



Deloitte Restructuring Inc.
1190, avenue des Canadiens-de-
Montréal
Suite 500
Montreal, QC H3B 0M7
Canada

Tel: 514-393-7115
Fax: 514-390-4103
www.deloitte.ca

C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
COURT. No.: 500-11-057679-199

S U P E R I O R C O U R T
Commercial Division

**IN THE MATTER OF A PLAN OF
ARRANGEMENT OR COMPROMISE OF:**

INVESTISSEMENT QUÉBEC, a corporation duly constituted under the *Act respecting Investissement Québec* (CQLR c I-16.0.1), having its head office at 1195 avenue Lavigerie, suite 060, in the city of Quebec, Province of Quebec, G1V 4N3;

Principal Secured Creditor

- and -

FIERA PRIVATE DEBT INC., a legal person initially incorporated under Part IA of the *Québec Companies Act*, CQLR c C-38 and subsequently continued under the *Québec Business Corporations Act*, CQLR c S-31.1, having its head office located 400-1699 Le Corbusier Blvd., in the city of Laval, Province of Quebec, H7S 1Z3, acting in its capacity, respectively, as manager and agent under the IAM Loan Agreement and under the Bridge Financing Agreement (as such terms are defined in the Application);

Secured Creditor

FORTRESS GLOBAL ENTERPRISES INC., a legal person duly incorporated under the *British Columbia Business Corporations Act*, SBC 2002, c 57 having its head office at 157 Chadwick Court, 2nd floor, in the city of North Vancouver, Province of British Columbia, V7M 3K2;

- and -

FORTRESS SPECIALTY CELLULOSE INC., a legal person initially incorporated under the *British Columbia Business Corporations Act*, SBC 2002, c 57 and subsequently continued under the *Canada Business Corporations Act*, RSC 1985, c C-44, having its head office located at 2500-1100 René-Lévesque Boulevard, in the city of Montreal, Province of Quebec, H3B 5C9;

- and -

FORTRESS BIOENERGY LTD., a legal person initially incorporated under the British Columbia *Business Corporations Act*, SBC 2002, c 57 and subsequently continued under the *Canada Business Corporations Act*, RSC 1985, c C-44, having its head office located at 2500-1100 René-Lévesque Boulevard, in the city of Montreal, Province of Quebec, H3B 5C9;

- and -

FORTRESS XYLITOL INC. a legal person initially incorporated under the British Columbia *Business Corporations Act*, SBC 2002, c 57, having its registered office located at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, Province of British Columbia V6C 3L2 Canada;

- and -

9217-6536 QUÉBEC INC. a legal person incorporated under the Quebec *Business Corporations Act*, RLRQ, C. S-31.1 having its head office located at 2500-1100 René-Lévesque Boulevard, in the city of Montreal, Province of Quebec, H3B 5C9;

Debtors

- and -

DELOITTE RESTRUCTURING INC., a company incorporated under the laws of Canada, having a place of business at 500-1190 av. des Canadiens-de-Montréal, in the city of Montreal, Province of Quebec, H3B 0M7;

Monitor/Applicant

**TWENTY-SIXTH REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS MONITOR ("THE MONITOR")**
(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

INTRODUCTION

1. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined are as defined in the Application for the Issuance of a First Day Order, an Amended and Restated Initial Order, a Receivership Order and a Claims Procedure Order under the *Companies' Creditors Arrangement Act* ("**CCAA**") dated December 13, 2019 (the "**Initial Application**"). These proceedings commenced under the CCAA by Fortress will be referred to herein as (the "**CCAA Proceedings**").
2. On December 13, 2019, Investissement Québec ("**IQ**" or the "**Interim Lender**") and Fiera Private Debt Inc. ("**Fiera**" and collectively with IQ, the "**Secured Creditors**"), in their respective capacity as secured creditors of Fortress Global Enterprises Inc. ("**Fortress Global**"), Fortress Specialty Cellulose Inc. ("**Fortress Specialty**"), Fortress Bioenergy Ltd. ("**Fortress Bioenergy**"), Fortress Xylitol Inc. ("**Fortress Xylitol**") and

9217-6536 Québec Inc. ("**9217**") (collectively, "**Fortress**"), filed the Initial Application seeking, *inter alia*, the issuance of a First Day Initial Order, an Amended and Restated Initial Order in respect of Fortress pursuant to Sections 9, 11, 11.51, 11.52 of the CCAA, as well as a Claims Procedure Order and a Receivership Order pursuant to Section 243 of the *Bankruptcy and Insolvency Act*.

3. On December 13, 2019, the Monitor (as defined below) issued its First Report, which purpose was to provide information to the Court with respect to (i) Deloitte's qualification to act as Monitor; (ii) the business, financial affairs and financial results of Fortress; (iii) Fortress' main creditors; (iv) Fortress' solicitation process; (v) the proposed restructuring; (vi) the Key Employee Retention Program ("**KERP**"); (vii) the appointment of a receiver; (viii) the charges sought in the First Day Order; (ix) the D&O Trust; (x) the Claims Procedure Order; (xi) payments to Essential Suppliers (as defined in the First Report); (xii) overview of the 22-week cash flow projections as of the date of the First Report, in accordance with Section 23(1)(b) CCAA; and (xiii) the Monitor's conclusions and recommendations in the circumstances of the hearing and the motion presented by the Secured Creditors as co-applicants.
4. On December 16, 2019, the Superior Court of Quebec, Commercial Division (the "**Court**") partially granted the Initial Application and rendered a First Day Initial Order (the "**First Day Order**"), which provided for, *inter alia*, (i) a stay of proceedings against Fortress until December 26, 2019 (the "**Stay Period**"); (ii) a stay of proceedings against the Directors and Officers; (iii) the appointment of Deloitte Restructuring Inc. as the monitor under the CCAA (the "**Monitor**"); (iv) the approval of Interim Financing Facility; and (v) the granting of an Interim Lenders' Charge.
5. On the same day, the Court also rendered a Receivership Order appointing Deloitte as receiver to a bank account opened in the name of Fortress Global for the sole purpose of allowing its employees to recover certain amounts which may be owing to them pursuant to the Wage Earners Protection Program Act ("**WEPPA**").
6. On December 19, 2019, the Secured Creditors filed an Application for the Issuance of an Amended First Day Order, which was presentable by conference call on December 26, 2019.
7. On December 26, 2019, the above-mentioned application was granted, and the Court rendered an Amended First Day Order which provided for, *inter alia*, (i) an extension of the Stay Period until January 10, 2020; (ii) an increase of the maximum principal amount of the Interim Financing Facility to \$1.5M; (iii) an increase of the Interim Lender Charge to up to \$1.8M; and (iv) the payment of Essential Suppliers (as defined in the First Report) up to a maximum of \$250K. On such date, the Court advised the parties that it would hear the Secured Creditors' Application for an Amended and Restated First Day Order.
8. On January 8, 2020, the Monitor issued its Second Report. The purpose of the Second Report was to provide information to the Court on the activities of Fortress and of the Monitor since the commencement of the CCAA Proceedings and to support the Secured Creditors' demand for the issuance of an Amended & Restated Initial Order.
9. On January 10, 2020, an Amended & Restated Initial Order was rendered by the Court (the "**Amended & Restated Initial Order**") which provided for, *inter alia*, (i) an extension of the Stay Period until May 2, 2020; (ii) an increase of the maximum principal amount of the Interim Financing Facility to \$6M; (iii) an increase of the Interim Lender Charge to up to \$7.2M; (iv) a KERP and KERP Charge in an amount up to \$610K; (v) a D&O Charge in an amount up to \$500K; (vi) an Administration charge in an amount up to \$600K; (vii) an Intercompany Advance Charge in an amount up to \$3M; and (viii) the undertaking of the Monitor to file a report to the Court on further material development every two months, and to post these reports on the Monitor's website.

-
10. On January 10, 2020, the Court also rendered a Claims Procedure Order (the "**Claims Procedure Order**") allowing the Monitor to conduct a process for the determination and, if applicable, adjudication of claims against Fortress. Pursuant to the Claims Procedure Order, a "Claims Bar Date" was set on March 16, 2020, at 5:00 p.m. (Montreal time).
 11. Since January 10, 2020, the Monitor has filed twenty-one (21) reports with the Court, shared same with the Secured Creditors and served same to the Service List from time to time. Copies of all of the Monitor's reports are available on the Monitor's website.
 12. On March 23, 2020, at the request of the Monitor, the Court rendered an order, essentially clarifying that the Stay Period applied to the proceedings involving regulatory bodies and commenced before the *Tribunal Administratif du Québec* bearing the court file number STE-Q-211461-1509 (the "**TAT Proceedings**") and suspending the proceedings commenced before the Court of Québec, criminal and penal division, district of Gatineau, in connection with the notices of infraction bearing numbers 100400-1116574361, 1004400-1116574353, 100400-1116574346, 100400-1116574338 and 100400-1116574312 (the "**Penal Proceedings**") until May 2, 2020 (the "**Stay Order Regarding Regulatory Bodies**").
 13. On May 1, 2020, the Court extended the Stay Period, including the Stay Order Regarding Regulatory Bodies, up until August 11, 2020.
 14. On June 8, 2020, Lauzon – Plancher de Bois Exclusif Inc. ("**Lauzon**") filed an application (the "**Lauzon Application**") seeking, *inter alia*, the amendment of the Initial Order, together with various declaratory orders, which was opposed by the Monitor, with the support of IQ.
 15. On July 15, 2020, after a contested hearing which lasted 2 days, the Lauzon Application was rejected, in part, by the Court. As part of its order (the "**Lauzon Order**"), the Court essentially confirmed that the biomass stored on Lauzon's premises was the property of Fortress and ordered that the purchase agreement entered into between Lauzon and Fortress could not be terminated as will be discussed further below.
 16. On August 10, 2020, the Court extended the Stay Period up to and including October 23, 2020, and, at the request of the Secured Creditors, increased the Interim Financing Facility to \$8M and the Interim Lender's Charge to \$9.6M.
 17. On that same day, instead of specifically extending the Stay Order Regarding Regulatory Bodies, the Court reserved the parties' rights to make representations on the applicability or not of the Stay Period to the TAT Proceedings and Penal Proceedings.
 18. On October 23, 2020, the Court extended the Stay Period up to and including September 30, 2021, and increased, at the request of the Secured Creditors, the Interim Financing Facility to \$17M and Interim Lender's Charge to \$20.4M.
 19. On December 18, 2020, following a motion from the Company supported by the Monitor, the Court rendered:
 - (i) the Order Approving a Charge in Favour of Hydro-Québec (the "**Hydro-Québec Order**").
 - (ii) the Order Allowing the Distribution of Funds Held in Trust and Assigning Claims to the Monitor, essentially allowing the Monitor to distribute funds that were held in trust to Fortress employees for their unpaid claims (the "**Trust Order**").
 20. On June 16, 2021, the Monitor filed an Application for the Issuance of an Order Approving:
 - (i) a Litigation Funding Agreement; (ii) a Litigation Financing Charge; (iii) the Transfer of Certain Litigation Proceedings Before the Superior Court (Commercial Division); and (iv) an Agreement in Principle to Settle Certain Penal Proceedings (the "**Initial LFA Application**").

21. On June 22, 2021, the Court rendered an order approving the settlement of the penal proceedings (the "**Penal Proceedings Order**") and postponed to August 12, 2021, the debate on the approval of the litigation funding agreement between Omni Bridgeway (Fund 5) Canada Investments Limited ("**Omni**"), the Monitor, in its capacity as Monitor of Fortress Specialty and Cain Lamarre LLP (the "**Lawyers**") (the "**Initial LFA**"), the litigation financing charge in favour of Omni and thereafter of the Lawyers in the amount of \$6M over only the litigation proceeds (the "**Litigation Financing Charge**") and the transfer of the litigation between Fortress Specialty and Goulds Pumps before the Superior Court (Commercial Division) (the "**Litigation Proceedings**").
22. On August 12, 2021, and August 13, 2021, the debate regarding the Initial LFA, the Litigation Financing Charge and the transfer of the Litigation Proceedings was heard by the Court.
23. On September 24, 2021, IQ filed an Application for the Issuance of an Order Extending the Stay Period & Increasing the Interim Lender Charge.
24. On September 29, 2021, the Court extended the Stay Period up to and including October 8, 2021.
25. On October 8, 2021, the Court extended the Stay Period up to and including March 31, 2022, and increased, at the request of IQ, the Interim Financing Facility to \$24M and the Interim Lender Charge to \$28.8M.
26. On November 1, 2021, the Court rendered its judgment on the Initial LFA Application which refused to approve the LFA in its proposed form and expressed the Court's view with respect to the required changes as described further in this report (the "**Initial LFA Judgment**").
27. On November 19, 2021, the Monitor filed an *Application for the Issuance of an Order Approving a Litigation Funding Agreement and a Litigation Financing Charge* (the "**Amended LFA Application**").
28. On December 30, 2021, the Court rendered its judgment on the Amended LFA Application which refused to approve the Amended LFA in its proposed form and expressed the Court's view with respect to the required changes as described further in this report (the "**Amended LFA Judgment**").
29. On February 11, 2022, the Monitor filed an Application for the Issuance of an Order Approving an Amended Litigation Funding Agreement and the creation of a Litigation Funding Charge (the "**Re-amended LFA Application**"). On the same day, the Court rendered an *Order Approving a Litigation Funding Agreement and a Litigation Financing Charge*.
30. On February 23, 2022, IQ filed an *Application for the Issuance of an Order Extending the Stay Period and Approving a Fourth Amending Agreement to the Interim Financing Agreement*.
31. On March 3, 2022, the Court extended the Stay Period up to and including May 31, 2022, and increased, at the request of IQ, the Interim Financing Facility to \$27M and the Interim Lender Charge to \$32.4M.
32. On May 24, 2022, IQ filed an *Application for the Issuance of an Order Extending the Stay Period and Approving a Fifth Amending Agreement to the Interim Financing Agreement*.
33. On May 27, 2022, the Court extended the Stay Period up to and including October 14, 2022, and increased, at the request of IQ, the Interim Financing Facility to \$30.8M and the Interim Lender Charge to \$37.0M.

34. On October 4, 2022, IQ filed an *Application for the Issuance of an Order Extending the Stay Period* (the "**Application**").
35. On October 7, 2022, the Court extended the Stay Period up to and including November 25, 2022.
36. On November 21, 2022, IQ filed an Application for the Issuance of an Order Extending the Stay Period & Approving a Sixth Amending Agreement to the Interim Financing Agreement.
37. On November 25, 2022, the Court extended the Stay Period up to and including April 28, 2023, and increased, at the request of IQ, the Interim Financing Facility to \$33.8M and the Interim Lender Charge to \$40.6M.
38. On April 21, 2023, IQ filed an Application for the Issuance of an Order Extending the Stay Period & Extending the Stay to the SAP Proceedings.
39. On April 24, 2023, the Monitor filed an Application for the Issuance of an Order Approving the Settlement of the Claim of a Former Employee and the Execution of a Settlement.
40. On April 27, 2023, the Court extended the Stay Period up to and including June 23, 2023, and approved the above-mentioned settlement.
41. On June 19, 2023, IQ filed an *Application for a Stay Extension & Authorizing the Termination of a Trust and the Release of Trust Funds*.
42. On June 22, 2023, the Court extended the Stay Period up to and including September 29, 2023, and approved the termination of a trust and the release of trust funds.
43. On September 21, 2023, IQ filed an Application for the Issuance of an Order Extending the Stay Period & Approving a Seventh Amending Agreement to the Interim Financing Agreement.
44. On September 26, 2023, the Court extended the Stay Period up to and including January 31, 2024, and approved the above-mentioned settlement.
45. On January 16, 2024, IQ filed an Application for the Issuance of an Order Extending the Stay Period.
46. On January 19, 2024, the Court extended the Stay Period up to and including March 15, 2024.
47. On March 12, 2024, IQ filed an Application for the Issuance of an Order Extending the Stay Period & Approving an Eighth Amending Agreement to the Interim Financing Agreement.
48. On March 15, 2024, the Court extended the Stay Period up to and including May 10, 2024, and approved the Eighth Amending Agreement to the Interim Financing Agreement.
49. On May 7, 2024, IQ filed an *Application for the Issuance of an Order Extending the Stay Period*.
50. On May 10, 2024, the Court extended the Stay Period up to and including July 30, 2024, and approved the Eighth Amending Agreement to the Interim Financing Agreement.
51. On July 19, 2024, the Monitor filed an *Application for the Issuance of an Approval and Vesting Order and an Ordonnance de Radiation (Discharge Order)* (as amended, the "Approval Application").
52. On July 25, 2024, the Court *inter alia* rendered:

- (i) an approval and vesting order (the "**Vesting Order**") approving the sale of substantially all of Fortress' assets (the "**Purchased Assets**") by way of "*credit-bid*" to 9109-3294 Québec Inc. (the "**Purchaser**") further to the partial assignment of IQ's secured debt as against the Debtors to 9109-3294 Québec Inc. (the "**Sale Transaction**"); and
- (ii) an extension order, extending the Stay Period up to and including September 30, 2024.

53. On September 26, 2024, the Monitor filed an *Application for the Issuance of an Extension Order*.

54. In accordance with the Amended and Restated Initial Order, the Monitor hereby issues its twenty-sixth report (the "**Twenty-Sixth Report**"). The purpose of the Twenty-Sixth Report is to inform the Court with respect to the following:

- I. Update on Fortress' operations;
- II. The Monitor's activities since the Twenty-Fifth report;
- III. Fortress' cash flow up to September 21, 2024 (9 weeks);
- IV. Fortress' updated cash flow projections for the period from September 22, 2024, to September 30, 2025;
- V. Request for an extension of the Stay Period; and
- VI. The Monitor's conclusions.

I. UPDATE ON FORTRESS' OPERATIONS

55. Since the Twenty-Fifth Report and following the approval of the Transaction by the Court, the various parties involved in the Contemplated Transactions (as defined in the Twenty-Fifth Report) were able to finalize the remaining items and implemented the Sale Transaction, which closed on August 7, 2024, further to the issuance by the Monitor of a certificate in accordance with the Vesting Order.

56. Effective upon the closing of the Sale Transaction, the Purchased Assets were transferred to the Purchaser. As of the date of this report, Fortress retains limited assets of value, which are essentially comprised of two vacant lands, one litigation and a potential reimbursement in connection with a past insurance claim.

57. As of the date of this report, Fortress currently employs eight (8) employees of which seven (7) will be terminated on September 27, 2024. The remaining employee will be assisting the Monitor with the finalization of the file and the sale of the two lands until mid-October.

Les Pompes Goulds

58. As mentioned in the previous reports, the Monitor has been informed that the trial in the litigation proceedings with Les Pompes Goulds has been set for March 17, 2025, to April 11, 2025. The Monitor will report to the Court if there is any development prior to said trial.

59. Fortress' rights and interest in this litigation were excluded from the Purchased Assets and therefore remain in Fortress' patrimony until a final determination is made, or a settlement is reached, in the context of the litigation.

Hydro-Québec

60. In addition to the weekly prepayments that were required by Hydro-Québec since the beginning of the CCAA Proceedings, Hydro-Québec also required a security deposit from Fortress. As of the date of this report, a security deposit of \$200K is still in possession of Hydro-Québec.
61. Over the last few weeks, the Monitor held discussions with Hydro-Québec's legal counsel and the reimbursement should be collected in the coming days. The collection of this security deposit is included in the Cash Flow Statement attached to this Twenty-Sixth Monitor's Report (**Appendix B**).

Budget

62. Fortress, with the assistance of the Monitor, has updated its budget for the coming months in order to ensure that Fortress has sufficient liquidity until the end of the contemplated extension of the Stay Period.

II. MONITOR'S ACTIVITIES SINCE THE LAST REPORTGeneral

63. Fortress and the Monitor held calls with the parties involved in the Contemplated Transactions in order to ensure the closing of the Contemplated Transaction in accordance with the timeline agreed upon.
64. On August 6, 2024, the Monitor held a call with five (5) employees of Fortress informing them that their employment with Fortress was terminated. These five (5) employees were hired by the new operator of the Thurso site.
65. During the week ended August 17, 2024, pursuant the terms and conditions described in the Initial Application and granted in the Amended and Restated Initial Order, the KERP was paid to employees who were entitled to it.
66. More generally, the Monitor, with the assistance of Fortress, has been responding to questions from various stakeholders as to the status of the CCAA Proceedings.
67. The Monitor has also analyzed the receipts and disbursements transacted through Fortress' bank accounts with the full co-operation of Management.

Remaining Assets

68. As previously mentioned, as part of the Sale Transaction, two vacant lands were excluded from the Purchased Assets and are therefore still owned by Fortress:
- (i) a vacant land located in Gatineau and covered by dense forest.
 - (ii) a vacant land located in Notre-Dame-de-la-Salette known as the Poupore Bark Pile Site. The site was covered and revegetated. It is estimated that the site contains 300,000 tons of wood bark residue.
69. Since the previous report, the Monitor visited those vacant lands and entered into communications with real estate brokers with a view to listing these properties on the market. The Monitor is waiting to receive the various service offers before confirming the mandate. The objective is to conclude a transaction in the coming months.

70. The remaining assets are as follows:

- (i) The rights and interest of Fortress Specialty in litigation proceedings involving Les Pompes Goulds in the context of which Fortress Specialty is claiming from the latter damages in an amount of approximately \$17 million. As previously mentioned, Fortress entered, in February 2022, into the LFA in order to finance the pursuit of this litigation.
- (ii) A potential reimbursement in connection with an insurance claim made by Fortress. The insurer is currently engaged in a legal dispute with the company that participated in the design of the component of the system under investigation which resulted in an explosion on September 20, 2017. In the event that the insurer gets a favourable judgment in this case, Fortress would be eligible to receive a reimbursement of the premium paid, which represents approximately \$2.5M plus interest.

Environmental Matters

- 71. Since the Twenty-Fifth Report, the Monitor continues to have frequent discussions with the employee responsible for all of the environmental matters in view of establishing whether the proper safeguards and procedures are in place and to identify if any actions are required regarding the environment.
- 72. Since the majority of Fortress' assets were sold on August 7, 2024, the environmental monitoring is now limited to the two remaining vacant lands in Fortress' patrimony.
- 73. There has not been any major environmental exceedance or incident during the reporting period that has not been addressed by Fortress and communications with the environmental authorities have taken place in the normal course of business. As of the date of this Twenty-Sixth Report, the Monitor has not been made aware of any issues that would necessitate immediate actions.

III. FORTRESS' CASH FLOW UP TO SEPTEMBER 21, 2024 (9 WEEKS)

- 74. Fortress' financial performance highlights for the period from July 14, 2024, to September 21, 2024, are presented in the Actual Cash Flow annexed hereto as **Appendix A**. The Monitor's comments on Fortress' financial performance during this period are the following:
 - (i) compared with the initial statement of projected cash flow presented to the Court in the Twenty-Fifth Report on July 19, 2024 (the "**Initial Cash Flow Statement**"), Fortress experienced a favorable variance of \$113K in cash inflows mainly explained by:
 - i. an unfavorable variance of \$45K in GST & QST refunds. This variance is temporary and due to timing; and
 - ii. A favorable variance of \$158K in other receipts. This variance is temporary and mainly due to timing as the \$102K reimbursement of the Health Services Funds was budgeted during the week ending September 28, 2024, and was received earlier.
 - (ii) compared with the Initial Cash Flow Statement, Fortress experienced a favorable variance of \$1.7M in cash outflows. The variance is primarily attributable to:
 - i. a favorable variance of \$603K in professional fees. This favorable variance is strictly due to timing as the invoices have been received and will be paid in the coming days;

- ii. a favorable variance of \$890K in environmental assessment. This variance is strictly due to timing as the invoice has been received and will be paid in the coming days;
- iii. a favorable variance of \$182K in the Cold Idle Plus, Land Surveying and Engineering costs disbursements. This variance is mainly due to timing;
- iv. an unfavorable variance of \$123K in Payroll. This variance is temporary and is explained by the fact that Fortress entered into an agreement with the new operator in order to continue to pay, as an advance, five employees until their payroll system is in place. The reimbursement has been received during the week ending September 28, 2024; and
- v. a favorable variance of \$140K in Vacations. This variance is temporary and due to timing as the majority of the amount owed by Fortress will be paid on the payroll of the week ending September 28, 2024.

(iii) compared with the Initial Cash Flow Statement, Fortress experienced a net favorable variance of approximately \$1.9M, as explained, mainly related to favorable timing differences.

75. As of the date of this Twenty-Sixth Report, all post-filing expenses incurred by Fortress have been or will be paid in the normal course of business out of the Interim Financing Facility described in the First Report or from the funds to be collected.

IV. OVERVIEW OF THE 10-MONTH CASH FLOW PROJECTIONS

76. Fortress, with the assistance of the Monitor, prepared the statement of projected cash flow (the "**Cash Flow Statement**") for the 10-month period from September 22, 2024, to September 30, 2025 (the "**Cash Flow Period**") for the purpose of projecting Fortress' estimated need for liquidities during the Cash Flow Period. A copy of the Cash Flow Statement is attached as **Appendix B** to this Twenty-Sixth Report.

77. Fortress is currently limiting its activities to the bare minimum as the Company is not operating and has limited assets.

78. The Cash Flow Statement has been prepared by Fortress using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement (the "**Notes to the Cash Flow Statement**").

79. The Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to information supplied to it by Management. Since the hypothetical assumptions do not need to be supported, the Monitor's procedures with respect to these assumptions were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Monitor also reviewed the support for the probable assumptions provided by Management, as well as the preparation and presentation of the Cash Flow Statement.

80. Based on the Monitor's review and the foregoing qualifications and limitations, nothing has come to its attention that causes it to believe that, in all material respects:

- (i) The hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
- (ii) As at the date of this Twenty-Sixth Report, the probable assumptions developed by Management are not suitably supported and consistent with Fortress' plans or that they do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or

- (iii) The Cash Flow Statement does not reflect the probable and hypothetical assumptions.
81. Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no opinion as to whether the projections in the Cash Flow Statement will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report. Neither does the Monitor express any opinion as to the performance of Fortress' statutory obligations with regard to projected payments to be made in accordance with the Cash Flow Statement, *inter alia* the payment of wages, the Government remittances and the payroll deductions to be made by Fortress.
82. The Cash Flow Statement has been prepared solely for the purpose described in the Notes to the Cash Flow Statement, and readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.
83. Based on the projections for the period ending September 30, 2025, Fortress will have sufficient funds to cover the expected disbursements during this period. An increase in the Interim Financing Facility is therefore not required as appears from the Cash Flow Statement attached as **Appendix B**.
84. Management has advised the Monitor that it believes that the forecast reflected in the Cash Flow Statement is reasonable.
85. This Cash Flow Statement allows Fortress to pay the remaining invoices received, proceed to identify one or more purchaser(s) and close one or more transaction(s) for the sale of the two vacant lands that are still in its possession, as the case may be, and monitor the litigation with Les Pompes Goulds.
86. The Cash Flow Statement demonstrates that with the collections forecasted in the attached budget, Fortress will have sufficient funds in order to comply with its obligations until the end of the extension of the Stay Period requested.

V. REQUEST FOR EXTENSION OF THE STAY OF PROCEEDINGS

87. The Monitor is seeking an extension of the Stay Period until and including September 30, 2025, in order to identify one or more purchaser(s) and close one or more transaction(s) for the sale of the two vacant lands, as the case may be, and to allow the trial for the litigation with Les Pompes Goulds to take place.
88. As mentioned in the previous reports, the treatment of this litigation was analyzed in order to determine the proper vehicle to complete the litigation and distribute the proceeds, as the case may be.
89. Following the closing of the Sale Transaction, it was determined that the continuity of the CCAA Proceedings represented the most efficient way to proceed, mainly because:
- (i) The LFA was entered into in the context of the proceedings under the CCAA and does not contemplate changing the vehicle. Changing the vehicle to pursue Fortress' restructuring (i.e. receivership) would require amendments to the agreement, which would entail additional costs, and would also have an impact on the financial parameters of the LFA.
 - (ii) The CCAA Proceedings will facilitate the monitoring of the litigation.

- (iii) The CCAA Proceedings will provide more flexibility to identify one or more purchaser(s) and close one or more transaction(s) for the sale of the two vacant lands and, if necessary, a vesting order could be sought from the Court in this respect.
 - (iv) It will be more costly to put in place a receivership than to continue the CCAA Proceedings.
 - (v) The continuity of the proceedings under CCAA will not require additional funding as the DIP lender has authorized Fortress to use the remaining funds to fund the proceedings until the end of the sought extension of the Stay Period.
 - (vi) The Monitor is optimistic that the remaining items will be resolved by the end of the sought extension of the Stay Period.
90. The Monitor is informed that Fortress intends to continue to pay post-filing amounts owed to its trade creditors for services rendered and goods provided in the normal course of business during the CCAA Proceedings.
91. As described in this Twenty-Sixth Report, the Cash Flow Statement indicates that Fortress should have sufficient liquidity to continue to meet its obligations in the ordinary course of business without an additional increase to the Interim Financing Facility.

VI. THE MONITOR'S CONCLUSIONS

92. In light of the foregoing, the Monitor is of the view that:
- (i) The sought extension of the Stay Period up to September 30, 2025, is required in order to complete the sale of the two lands and to allow the trial for the litigation with Les Pompes Goulds to take place;
 - (ii) Based on the information presently available, the Monitor believes that Fortress' creditors will not be materially prejudiced by the proposed extension of the Stay Period; and
 - (iii) The Monitor believes that Fortress has acted, and continue to act, in good faith and with due diligence.
93. Accordingly, the Monitor recommends that the Stay Period be extended until and including September 30, 2025.
94. The Monitor confirms that there is no further material development to report in this matter at this time, other than what is provided for in this Twenty-Sixth Report of the Monitor.

95. The Monitor respectfully submits to the Court this, its Twenty-Sixth Report.

DATED AT MONTREAL, this 26th day of September 2024.

DELOITTE RESTRUCTURING INC.

In its capacity as Court-Appointed Monitor of Fortress



Jean-François Nadon, CPA, CIRP, LIT
President



Benoît Clouâtre, CPA, CIRP, LIT
Senior Vice-President

Appendix A

APPENDIX A

Fortress Global Enterprises

Budget-to-Actual Analysis for the 9-week period ended September 21, 2024

(in \$000 CAD)

	<u>For the 9-week period ended September 21, 2024</u>				<u>Note</u>
	<u>Actual</u>	<u>Budget</u>	<u>Var (\$)</u>	<u>Var (%)</u>	
Consolidated Receipts					
Amended Exclusivity Agreement financing	1,000	1,000	-	0%	
GST & QST refunds	147	192	(45)	-23%	Note 1
Others	213	55	158	287%	Note 2
Total - Receipts	1,360	1,247	113	9%	
Disbursements					
Professional fees	247	850	603	71%	Note 3
Environmental site assessment	-	890	890	100%	Note 4
Key Employee Retention Plan (KERP)	598	639	41	6%	
Cold Idle Plus	254	301	47	16%	Note 5
Payroll	355	232	(123)	-53%	Note 6
Trade payables - Operation	141	162	21	13%	
Vacations	10	150	140	93%	Note 7
Hydro-Québec	113	100	(13)	-13%	
Land surveying	-	80	80	100%	Note 5
Engineering costs - landslide	-	55	55	100%	Note 5
Insurance	12	12	-	0%	
Total - Disbursements	1,730	3,471	1,741	50%	
Change in Cash-Flow	(370)	(2,224)	1,854	83%	
Net cash (Shortfall) - Beginning	2,409	2,409	-	0%	
Net cash (Shortfall) - Ending	2,039	185	1,854	1002%	

APPENDIX A (con't)

Fortress Global Entreprises

Notes on Budget-to-Actual Analysis

For the 9-week period ended September 21, 2024

Note 1	GST & QST refunds	The GST and QST refunds were \$45K lower than the budgeted \$192K. This variance is temporary and due to timing.
---------------	------------------------------	--

Note 2	Other receipts	Other receipts of \$213K were higher than the budgeted \$55K. This favorable variance of \$158K is mainly due to timing as the reimbursement of the Health Services Fund (\$102K) was budgeted during the week ending September 28, 2024 and was received earlier.
---------------	-----------------------	--

Note 3	Professional fees	Disbursements for professional fees were \$603K below the budgeted amount of \$850K. This favorable variance is strictly due to timing as the invoices have been received and will be paid in the coming days.
---------------	--------------------------	--

Note 4	Environmental site assessment	The favorable variance of \$890K in environmental assessment is strictly due to timing as the invoice has been received and will be paid in the coming days.
---------------	--------------------------------------	--

Note 5	Cold Idle Plus, Land Surveying & Engineering costs - Landslide	The favorable variance of \$182K in the Cold Idle Plus, Land Surveying and Engineering costs is mainly due to timing.
---------------	---	---

Note 6	Payroll	The unfavorable variance of \$123K in Payroll is temporary and is explained by the fact that Fortress entered into an agreement with the new operator in order to continue to pay, as an advance, five employees until their payroll system is in place. The reimbursement has been received during the week ending September 28, 2024.
---------------	----------------	---

Note 7	Vacations	The favorable variance of \$140K in Vacations is due to timing as the majority of the amount owed by Fortress will be paid on the payroll of the week ending September 28, 2024.
---------------	------------------	--

Appendix B

Fortress Global Enterprises
Consolidated Cash-Flow

For the 12-month period ending June 30, 2025

Consolidated (\$000)	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	12-month Total
	September 2024 (1 week)	October 2024	November 2024	December 2024	January 2025	February 2025	March 2025	April 2025	May 2025	June 2025	July 2025	August 2025	September 2025	
Receipts														
Deposit reimbursement from Hydro-Québec	200	-	-	-	-	-	-	-	-	-	-	-	-	200
Reimbursement of expenses	174	-	-	-	-	-	-	-	-	-	-	-	-	174
GST & QST refunds	73	81	-	-	-	-	-	-	-	-	-	-	-	154
Total - Receipts	447	81	-	-	-	-	-	-	-	-	-	-	-	528
Disbursements														
Environmental site assessment	890	-	-	-	-	-	-	-	-	-	-	-	-	890
Cold Idle Plus	192	-	-	-	-	-	-	-	-	-	-	-	-	192
Payroll	138	15	-	-	-	-	-	-	-	-	-	-	-	153
Vacations	150	-	-	-	-	-	-	-	-	-	-	-	-	150
Trade payables - Operation	23	-	-	-	-	-	-	-	-	-	-	-	-	23
Land surveying	10	-	-	-	-	-	-	-	-	-	-	-	-	10
Insurance	6	6	6	6	6	6	-	-	-	-	-	-	-	36
Professional fees:														
Invoices received	650	-	-	-	-	-	-	-	-	-	-	-	-	650
Sale of lands	-	20	20	20	20	20	-	-	-	-	-	-	-	100
Litigation	-	-	-	-	-	-	5	5	5	5	5	5	20	50
Bankruptcy	-	-	-	-	-	-	-	-	-	-	-	-	150	150
Total - Disbursements	2,059	41	26	26	26	26	5	5	5	5	5	5	170	2,404
Change in Cash-Flow	(1,612)	40	(26)	(26)	(26)	(26)	(5)	(5)	(5)	(5)	(5)	(5)	(170)	(1,876)
Net cash (Shortfall) - Beginning	2,039	427	467	441	415	389	363	358	353	348	343	338	333	2,039
Net cash (Shortfall) - End	427	467	441	415	389	363	358	353	348	343	338	333	163	163

NOTES TO THE CASH-FLOW STATEMENT

NOTE A – PURPOSE

The purpose of these cash-flow projections is to determine the liquidity requirements of the Company during the CCAA proceedings.

NOTE B

The Cash Flow Statement has been prepared by the Company using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement.

The Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to Information supplied to it by Management. Since the hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Monitor also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Statement.

NOTE C - DEFINITIONS

(1) CASH-FLOW STATEMENT:

In respect of a Company, means a statement indicating, on a weekly basis (or such other basis as is appropriate in the circumstances), the projected cash-flow of the Company as defined in section 2(1) of the Act based on Probable and Hypothetical Assumptions that reflect the Company's planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS:

Means assumptions with respect to a set of economic conditions or courses of action that are not necessarily the most probable in the Company's judgment, but are consistent with the purpose of the Cash-Flow Statement.

(3) PROBABLE ASSUMPTIONS:

Means assumptions that:

- (i) The Company believes reflect the most probable set of economic conditions and planned courses of action, **Suitably Supported** that are consistent with the plans of the Company; and
- (ii) Provide a reasonable basis for the Cash-Flow Statement.

(4) SUITABLY SUPPORTED:

Means that the Assumptions are based on either one or more of the following factors:

- (i) The past performance of the Company;
- (ii) The performance of other industry/market participants engaged in similar activities as the Company;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each Assumption, and an assessment as to the reasonableness of each Assumption, will vary according to circumstances and will be influenced by factors such as the significance of the Assumption and the availability and quality of the supporting information.

NOTE C - ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on current bank balances	X	
<u>Forecast cash receipts:</u>			
Deposit reimbursement from Hydro-Québec	Based on the actual deposit	X	
Reimbursement of expenses	Based on the expected level of disbursements	X	
QST & GST refunds	Based on the level of receipts and disbursements budgeted	X	
<u>Forecast cash disbursements:</u>			
Environmental site assessment	Based on the invoice received	X	
Cold Idle Plus	Estimate of disbursements required based on Fortress' knowledge and estimated from external advisors		X
Payroll	Based on the Company's historical payroll reports and on the budgeted number of employees	X	
Vacations	Based on the Company's historical payroll reports and on the budgeted number of employees	X	
Trade payables – Operation	Weekly estimate of disbursements required based on historical costs	X	
Land surveying	Estimate of disbursements required based on Management's estimation and discussions with external experts		X
Insurance	Based on historical costs	X	
Professional fees	Based on invoices received as well as management estimate of professional fees to be incurred in the following months for monitor and legal services.		X