

C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
COURT. No.: 500-11-055122-184

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

**IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT, RSC 1985,
C C-36, AS AMENDED:**

LE GROUPE SMI INC. / THE SMI GROUP INC.

– and –

LE GROUPE S.M. INC. / THE S.M. GROUP INC.

– and –

CLAULAC INC.

– and –

SMi CONSTRUCTION INC.

– and –

ÉNERPRO INC.

– and –

**LE GROUPE S.M. INTERNATIONAL
(CONSTRUCTION) INC. / S.M. INTERNATIONAL
GROUP CONSTRUCTION INC.**

Debtors

– and –

THE ENTITIES LISTED IN APPENDIX "A"

Mises-en-cause

– and –

ALARIS ROYALTY CORP.

and

INTEGRATED PRIVATE DEBT FUND V LP.

Joint Applicants

– and –

DELOITTE RESTRUCTURING INC.

Monitor

**SIXTH REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS MONITOR**

(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

Introduction

1. On August 24, 2018, following the filing of a joint application (the "**Joint Application**") made by Alaris Royalty Corp. and Integrated Private Debt Fund V LP (collectively, the "**Applicants**"), the Superior Court of Quebec (Commercial Division) (the "**Court**") rendered an Initial Order (as amended, the "**Initial Order**") , pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**" and the "**CCAA Proceedings**") in respect of each of the SMI Group Inc., The S.M. Group Inc., Claulac Inc., SMi Construction Inc., Énerpro Inc, S.M. International Group (Construction) Inc. (collectively, the "**Debtors**") and the entities listed in **Appendix A** (collectively, the "**Mises-en-cause**" and, together with the Debtors, the "**CCAA Parties**"), and a stay of proceedings was subsequently granted in their favour until May 10, 2019 (the "**Stay Period**").
2. As part of the Initial Order, Deloitte Restructuring Inc. ("**Deloitte**" or the "**Monitor**") was appointed to monitor the business and financial affairs of the CCAA Parties pursuant to the CCAA, and LGBM Inc. (Mr. Paul Lafrenière) was appointed as Chief Restructuring Officer (the "**CRO**") for the CCAA Parties.
3. On November 12, 2018, the Court rendered an order approving a transaction (the "**Transaction**") whereby substantially all of the assets of certain of the CCAA Parties (the "**Vendors**") were sold to FNX-Innov Inc. (formerly 11017870 Canada Inc., "**FNX**" or the "**Purchaser**"), Thornhill G.P. and 11054953 Canada Inc. (the "**Approval and Vesting Order**"). Pursuant to said Order, the Court also expanded the powers of the Monitor and discharged the CRO.
4. On March 1, 2019, the Court rendered judgment granting an Application for Declaratory Judgment filed by the Monitor, declaring that the City of Montreal was not entitled to operate compensation between amounts purportedly owing to it prior to the issuance of the Initial Order and amounts owing to the Debtors in

connection with services rendered after the issuance of the Initial Order (the "**Compensation Judgment**").

5. On April 10, 2019, the City of Montreal sought leave to appeal the Compensation Judgment, which leave was granted by the Court of Appeal of Quebec on the same day. As part of its judgment, the Court of Appeal established with the parties a timetable setting forth the various steps to be met in order to allow this matter to be heard and adjudicated upon on an expedited basis (the "**Pending Appeal**").

Purpose

6. The purpose of this sixth report of the Monitor (the "**Sixth Report**") is to provide the Monitor's views on the Joint Application For an Assignment and Extension Order (the "**Application**") that will be presented by the Applicants on May 10, 2019 and to report to the Court with respect to:
 - a) The status of the CCAA Proceedings;
 - b) The developments since the issuance of the Monitor's Fifth Report;
 - c) The financial performance of the CCAA Parties and its cash flow projections;
 - d) The extension of the stay period; and
 - e) The Monitor's recommendation.
7. In preparing this Sixth Report, the Monitor has been provided with and has relied upon unaudited financial information, the CCAA Parties' books and records and financial information and projections prepared by the CCAA Parties. While the Monitor has reviewed the information, some in draft format, obtained since it has been involved with the CCAA Parties, the Monitor has not performed an audit or other verification of such information. The forward-looking financial information included in the Sixth Report is based on assumptions regarding future events, and actual results achieved will vary from this information and the variations may be material.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein shall have the same meaning ascribed to them in the Application.
9. Copies of the relevant orders, procedures and reports in connection with the CCAA Proceedings are available on the Monitor's website at www.insolvencies.deloitte.ca/en-ca/sm-group. The Monitor has also established a toll-free telephone number and an email address (groupe-sm-ccaa@deloitte.ca) that is referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the CCAA Proceedings.

The status of the CCAA Proceedings

10. On August 24, 2018, the date of the Initial Order, the Monitor began monitoring the CCAA Parties' cash flow. As part of this process, the Monitor performed, inter alia, an analysis of all cash inflows and outflows originating from the CCAA Parties' various bank accounts. The Monitor also did a weekly analysis and comparison of all cash inflows and outflows to the cash flow forecast previously submitted in Appendix D of the Monitor's Fifth Report dated March 6, 2019.
11. Since the issuance of the Preliminary Closing Certificate confirming the preliminary closing of the Transaction, the disbursements made by the Monitor have been minimal, considering that all business operations of the Vendors are now being performed by the Purchaser.

The developments since the issuance of the Monitor's fifth report

Update on the implementation of the Transaction and Assignment Process

12. As previously mentioned in the Monitor's Fifth Report, following the preliminary closing of the Transaction, the Purchaser informed the Monitor of its desire to assume additional agreements and/or tenders to which the Vendors were previously party.
13. Despite the Purchaser's reasonable efforts to identify all additional agreements and/or tenders to be assigned to it as part of the Post-Closing Administrative Assignment Process (as defined in the Application), some of these agreements and/or tenders were only identified after the expiry of the delays governing such process, thus the reason for which the Applicants are now seeking the issuance of an order approving the assignment of same.
14. As further detailed in the Application, the Applicants seek the approval from this Court to proceed with the assignment of 97 agreements which were entered into between one or more of the Debtors, and 23 other counterparties (the "**Application Schedule A Agreements**").
15. In addition, the Applicants also seeks orders approving an additional "administrative" assignment procedure similar to the one already approved by the Court, which would allow the Purchaser to identify and seek the assignment of additional agreements and/or Tenders for an additional 90-day period (the "**Additional Administrative Assignment Process**").
16. The Monitor has approved the assignment of the Application Schedule A Agreements as well as the Additional Administrative Assignment Process (the "**Proposed Assignment**").
17. The Monitor is of the view that the Proposed Assignment is appropriate in the circumstances as it will permit a more complete and efficient implementation of the Transaction and will not delay the resolution of the CCAA Proceedings, given the other reasons for extending the Stay Period (as defined in the Initial Order), which are addressed below.

Transition Financing

18. Pursuant to the Transition Financing Agreement approved as part of the Transaction, the transition financing provided for therein (the "**Transition Financing**") is to be reimbursed based on a formula that takes into consideration the amounts paid to former employees of the various CCAA Parties under the WEPPA.
19. As of the end of March 2019, the Monitor has determined that an amount of \$1,798,222 was payable by the Purchaser in accordance with the Transition Financing Agreement. On April 2, 2019, the Applicants requested this amount from the Purchaser. As of the date of this report, the total amount due has now been established at \$1,823,279.
20. However, given the Pending Appeal in connection with the Compensation Judgment, FNX has advised the Applicants and the Monitor that it will not be in a position to reimburse the Transition Financing until such appeal is heard in September 2019.
21. As things currently stand, the City of Montreal is unfortunately not the only party withholding significant amounts owing to the Debtors. Indeed, it is the Monitor's understanding that other municipalities are also currently withholding payments, adding additional pressure on the working capital of the Purchaser. Based on the above, it appears unlikely that the Transition Financing will be reimbursed before the Pending Appeal is resolved.

Distributions

22. As per paragraph 92 of the Monitor's Third Report, prior to proceeding with a distribution, the Monitor was awaiting for a written confirmation that Investissement Québec ("**IQ**") had previously agreed to assign its

rank as a secured creditor in favour of Alaris. Since no such confirmation was obtained, the Monitor, after advising the Applicants, proceeded with a distribution in March of an amount of \$271,189 to IQ.

Potential monetization of remaining assets

23. Following the closing of the Transaction, the Monitor, in consultation with the Applicants, has been reviewing possible avenues in order to realize certain claims against third parties, including Mr. Bernard Poulin (the "**Poulin Claims**").
24. With respect to the Poulin Claims, the Monitor has filed proofs of claim in Poulin's bankruptcy proceedings on behalf of 3215288 Canada Inc. (formerly CSP Security Consulting Inc.), The S.M. Group International LP, The S.M. Group Inc. and Les Services de Personnel S.M. inc. (in the latter case as Trustee) for amounts totaling more than \$8,000,000 (the "**Bankruptcy Claims**").
25. In addition, the Monitor has also collected an amount of \$165,759 from the Hexagone Group on March 20, 2019. A remaining amount of \$225,000 was also paid by Hexagone, but was erroneously collected by FNX, despite such receivable being an "Excluded Assets" in the context of the Transaction. The Monitor expects FNX to proceed with the remittance of such amounts during the week ending on June 1, 2019.
26. The Monitor is also examining whether certain life insurance policies covering Poulin and others subscribed for the benefit of certain CCAA Parties (the "**Life Insurance Policies**") are assets that can be realized upon. The Monitor has been in the process of soliciting offers in connection with the potential assignment of the Life Insurance Policies to one or more acquirers in consideration of cash payments to be made to the Monitor for the benefit of the Debtors' creditors. The Monitor has already received an offer and may receive more and intends to apply to this Court for approval in the next few weeks once it had a chance to review the offers with the Applicants.

Dispute with Axor

27. On November 2, 2018, the Monitor filed with this Court an *Amended Application Seeking the Payment of Certain Amounts Owed by Les Ponts Jacques Cartier et Champlain Incorporée* (the "**PJCCI Application**"), pursuant to which the Monitor sought an order: (a) ordering the payment of an amount of \$563,395.90 (the "**PJCCI Payment**") owing by Les Ponts Jacques Cartiers et Champlain Incorporée ("**PJCCI**") to S.M. Consultants Inc. ("**SM Consultants**"), and (b) releasing PJCCI from all claims which could be asserted against it by SM Consultant's subcontractors, in connection with such payments (the "**PJCCI Release**").
28. The PJCCI Application was granted on November 8, 2018, and, as part of the order rendered by the Court, a modus operandi was established whereby a portion of the PJCCI Payment (i.e. \$207,975.48) (the "**Amounts Held in Trust**") would be held in trust by the Monitor for a period of 30 days to allow those subcontractors of SM Consultants to assert any rights they may have (if any) in respect of the Amounts Held in Trust, failing which, the Monitor would release same without further notice or order from the Court.
29. At the expiry of the above-mentioned 30-day period, although several of SM Consultants' subcontractors were owed money in respect of pre-filing claims related to the construction project involving PJCCI, only Axor Expert Conseil ("**Axor**") filed an application seeking the payment of an amount of \$65,476.83, out of the Amounts Held in Trust (the "**Axor Claim**").
30. The Monitor has reviewed Axor's Claim and has advised its counsel that such claim constituted a pre-filing for which Axor was not entitled to a priority over the secured creditors, which Axor contests.
31. The Monitor, in consultation with the Applicants, and Axor, are currently in discussion to determine if a commercial agreement may be reached, without any admission whatsoever, with respect to the Axor Claim. Unless such claim may be resolved amicably, the Monitor will seek directions from the Court with respect to the Axor Claim.

Financial performance and cash flow projections

Cash flow results for the 11-week period ended May 4, 2019

32. For the cash flow period ended May 4, 2019, the net cash flow generated by the consolidated operations and other collections were \$313K higher than projected in the cash flow forecast prepared by the Debtors attached to the Monitor's Fifth Report (the "**Post Closing-Closing Cash Flow Forecast**").
33. The actual cash flow results and the variances from the Post Closing-Closing Cash Flow Forecast for the 11-week period are presented in further detail at **Appendix B** attached to this Sixth Report. In particular, the Monitor has not collected amounts from FNX generating a negative variance of \$324K. On the other hand, the unexpected collection of the surrender value of the Life Insurance Policies and the timing variance in the payment of the professional fees generated a positive variance of \$604K during the 11-week period.

Cash flow forecast for the 28-week period ending November 16, 2019

34. To determine the CCAA Parties' post-closing cash flow and ongoing financing requirements during the CCAA Proceedings, the Monitor prepared a cash flow forecast (the "**CCAA Proceedings Cash-Flow**") for the 28-week period ending November 16, 2019. The CCAA Proceedings Cash-Flow forecast reflects the fees related to the ongoing CCAA Proceedings either related to the post-closing issues with the Purchaser or related to the potential monetization of remaining assets of the CCAA Parties. Please note that the CCAA Proceedings Cash-Flow also includes payments of the premium of the Life Insurance policies until the sale, which is expected before the end of May.
35. Since the CCAA Parties are no longer collecting accounts receivable, the fees related to the CCAA proceedings during the 28-week period ending November 16, 2019 will be funded, either by the Purchaser (if the work is related to the Transaction) or from the Excess Funds.
36. The CCAA Proceedings Cash-Flow is attached as **Appendix C** to this Report. Please note that the opening cash balance represents the excess funds that were held by the Monitor as at May 5, 2019.

Extension of the Stay Period

37. The Pending Appeal is expected to be heard in September 2019. The requested extension to the Stay Period will permit the Monitor to act as respondent to such appeal, for the benefit of the affected CCAA Parties, and to comply with the judgment of the Court of Appeal.
38. Moreover, as indicated earlier in this Sixth Report, the Monitor requires additional time to evaluate and, if appropriate, pursue various potential avenues to monetize certain of the CCAA Parties' remaining assets, the whole for the benefit of their creditors.
39. In addition, there are certain steps in the implementation of the Transaction to be accomplished, namely:
 - (a) reimbursement of the Transition Financing by the Purchaser to the Applicants;
 - (b) the implementation of the Additional Administrative Assignment Process;
 - (c) the settlement or adjudication of the Axor Claim.
40. As things currently stand, the Stay Period expires on May 10, 2019. The Applicants, therefore, seek an extension of the Stay Period up to and including November 15, 2019.
41. The Monitor is of the view that the extension of the Stay Period is necessary and appropriate to allow for the resolution of the Pending Appeal, to continue its efforts at monetizing the remaining assets of the CCAA Parties and to complete the implementation of the Transaction. Consequently, the Monitor supports the Application and the extension of the Stay Period sought therein.
42. The Monitor is of the view that the Applicants have acted in good faith and with due diligence in accordance with the CCAA and the Initial Order and the subsequent orders rendered by the Court.

43. As described earlier in this Sixth Report, the Monitor, on behalf of the CCAA Parties, has prepared cash-flow projections, which cover the period from May 5 to November 15, 2019, and which indicate that it will have sufficient liquidity to cover expenses during the proposed extension of the Stay Period.

Monitor's recommendation

44. In light of the foregoing, the Monitor is of the opinion that the Proposed Assignment and the requested extension to the Stay Period are appropriate in the circumstances. Therefore, the Monitor recommends that the relief sought in the Application be granted.

The Monitor respectfully submits to the Court its Sixth Report.

DATED AT MONTREAL, this 8th day of May 2019.

DELOITTE RESTRUCTURING INC.
In its capacity as Court-Appointed Monitor

A handwritten signature in black ink, appearing to read 'Martin Franco', written over a horizontal line.

Martin Franco, CPA, CA, CIRP, LIT,
Senior Vice President

Appendix A

Appendix A

Mises-en-cause

LE GROUPE S.M. INTERNATIONAL S.E.C. / THE S.M. GROUP INTERNATIONAL LP,
a limited partnership formed pursuant to the laws of Alberta, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

LE GROUPE S.M. (ONTARIO) INC. / THE S.M. GROUP (ONTARIO) INC.,
a corporation incorporated pursuant to the laws of Canada, having its registered office at 205-6205B Airport Road, Mississauga, Ontario L4V 1E3.

AMÉNATECH INC.,
a corporation incorporated pursuant to the laws of Québec, having its head office at 740 Galt Street West, Sherbrooke, Québec, J1H 1Z3 and an elected domicile at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

LABO S.M. INC.,
a corporation incorporated pursuant to the laws of Québec, having its head office at 740 Galt Street West, Sherbrooke, Québec, J1H 1Z3 and an elected domicile at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

LES CONSULTANTS INDUSTRIELS S.M. INC. / S.M. INDUSTRIAL CONSULTANTS INC.,
a corporation incorporated pursuant to the laws of Québec, having its head office at 740 Galt Street West, Sherbrooke, Québec, J1H 1Z3 and an elected domicile at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

LES CONSULTANTS S.M. INC. / S.M. CONSULTANTS INC.,
a corporation incorporated pursuant to the laws of Québec, having its head office at 2111 Fernand-Lafontaine Blvd., Longueuil, Québec, J4G 2J4 and an elected domicile at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

3215288 CANADA INC. (FORMERLY CSP SECURITY CONSULTING INC.),
a corporation incorporated pursuant to the laws of Canada, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

LE GROUPE S.M. INTERNATIONAL (S.A.) INC. / THE S.M. GROUP INTERNATIONAL (S.A.) INC.,
a corporation incorporated pursuant to the laws of Canada, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

LE GROUPE S.M. INTERNATIONAL (CONSTRUCTION) EURL,
a corporation incorporated pursuant to the laws of the People's Democratic Republic of Algeria, having its head office at Villa 40, cooperative El Amel, extension <D>, El Anhour, Alger, 16104, Algeria.

SM SAUDI ARABIA CO LTD,

a corporation incorporated pursuant to the laws of the Kingdom of Saudi Arabia, having its head office at 7958 Al Amir Muhammed Ibn Faisal Road, Hajar Unit No: 25, Dharan 34253-5296, Kingdom of Saudi Arabia.

THE S.M. GROUP INTERNATIONAL SARL,

a corporation incorporated pursuant to the laws of Grand Duchy of Luxembourg, having its head office at 595, 1er étage, rue de Neudorf, L-2220, Luxembourg.

THE S.M. GROUP INTERNATIONAL ALGÉRIE EURL,

a corporation incorporated pursuant to the laws of the People's Democratic Republic of Algeria, having its head office at Villa 40, cooperative El Amel, extension <D>, El Anhour, Alger, 16104, Algeria.

S.M. UNITED EMIRATES GENERAL CONTRACTING LLC,

a corporation incorporated pursuant to the laws of the United Arab Emirates, having its head office at Mezzanine 2, bâtiment n. 295, Mohammed Ben Zayed, Mussoffah Shabiya Khalifa, ME-11 P.O. Box 91777, Abu Dhabi, United Arab Emirates.

COMMANDITÉ SMi-ÉNERPRO FONDS VERT INC. /

SMi-ENERPRO GREEN FUND GP INC.,

a corporation incorporated pursuant to the laws of Canada, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

SMi-ÉNERPRO FONDS VERT S.E.C. /

SMi-ENERPRO GREEN FUND LP,

a corporation incorporated pursuant to the laws of Canada, having its head office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8.

9229-4263 QUÉBEC INC.,

a corporation having its registered office at 433, Chabanel Street West, 12th Floor, Montréal, Québec H2N 2J8

Appendix B

Groupe SM - Budget to Actual - CCAA Proceedings Cash-Flow

**For the eleven-week period
ended May 4, 2019**

| Consolidated - (\$000) | Actual | Budget | Variance | Note |
|---|---------------|---------------|-----------------|-------------|
| Collections | | | | |
| Collection of the Hexagone Receivable (Excluded Assets as per the APA) | 166 | 389 | (223) | 1 |
| Surrender value of life insurance policies | 394 | - | 394 | 2 |
| Advances from FNX-Innov | 160 | 261 | (101) | |
| Other | 34 | - | 34 | 3 |
| Total Collections | 754 | 650 | 104 | |
| Disbursements | | | | |
| Payment to a secured lender | 271 | 271 | - | |
| Professional fees - CCAA proceedings | 160 | 261 | 101 | 4 |
| Professional fees - Other | 277 | 386 | 109 | 5 |
| GST/QST | 10 | 10 | - | |
| Other | 1 | - | (1) | |
| Insurances | - | - | - | |
| Total Disbursements | 719 | 928 | 209 | |
| Net Cash-Flow | 35 | (278) | 313 | |
| Net cash (Shortfall) - Beginning | 783 | 783 | - | |
| Net cash (Shortfall) - End | 818 | 505 | 313 | |

SM Group
Budget to actual
Main explanations

- 1. Collection of the Hexagone Receivable:** This negative variance is mainly due to the fact that this amount has been collected by FNX-Innov Inc. Since the Monitor owes an amount of \$423K related to the premium of the life insurance policies paid by FNX-Innov Inc., the account receivable from Hexagone will be applied against this amount due by the Monitor.
- 2. Surrender value of life insurance policies:** This positive variance is due to a request made by the Monitor to the insurance companies to get the reimbursement of the surrender value.
- 3. Other:** This positive variance is related to the collection of the security deposit of Hydro-Québec.
- 4. Professional fees - CCAA proceedings:** This positive variance is mainly due to a timing difference. Some of the professional fees were scheduled to be paid during the cash-flow period ended May 4th, 2019.
- 5. Professional fees -Other:** This positive variance is mainly due to a timing difference. Some of the professional fees were scheduled to be paid during the cash-flow period ended May 4th, 2019.

Appendix C

The SM Group

Cash-flow projections for the period from May 05, 2019 to November 16, 2019

| Week # (\$000) | 1 11-May-19 | 2 18-May-19 | 3 25-May-19 | 4 01-Jun-19 | 5 08-Jun-19 | 6 15-Jun-19 | 7 22-Jun-19 | 8 29-Jun-19 | 9 06-Jul-19 | 10 13-Jul-19 | 11 20-Jul-19 | 12 27-Jul-19 | 13 03-Aug-19 | 14 10-Aug-19 | 15 17-Aug-19 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Collections | | | | | | | | | | | | | | | |
| Collection of the Hexagone Receivable (Excluded Assets as per the APA) | 1 | - | - | 225 | - | - | - | - | - | - | - | - | - | - | - |
| Transition financing (partial reimbursement) | 2 | - | - | 198 | - | - | - | - | - | - | - | - | - | - | - |
| Advances from FNX-Innov | 3 | - | - | 230 | - | - | - | - | 7 | - | - | - | 6 | - | - |
| Total Collections | | - | - | 653 | - | - | - | - | 7 | - | - | - | 6 | - | - |
| Disbursements | | | | | | | | | | | | | | | |
| Professional fees - CCAA proceedings | 4 | - | - | 230 | - | - | - | - | 7 | - | - | - | 6 | - | - |
| Professional fees - Other | 5 | - | - | 103 | - | - | - | - | 6 | - | - | - | 5 | - | - |
| Life insurance | 6 | - | 24 | 399 | - | - | - | - | - | - | - | - | - | - | - |
| Total Disbursements | | - | 24 | 732 | - | - | - | - | 13 | - | - | - | 11 | - | - |
| Net Cash-Flow | | - | (24) | (79) | - | - | - | - | (6) | - | - | - | (5) | - | - |
| Net cash (Shortfall) - Beginning | | 818 | 818 | 794 | 794 | 715 | 715 | 715 | 715 | 715 | 709 | 709 | 709 | 704 | 704 |
| Net cash (Shortfall) - End | | 818 | 794 | 794 | 715 | 715 | 715 | 715 | 715 | 709 | 709 | 709 | 704 | 704 | 704 |

The SM Group

Cash-flow projections for the period from May 05, 2019 to November 16, 2019

| Week # (\$000) | 16 24-Aug-19 | 17 31-Aug-19 | 18 07-Sep-19 | 19 14-Sep-19 | 20 21-Sep-19 | 21 28-Sep-19 | 22 05-Oct-19 | 23 12-Oct-19 | 24 19-Oct-19 | 25 26-Oct-19 | 26 02-Nov-19 | 27 09-Nov-19 | 28 16-Nov-19 | TOTAL |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|
| Collections | | | | | | | | | | | | | | |
| Collection of the Hexagone Receivable (Excluded Assets as per the APA) | 1 | - | - | - | - | - | - | - | - | - | - | - | - | 225 |
| Transition financing (partial reimbursement) | 2 | - | - | - | - | - | - | - | - | - | - | - | - | 198 |
| Advances from FNX-Innov | 3 | - | - | 6 | - | - | 53 | - | - | - | 6 | - | 6 | 314 |
| Total Collections | | - | - | 6 | - | - | 53 | - | - | - | 6 | - | 6 | 737 |
| Disbursements | | | | | | | | | | | | | | |
| Professional fees - CCAA proceedings | 4 | - | - | 6 | - | - | 53 | - | - | - | 6 | - | 6 | 314 |
| Professional fees - Other | 5 | - | - | 5 | - | - | 6 | - | - | - | 5 | - | 5 | 135 |
| Life insurance | 6 | - | - | - | - | - | - | - | - | - | - | - | - | 423 |
| Total Disbursements | | - | - | 11 | - | - | 59 | - | - | - | 11 | - | 11 | 872 |
| Net Cash-Flow | | - | - | (5) | - | - | (6) | - | - | - | (5) | - | (5) | (135) |
| Net cash (Shortfall) - Beginning | | 704 | 704 | 704 | 699 | 699 | 699 | 699 | 693 | 693 | 693 | 693 | 688 | 688 |
| Net cash (Shortfall) - End | | 704 | 704 | 699 | 699 | 699 | 699 | 693 | 693 | 693 | 688 | 688 | 683 | 683 |

SM Group

Cash flow projections – Main assumptions

1. Represents the projected collection of the Hexagone Receivable owed by FNX-Innov.
2. Represents the partial collection of the Transition financing (set off against insurance premiums paid by FNX-Innov on behalf of the CCAA parties).
3. Represents the projected amounts to be received from FNX-Innov in order to cover the professional fees related to the CCAA proceedings.
4. Represents the professional fees related to the CCAA proceedings payable to the Monitor, the Monitor's counsel and the Applicants' counsels.
5. Represents the professional fees related to all other matters in these CCAA proceedings payable to the Monitor, the Monitor's counsel and the Applicants' counsels.
6. Represents the insurance premium paid by FNX-Innov and reimbursed by the CCAA parties up until the end of May. (expected sales of the policies).