.70	602.00	Review and provide comments on SPA closing mechanics; review and consider closing agenda.
KBP	03/19/2026	860.00	0.50	430.00	Email exchanges with client team regarding SISP and bid deadline.
KBP	03/20/2026	860.00	0.50	430.00	Email exchanges with client and BLG regarding deadline results and next steps; discuss amendments and next steps.
CD	03/23/2026	515.00	0.30	154.50	Draft email to client
CD	03/23/2026	515.00	0.80	412.00	Attend call
KBP	03/23/2026	860.00	0.90	774.00	Review and consider draft amendment; attend call with client to discuss amendments to APS;
CD	03/24/2026	515.00	2.80	1,442.00	Draft amending agreement for review and comment
CD	03/25/2026	515.00	0.10	51.50	Draft email to client re amending agreement
CD	03/25/2026	515.00	1.50	772.50	Revise amending agreement for review and comment
KBP	03/25/2026	860.00	0.90	774.00	Attend call with client regarding amendment; revise draft amendment.
KBP	03/26/2026	860.00	0.90	774.00	Review and provide comments on draft APA amendment.

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	03/31/2026	860.00	0.70	602.00	Email exchanges with BLG on proposed closing; review and respond to emails from client regarding cash flows and liquidity holes.

TOTAL: 46.60 \$35,359.50

Name	Year of Call	Title	Hours	Rate	Value
Czegledy, Peter K. (PKC)	1991	Partner	11.50	\$895.00	\$10,292.50
Delfino, Cristian (CD)	2023	Associate	14.20	\$515.00	\$7,313.00
Plunkett, Kyle B. (KBP)	2011	Partner	15.10	\$860.00	\$12,986.00
Spence, Miranda E. (MES)	2011	Partner	5.40	\$860.00	\$4,644.00
Williams, Patrick L. (PLW)		Law Clerk	0.40	\$310.00	\$124.00

OUR FEE \$35,359.50
 HST @ 13% 4,596.73

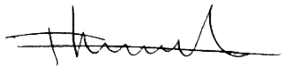
DISBURSEMENTS

Taxable Disbursements

Photocopies/Scanning	12.00
Postage	86.28
Total Taxable Disbursements	\$98.28
HST @ 13%	12.78

AMOUNT DUE \$40,067.29 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

Payment by Cheque:

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

Email notification for EFT and WIRE payments: accounting@airdberlis.com Bill.Com Payment Network ID: c114483219512158

*** Aird & Berlis LLP does not accept interac/email transfers ***

Payment is due on receipt. Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 12% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

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

* For legal services provided to clients residing in Quebec, Manitoba and Saskatchewan, clients are advised to self-assess provincial sales tax on fees and disbursements charged.



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

March 31, 2026

Attention: Matthew Marchand

Invoice No: 1482843

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

Client No: 013137
 Matter No: 336047

REMITTANCE SLIP

Total Fees	\$35,359.50
Total Taxable Disbursements	98.28
Total Taxes	4,609.51

AMOUNT DUE \$40,067.29 CAD

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

Email notification for EFT and WIRE payments: accounting@airdberlis.com Bill.Com Payment Network ID: c114483219512158

*** Aird & Berlis LLP does not accept interac/email transfers ***

Payment is due on receipt. Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 12% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

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

* For legal services provided to clients residing in Quebec, Manitoba and Saskatchewan, clients are advised to self-assess provincial sales tax on fees and disbursements charged.

Attached is Exhibit "B"
referred to in the
AFFIDAVIT OF KYLE PLUNKETT
sworn before me
this 13th day of April, 2026

C. Delfino

Commissioner for taking Affidavits, etc.

Client: (013137) BDO Canada Limited

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

Working Member Summary

Invoice: 1482843

LAWYERS	CALL TO BAR	HOURLY RATE \$	TOTAL TIME	VALUE \$
Czegledy, Peter K.	35 (called to the Bar in 1991)	\$895.00	11.5	\$10,292.50
Plunkett, Kyle B.	15 (called to the Bar in 2011)	\$860.00	15.1	\$12,986.00
Spence, Miranda E.	15 (called to the Bar in 2011)	\$860.00	5.4	\$4,644.00
Delfino, Cristian	3 (called to the Bar in 2023)	\$515.00	14.2	\$7,313.00
Williams, Patrick L.	Law Clerk	\$310.00	0.4	\$124.00
Total Fees			46.6	\$35,359.5

Court File No.: CV-26-00035949-000T
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 April 13, 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

Cristian Delfino (LSO No. 87202N)
Tel: 416.865.7748
Email: 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 WINDSOR

FOURTH 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

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Tel: 416-865-7748

Email: cdelfino@airdberlis.com

Lawyers for the Proposal Trustee