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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
COURT. No.: 500-11-061483-224

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

In the matter of the CCAA of:

**FORMERXBC INC. (formerly, XEBEC
ADSORPTION INC.)**

**11941666 CANADA INC. (formerly, XEBEC
RNG HOLDINGS INC.)**

**1224933 ONTARIO INC. (formerly,
COMPRESSED AIR INTERNATIONAL INC.)**

APPLIED COMPRESSION SYSTEMS LTD.

**FORMERXBC HOLDING USA INC.
(formerly, XEBEC HOLDING USA INC.)**

ENERPHASE INDUSTRIAL SOLUTIONS INC.

CDA SYSTEMS, LLC

**FORMERXBC ADSORPTION USA INC.
(formerly, XEBEC ADSORPTION USA INC.)**

**FORMERXBC PENNSYLVANIA COMPANY
(formerly, THE TITUS COMPANY)**

**FORMERXBC NOR CORPORATION
(formerly, NORTEKBELAIR
CORPORATION)**

**FORMERXBC FLOW SERVICES –
WISCONSIN INC. (formerly, XBC FLOW
SERVICES – WISCONSIN INC.)**

CALIFORNIA COMPRESSION, LLC

- and -

**FORMERXBC SYSTEMS USA, LLC (formerly
XEBEC SYSTEMS USA, LLC)**

Debtors/Petitioners

- and -

DELOITTE RESTRUCTURING INC.

Monitor

**ELEVENTH REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS MONITOR
(Companies' Creditors Arrangement Act)**

INTRODUCTION

1. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
2. Unless otherwise stated, the Debtors/Petitioners in the Application (as defined hereafter) are collectively referred to herein as the "**Petitioners**" or the "**Debtors**."
3. The Petitioners and the other material direct or indirect subsidiaries of FormerXBC Inc. ("**Xebec Inc.**" or "**BLA**"), which are not currently parties in the CCAA Proceedings (as defined hereafter), are collectively referred to herein as the "**Xebec Group**" or the "**Company**."
4. Capitalized terms not otherwise defined herein are as defined in the previous reports of the Monitor.
5. On September 28, 2022, the Petitioners filed an *Application for the Issuance of a First Day Initial Order, a Deemed Extension of the Stay Period and a Bidding Procedures Order* under the *Companies' Creditors Arrangement Act* ("**CCAA**").
6. On September 29, 2022, Deloitte Restructuring Inc., then in its capacity as Proposed Monitor, issued its First Report to the Court (as part of the Debtors' CCAA proceedings (the "**CCAA Proceedings**"). The purpose of the First Report was to provide information to the Court with respect of I) the business, financial affairs and financial results of Xebec Group; II) the Petitioners' main creditors; III) the proposed restructuring process; IV) the proposed sale and investment solicitation process; V) charges sought in the proposed "First Day Initial Order"; VI) payments to Critical Suppliers; VII) overview of the Cash Flow Projections as of the date of the First Report; VIII) Deloitte's qualification to act as Monitor; IX) Recognition Proceedings in the U.S.; and X) the Proposed Monitor's conclusions and recommendations.
7. On September 29, 2022, the Court issued the First Day Initial Order and the Bidding Procedures Order which provided for, *inter alia*, (i) a stay of proceedings against the Petitioners until and including October 9, 2022 (the "**Stay Period**"); (ii) a stay of proceedings against the directors and officers; (iii) the appointment of Deloitte Restructuring Inc. as monitor under the CCAA ("**Deloitte**" or the "**Monitor**"); (iv) the authorization to pay Critical Suppliers up to a maximum aggregate amount of \$700K; (v) an Administration Charge of \$250K, a D&O Charge of \$2.2M, a Transaction Charge of \$975K; and (vi) the approval of the SISP along with the bidding procedures for the conduct of same (the "**Bidding Procedures**").
8. On October 4, 2022, the Petitioners notified to the Service List and filed with the Court an *Application for an Extension of the Stay of Proceedings*, seeking an extension of the First Day Initial Order until October 20, 2022.
9. On October 6, 2022, the Monitor issued its Second Report. The purpose of the Second Report was to provide information to the Court on the activities of Xebec and of the Monitor since the beginning of the CCAA Proceedings and to support the Petitioners' demand for the issuance of the Order Extending the Stay of Proceedings. The Monitor provided, *inter alia*, updated information in respect to the SISP, payments to Critical Suppliers, as well as to cash-flow projections.
10. On October 7, 2022, the Court extended the Stay Period and the application of the First Day Initial Order up to and including October 20, 2022.
11. On October 18, 2022, the Petitioners filed an *Application for the Issuance of an Amended and Restated Initial Order*, seeking, *inter alia*, (i) the issuance of an Amended and Restated Initial Order (the "**ARIO**"); (ii) the extension of the Stay Period until November 28, 2022; (iii) an increase of the Administration Charge from \$250K to \$900K; (iv) an increase of the D&O Charge from \$2.2M to \$3.7M; (v) the approval of a DIP Facility for a total amount of \$3.0M

and of a DIP Charge in the amount of \$3.6M; and (vi) the approval of KERPs and of a KERP Charge up to a maximum amount of \$1.08M.

12. On October 18, 2022, the Petitioners notified to the Service List the *Application for the Extension of the Stay of Proceedings to Certain Third Parties*, seeking *inter alia*, an order extending the stay of proceedings to any Person named as a defendant or respondent in the Class Actions (as these terms are defined in the aforementioned application). No presentation date has been scheduled in respect of this application.
13. On October 19, 2022, the Monitor issued its Third Report. The purpose of the Third Report was to provide information to the Court on the activities of Xebec and of the Monitor since the commencement of the CCAA Proceedings and to support the issuance of the ARIO.
14. On October 20, 2022, the secured lenders NBC and EDC put forward a term sheet to provide for a DIP Facility in a total amount of \$3M, on a *pari passu* basis.
15. On October 20, 2022, the Court issued the ARIO, and authorized the DIP Facility from NBC and EDC. On October 24, 2022, the Court issued its reasons in support of the issuance of the ARIO, which also included its reasons in respect of dismissing specific requests and addressing allegations from certain class action petitioners and from Mr. Simon Arnsby, a shareholder of Xebec Inc. ("**Mr. Arnsby**").
16. On November 22, 2022, the Petitioners notified to the Service List and filed with the Court an *Application for an Extension of the Stay of Proceedings and for Ancillary Relief*, seeking, *inter alia* (i) the extension of the Stay Period until February 3, 2023, and (ii) the approval of an amendment to the list of participants to the KERPs.
17. On November 24, 2022, the Monitor issued its Fourth Report. The purpose of the Fourth Report was to provide information to the Court on the activities of Xebec and of the Monitor since the beginning of the CCAA Proceedings and to support the aforementioned Application.
18. On November 28, 2022, the Court issued the *Order Extending the Stay of Proceedings and Granting Ancillary Relief* (the "**Extension Order**"). This Extension Order was namely meant to allow for the substantial completion phase 2 of the SISP, and to allow the Petitioners, *inter alia*, to (i) select the Successful Bid(s), (ii) negotiate Definitive Documentation, and (iii) file the Approval Application in respect of the Successful Bid(s), as contemplated by the Bidding Procedures.
19. On November 29, 2022, the Court issued its reasons in support of the issuance of the extension, as well as its reasons in respect of dismissing Mr. Arnsby's *Urgent Ex Parte Application for Investigation*.
20. On January 28, 2023, the Petitioners filed an *Application for the Issuance of a Second Amended and Restated Initial Order and an Approval and Vesting Order* (as amended by the *Amended Application for the Issuance of a Second Amended and Restated Initial Order and an Approval and Vesting Order* dated February 1, 2023), seeking, *inter alia* (i) the extension of the Stay Period until February 13, 2023, (ii) the increase of the Administration Charge to a maximum amount of \$3M, and (iii) the issuance of an approval and vesting order (the "**ACS AVO**"), in respect of the proposed sale of substantially all of the assets of Applied Compression Systems Ltd. ("**ACS**").
21. On February 1, 2023, the Monitor issued its Fifth Report. The purpose of the Fifth Report was to report on the activities of Xebec and of the Monitor since the beginning of the CCAA Proceedings and to support the issuance of the Second ARIO.
22. The Monitor also provided in the Fifth Report, *inter alia*, updated information in respect to (i) the SISP and certain transactions in connection thereto (Xebec UK/Tiger and ACS), (ii)

operations of Petitioners and non-Petitioners and the impact of the results of phase 2 of the SISP on same, (iii) the need for a supplemental interim financing facility and ongoing discussions with EDC in connection thereto, (iv) subsequent exchanges with various stakeholders, and (v) actual cash flows and cash-flow projections until March 18, 2023.

23. On February 3, 2023, the Court issued the Second ARIO and the ACS AVO.

24. On February 8, 2023, the Petitioners served the *Application for the Issuance of a Third Amended and Restated Initial Order and Approval and Vesting Orders*, seeking *inter alia*:

- a) the approval of the Second DIP Facility provided by EDC in the amount of \$2.5M (the "**Second DIP Facility**") and the granting of a "**Second DIP Charge**" in the amount of \$3.0M;
- b) the issuance of three approval and vesting orders (the "**Sullair AVO**," the "**Ivys AVO**" and the "**FSTQ AVO**") regarding, respectively:
 - i. the proposed sale of substantially all of the assets of CDA Systems, LLC ("**CDA**") and California Compression, LLC ("**CAL**") to Sullair;
 - ii. the proposed sale of substantially all of the assets of Xebec Inc. and Compressed Air International Inc. ("**CAI**") to Ivys Inc. and Ivys Adsorption, Inc., as purchasers (the "**Ivys Transaction**"); and
 - iii. the sale of Xebec Inc.'s limited partnership interests in the capital of GNR Québec Capital L.P. and the shares of RNG Holdings in the capital of GNR Québec Capital Management Inc.; and
- c) the extension of the Stay Period up and until March 17, 2023.

25. On February 10, 2023, the Monitor issued its Sixth Report. The purpose of the Sixth Report was to report on the activities of Xebec and of the Monitor since the Fifth Report and to support the Petitioners' request for the issuance of the Third ARIO, including (i) an extension of the Stay Period until March 17, 2023, (ii) the approval of a Second DIP Facility from EDC in an amount of \$2.5M, (iii) the granting of a Second DIP Charge of \$3.0M, the (iv) reduction of the Administration Charge to \$2.25M following the disbursement of the first tranche of the Second DIP, and (v) the issuance of the Sullair AVO, Ivys AVO and FSTQ AVO.

26. The Monitor provided, in the Sixth Report, updated information in respect to, *inter alia*, (i) the SISP, certain completed transactions in connection thereto (Xebec UK/Tiger, ACS and Hygear) and certain transactions to be approved and closed (CDA, CAL, BLA, CAI and GNR), (ii) the supplemental DIP facility and ongoing discussions with EDC, as well as (iii) information in respect to the 8-week cash-flow projections contained in the Fifth Report.

27. On February 13, 2023, the Court issued the Third ARIO.

28. On February 17, 2023, the Court issued the Ivys AVO, as well as its reasons for issuing the Third ARIO, which included reasons in respect of dismissing submissions of opponents to the Ivys Transaction, namely Shanghai Shenergy Energy Innovation & Development Co. Ltd and Shanghai Lihuan Investment Corp.

29. On March 11, 2023, the Petitioners filed an *Application for the Issuance of a Fourth Amended and Restated Initial Order, Approval and Vesting Orders, a Wage Earner Protection Program Act Order and Ancillary Relief*, seeking *inter alia*:

- a) the issuance of two approval and vesting orders (the "**TIT AVO**" and the "**XBC AVO**") in relation to, respectively:

- i. the proposed sale of substantially all of the assets of The Titus Company (“**TIT**”) to FAD Pennsylvania Inc.; and
 - ii. the proposed sale of substantially all of the assets of XBC Flow Services – Wisconsin Inc. (“**XBC**”) to Total Energy Systems, LLC.
 - b) the termination of the First DIP Charge, the Second DIP Charge and of the Transaction Charge, further to the mechanism set forth in the Monitor’s Application for Payments (as defined hereunder) and in accordance with the order sought in relation thereto;
 - c) the approval of an amendment to the list of participants to the KERPs and of an increased KERP amount;
 - d) the issuance of an order (the “**WEPP Order**”) declaring that pursuant to section 5(5) of the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1 that FormerXBC Inc., ACS and CAI meet the criteria established by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 (the “**WEPP Relief**”);
 - e) the increase of the aggregate amount for transactions subject to the Monitor’s approval (as it then was provided for under para. 60c) of the Third ARIO); and
 - f) the extension of the Stay Period up and until May 5, 2023.
30. The Monitor concurrently filed an *Application for Authorization to Make Payments in Connection with the CCAA and Related Relief* (hereinafter, the “**Application for Payments**”) seeking, *inter alia*, an order (the “**Monitor Payments Order**”):
 - a) authorizing the Monitor to pay, from the Net Proceeds of Transactions (as defined in the Application for Payments), amounts owing to the beneficiaries of CCAA Charges, including in respect of the DIP Charge, the Second DIP Charge, the Transaction Charge and the KERP Charge; and
 - b) providing a mechanism for the discharge and/or reduction of the above-mentioned CCAA Charges, pursuant to the issuance of certificates of the Monitor and without further order of the Court.
31. On or about March 14, 2023, the Petitioners notified the *Amended Application for the Issuance of a Fourth Amended and Restated Initial Order, Approval and Vesting Orders, a Wage Earner Protection Program Act Order and Ancillary Relief*, following the execution of an Asset Purchase Agreement entered into between Xebec Systems USA LLC (“**UEC**”), as seller, and EnergyLink US Inc., as purchaser. In light of same, the Application was amended in order to also seek the issuance of an approval and vesting order (the “**UEC AVO**”) in relation to the proposed sale of substantially all the assets of UEC.
32. Also on March 14, 2023, the Petitioners filed an *Urgent Application for the Issuance of an Order Directing Payment in Trust to the Court-Appointed Monitor*, seeking, *inter alia*, to order (i) NBC to direct any payment to be made pursuant to the irrevocable standby letter of credit No. OGUA58735 (the “**London RNG LC**”) in trust to the Monitor, and (ii) the Monitor to maintain in its trust account any payment made by NBC in connection with the London RNG LC, until determination of the parties’ respective rights under the London RNG LC is made in a final judgment of a Court or other forum having jurisdiction, or until an agreement is entered into by the parties (the “**London RNG LC Order**”).

33. On March 15, 2023, the Monitor issued its Seventh Report. The purpose of the Seventh Report was to report on the activities of Xebec and of the Monitor since the Sixth Report and to support the issuance of the Fourth ARIO and related orders, including (i) an extension of the Stay Period until May 5, 2023, (ii) the approval of an amendment to the list of participants to the KERPs and of an increased KERP amount, (iii) the approval of the WEPP Relief, (iv) the issuance of the London RNG LC Order, (v) the increase of the aggregate amount for transactions subject to the Monitor's approval, and (vi) the issuance of the TIT AVO, XBC AVO and UEC AVO.
34. The Monitor provided in the Seventh Report, *inter alia*, updated information in respect of (i) completed transactions as part of the SISP (GNR, CDA, CAL, BLA and CAI), closed transactions subject to the Monitor's approval (AIR and NOR) and transactions to be approved by the Court (TIT, XBC and UEC), (ii) the financing of the restructuring process and ongoing discussions with EDC in relation to the Third DIP Facility, (iii) recognition proceedings in the U.S., (iv) the security held by NBC and EDC, and (v) actual cash flows as of the week-ending March 4, 2023, and cash-flow projections until the week-ending May 6, 2023.
35. On March 16, 2023, the Court issued a series of orders, namely the Fourth ARIO, the TIT AVO, the XBC AVO, the UEC AVO, the WEPP Order, the London RNG LC Order and the Monitor Payments Order.
36. On March 22, 2023, the Petitioners filed an *Application for the Issuance of a Fifth Amended and Restated Initial Order (Interim Financing)* seeking *inter alia*, (i) the approval of the Third DIP Facility provided by EDC in the amount of \$3.45M (the "**Third DIP Facility**"), (ii) the granting of a "**Third DIP Charge**" in the amount of \$4.1M, and (iii) a mechanism for the reduction of the Administration Charge, upon receipt of disbursements from EDC under the Third DIP Facility and subject to the issuance of a certificate by the Monitor.
37. On March 24, 2023, the Monitor issued its eighth report (the "**Eighth Report**"). The purpose of the Eighth Report was to support the Petitioners' request for the issuance of the Fifth ARIO, including principally the approval of the Third DIP Facility, and to report on the activities of Xebec and the Monitor since the Seventh Report, including on the following items: (i) a general update since the Seventh Report, (ii) the SISP and sales of the Xebec Group's Remaining Assets, (iii) the Third DIP Facility, Third DIP Charge and reduction of the Administration Charge, and (iv) general comments on the updated 9-Week Cash-Flow Projections contained in the Seventh Report.
38. On March 27, 2023, the Court issued the Fifth ARIO.
39. On April 28, 2023, the Petitioners notified the *Application for an Extension of the Stay of Proceedings*, seeking an extension of the Stay Period up and until May 24, 2023.
40. On April 28, 2023, the Petitioners also notified the *Application for a de Bene Esse Authorization to Execute a Settlement Agreement and for Partial Lift of the Stay of Proceedings*, seeking, *inter alia*, (i) a partial lift of proceedings so as to allow the filing of all necessary materials required in order to obtain the approval of a settlement agreement in Court file no. 500-06-001135-215 (the "**Class Action File**"), (ii) authorizing Xebec Inc. to execute the settlement agreement in the Class Action File (the "**Class Action Settlement**"), and (iii) authorizing Xebec Inc. to execute and deliver, or cause to be executed and delivered, such further documents and instruments or to take, or cause to be taken, such further actions as may be necessary or may be ordered or requested by the Superior Court of Québec (Class Action Division) to make effective the Class Action Settlement.
41. On April 28, 2023, the Monitor notified its *Application of the Monitor for Authorization to Make Payments in Connection With the Third DIP Facility and the Third DIP Charge*, seeking the Court's authorization to (i) pay, from the Net Proceeds, amounts owed by the Petitioners to EDC under the Third DIP Facility and secured by the Third DIP Charge, and to (ii) issue a

Monitor's certificate upon EDC's receipt of the amounts owed under the Third DIP Facility, thereby effecting a cancellation and discharge of the Third DIP Charge.

42. On May 3, 2023, the Monitor issued its ninth report (the "**Ninth Report**"). The purpose of the Ninth Report was, *inter alia*, to support the Class Action Settlement Action, the extension of the stay period up and until May 24, 2023, and to report on the activities of Xebec and the Monitor since the Eighth Report, including on the following items: (i) the transactions completed as part of the SISP and sales of the Xebec Group's Remaining Assets and Other Remaining Assets, (ii) an update on various aspects of the restructuring process since the Eighth Report, (iii) an update on recognition proceedings, (iv) an update on the Intercompany Payments, (v) an update on the Intercompany Transactions Report and on the Proposed Allocation to be filed by the Monitor, (vi) the payments to Critical Suppliers, (vii) an update on Letters of credit, (viii) an update on Actual Receipts and Disbursements, and (ix) on the 6-Week Cash-Flow Projections.
43. On May 5, 2023, the Court issued a series of orders namely, the (i) *Order Authorizing the Monitor to Pay Amounts Owed Under the Third DIP Facility and Secured by the Third DIP Charge*, the (ii) *Order Extending the Stay of Proceedings*, and (iii) the *Order Partially Lifting the Stay of Proceedings (Class Action Settlement)*, but solely as to allow the partial lift of the stay of proceedings to allow the filing materials in order to seek the approval of settlement agreement.
44. On May 19, 2023, the Petitioners filed an *Application for (i) an Extension of the Stay of Proceedings*, seeking an extension of the Stay Period up and until September 29, 2023 (ii) *the Establishment of a Claims Process*, (iii) *the authorization to Use Net Proceeds to Fund Cash-Flow Requirements*, and (iv) *the Issuance of an Approval and Vesting Order*.
45. On May 19, 2023, the Monitor issued its tenth report (the "**Tenth Report**"). The purpose of the Tenth Report was, *inter alia*, to support the Biostreams AVO, the extension of the stay period up and until September 29, 2023, and to report on the activities of Xebec and the Monitor since the Ninth Report, including *inter alia*: (i) the transactions completed as part of the SISP and realization of the Xebec Group's remaining assets, (ii) an update on various aspects of the restructuring process since the Ninth Report, (iii) an update on recognition proceedings, (iv) an update on the Intercompany Transactions Report and on the Proposed Allocation to be filed by the Monitor, (v) information about the proposed Claims Process, (vi) an update on Actual Receipts and Disbursements and on the 20-Week Cash-Flow Projections.
46. On May 24, 2023, the Court issued a series of orders namely, the (i) *Approval and Vesting Order in Respect of the Biostream Assets of FormerXBC Systems USA, LLC (formerly Xebec Systems USA, LLC)* (the "**Biostreams AVO**"), the (ii) *Claims Procedure Order* (the "**CPO**"), the (iii) *Order Authorizing the Use of Net Proceeds to Fund Cash-Flow Requirements*, and the (iv) *Order Extending the Stay of Proceedings*.
47. On May 26, 2023, the Court issued its reasons in support of the issuance of the above-mentioned orders.
48. On June 9, 2023, following payment of amounts owed thereunder, the Monitor issued its *Certificate of the Monitor (Cancellation and Discharge of the KERP Charge)*, thereby effecting the cancellation and discharge of the KERP Charge.
49. On June 14, 2023, the Monitor issued the *Notice of an Information Session in Respect of the Proposed Allocation Method Report* to the service list and posted same on its website.
50. On June 16, 2023, the Monitor issued its *Proposed Allocation Method Report, including the Intercompany Transactions Report* (the "**Allocation Method Report**") and filed an *Application of the Monitor for the Approval of a Proposed Allocation Method* (the "**Proposed**

Allocation Application”), seeking the approval of the Proposed Allocation Method (as defined and set forth therein).

51. On June 20, 2023, the Monitor held a virtual information session with stakeholders of the Xebec Group. It also published the minutes and the video recording of such meeting on its website.
52. On June 29, 2023, further to the hearing held on June 27, 2023, on the Proposed Allocation Application, the Court issued the *Order to Approve a Proposed Allocation Plan* (the “**Allocation Order**”).
53. On September 25, 2023, the Petitioners filed an *Application for an Extension of the Stay of Proceedings and Settlement Approval Order*, seeking an extension of the Stay Period up and until December 15, 2023, the approval of the Xebec UK Settlement (as defined hereinafter) and certain clarifications in respect of the CPO (the “**Application**”).
54. Following the notification of the Application, the Monitor hereby issues its eleventh report (the “**Eleventh Report**”), which will cover the following items:
 - I. Update on Various Aspects of the Restructuring Process since the Tenth Report
 - II. Update on Recognition Proceedings in the United States
 - III. Intercompany Payments
 - IV. Update on Certain Non-Petitioner Entities
 - V. Upcoming Steps to the Filing of One or More Plan(s) of Arrangement
 - VI. Actual Receipts and Disbursements
 - VII. Overview of the Cash-Flow Projections
 - VIII. Extension of the Stay Period and Outline of Next Steps
 - IX. Monitor’s Conclusions and Recommendations
55. In preparing this Eleventh Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, the Petitioners’ books and records and financial information prepared by the same and discussions with management (“**Management**”) of the Petitioners (collectively, the “**Information**”). Except as described in this Eleventh Report in respect of the Debtors’ Cash Flow Statement (as defined below):
 - (i) The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor 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 Generally Accepted Assurance Standards (“**GAAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

- (ii) Some of the information referred to in this Eleventh Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in Chartered Professional Accountants Canada Handbook, has not been performed.

56. Future oriented financial information referred to in this Eleventh 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 variations could be significant.

57. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Eleventh Report concerning the Petitioners and their business is based on the Information, and not independent factual determinations made by the Monitor.

I. UPDATE ON VARIOUS ASPECTS OF THE RESTRUCTURING PROCESS SINCE THE TENTH REPORT

58. The Tenth Report issued on May 19, 2023, and the testimony of the representative of the Monitor provided to the Court at the hearing held on May 24, 2023, as well as testimony adduced as part of the hearing held on June 27, 2023, in respect of the Proposed Allocation Method and the Proposed Allocation Application contained detailed information regarding the Xebec Group's communications and operations since the Ninth Report issued on May 3, 2023, and the Monitor's activities since that time. An update is provided hereinafter.

A. STATUS ON REALIZATION OF CERTAIN OTHER REMAINING ASSETS OF THE XEBEC GROUP SINCE THE ISSUANCE OF THE TENTH REPORT

i. General Status and Update

59. **Appendix A** to this Eleventh Report includes the following update:

- a) a summary of the Xebec Group entities (both Petitioners and non-Petitioners) for which transactions have been completed as part of the SISP process; and
- b) a summary of the Other Remaining Assets (in relation to the Petitioners) for which transactions have been completed or are expected to be completed in the near term, subject to ongoing negotiations and to Court approval and recognition proceedings, as the case may be and as required.

60. **Appendix B** to this Eleventh Report provides a breakdown of net proceeds from these transactions that have been paid to the Monitor's trust account and of payments made out of these net proceeds with the approval of this Court.

61. Since the First Day Initial Order, the total amount collected following the monetization of certain of the Petitioners' property and transactions made outside of the normal course of business with the consent of the Monitor in accordance with para. 51c) of the Fifth ARIO, currently totals approximately \$1.7M (including the proceeds from the Western Midstream transaction described in the subsection below), which aggregate amount remains below the \$2.5M threshold provided thereunder, as further detailed in **Appendix C** to this Eleventh Report.

62. The next two subsections present an update since the Tenth Report in relation to (i) the Western Midstream transaction and (ii) the Biostream/Brightmark Assets.

63. In addition to the above and to previously executed transactions, as reported by the Monitor from time to time and as detailed in the Tenth Report, certain Other Remaining Assets remain

to be realized, including the London RNG LC and receivable, the BLA Claims in Xebec Italy and Inmatec Proceedings. Information regarding these matters is contained in separate sections of this Eleventh Report.

ii. Western Midstream Transaction

64. On Friday, July 7, 2023, Western Midstream and FormerXBC Systems USA, LLC (UEC) executed a Settlement and Mutual Release Agreement providing for, *inter alia*, the sale of certain assets of UEC which were excluded from the Energylink Transaction, to which the Monitor intervened on Monday, July 10, 2023.
65. On July 19, 2023, the closing of the above-noted transaction took place pursuant to which, *inter alia*, Western Midstream paid the amount of CAD 250,000 plus applicable taxes (CAD 273,125 inclusive of taxes) to the trust account of its counsel (pending the retrieval of the purchased assets on the site of Energylink, the purchaser of UEC), and assumed certain contracts and post-filing liabilities owed to suppliers of FormerXBC Systems USA, LLC (UEC) in the respective amounts of USD 127,565 and USD 142,476.
66. On August 8, 2023, counsel for Western Midstream transferred the amount of CAD 273,125 to the Monitor's trust account.

iii. Biostream/Brightmark Assets Transaction

67. Since the Tenth Report, active discussions between the parties have been also ongoing to finalize and close a transaction in respect of the sale of the Biostream/Brightmark Assets, following the issuance of the Biostreams AVO.
68. As reported in the Tenth Report, on May 19, 2023, UEC and Ivys entered into a binding letter of intent in respect of the sale of the Biostream/Brightmark Assets (the "**Biostream/Brightmark LOI**").
69. On May 24, 2023, this Court issued the Biostreams AVO which remains subject to the recognition of such order in the Chapter 15 Proceedings. The Petitioners filed an application for recognition of the Biostreams AVO on September 8, 2023, and a hearing has been scheduled for October 5, 2023.
70. On August 3, 2023, Ivys and UEC executed an asset purchase agreement substantially reflecting the terms of the Biostream/Brightmark LOI (the "**Brightmark APA**"), except for certain deadlines such as the closing date deadline and the deadline to pay the balance of the purchase price (being October 31, 2023, instead of September 30, 2023). The Brightmark APA, like the Biostream/Brightmark LOI, contained several conditions precedent to closing, including the necessity of an agreement between Ivys and Brightmark. At the end of August 2023, Ivys confirmed that all conditions precedent have been met, except for the pending U.S. recognition of the Biostreams AVO.
71. In addition to the above-mentioned changes, it should also be noted that the Brightmark APA also includes the purchase by Ivys of the XSU filters, which were included by the Monitor in its Ninth and Tenth Reports in relation to Other Remaining Assets subject to potential transactions. As also indicated to the Court as part of testimony adduced by the representative of the Monitor, the XSU filters had nominal net value, if not negative value, considering holding and transportation costs. Given these circumstances, the Petitioners and the Monitor consider that the inclusion of the XSU filters in the Brightmark APA constitutes a non-material alteration to the Binding LOI, as authorized by the Biostreams AVO, to which the Monitor consents.

72. As indicated above, on September 8, 2023, the Petitioners filed the *Motion for Order (I) Recognizing and Enforcing CCAA Vesting Order; (II) Approving the Sale of Certain of the Debtors' Assets Free and Clear of Any and All Liens, Claims, and Encumbrances; and (III) Granting Related Relief*, as well as the relevant declarations filed in support thereof, which is returnable on October 5, 2023.
73. The Brightmark APA provides for a total purchase price of \$2M, to be paid to the Monitor, \$500K of which is payable at closing (including a deposit of \$100K held by the Monitor in trust) and a balance of \$1.5M, payable in five (5) instalments within two business days of each unit's approval pursuant to a standard/reasonable factory acceptance test. Any remaining balance will become due on October 30, 2023, regardless of the status of installation and commissioning or factory acceptance test of any or all of the units. As at closing, any balance due up to the total purchase price of 2M\$ is to be secured by the Biostream Charge in accordance with the Biostreams AVO.
74. Notwithstanding the payments terms detailed above, Ivys has indicated that it may pay the full purchase price at closing, in one single payment, such that the Biostream Charge would not be required.
75. On September 26, 2023, US counsel to the Petitioners informed the Monitor that the objection deadline in relation to the application for the recognition of the Brightmark AVO had elapsed without any opposition. The issuance of the US recognition order constitutes the remaining condition prior to closing, such that closing is expected shortly.
76. In September 2023, the parties also negotiated the *First Addendum to Asset Purchase Agreement* in order to (i) confirm the waiver by Ivys of certain conditions contained therein and to (ii) authorize the transport of certain Biostream/Brightmark Assets to the premises of Ivys and Brightmark prior to closing and the conditions for such transport. The parties also had certain exchanges and discussions relating to properly insuring the Biostream/Brightmark Assets as conditions for such transport.
77. The Monitor will further report on the closing of the Biostream/Brightmark Assets Transaction in its next report.

B. KERP PAYMENT AND CANCELLATION AND DISCHARGE OF THE KERP CHARGE

78. On or about June 9, 2023, the Petitioners paid the remaining amounts outstanding under the KERPs (\$47K in the aggregate) from their operation accounts. This payment was made notwithstanding the fact that the Monitor Payment Mechanism, provided for in the Monitor Payments Order, authorized the Monitor to make certain payments from the net proceeds of transactions (including paying sums owed under the KERPs).
79. Given the above, it should be noted that, in the event sums are required for liquidity reasons, these funds could be subsequently transferred out of the net proceeds of transactions to the bank account of the Petitioners.
80. These sums paid by the Petitioners constituted the final amounts to be paid under the KERPs, such that the Monitor issued a certificate effecting the cancellation and discharge of the KERP Charge, in accordance with the Monitor Payments Order.

C. WAGE EARNER PROTECTION PROGRAM

81. In accordance with the WEPP Order, the Company, with the assistance of the Monitor, filed 35 claims under the federal Wage Earner Protection Program Act in view of providing relief to former employees of BLA and ACS. No claims under the federal Wage Earner Protection Program Act existed for any former employees of CAI.

82. The Monitor has prepared all the information required and has communicated with the eligible employees, requesting them to review, complete and sign a proof of claim evidencing amounts owed. The Monitor prepared and distributed to the eligible employees 35 proof of claims. To date, 33 employees have provided signed copies of their proof of claims to the Monitor and have registered their claim with Service Canada.
83. Of these 33 employees, the Monitor is informed that 31 have received the payment under the Wage Earner Protection Program Act. The two individuals that have yet to receive payment under the Wage Earner Protection Program Act, have provided signed copies of their proof of claims to the Monitor but had failed to register their claim with Service Canada. The Monitor has received confirmation from these employees that their claims are now registered with Service Canada.
84. Given the importance of the relief provided by the Wage Earner Protection Program Act for the affected individuals, the Monitor has been proactively following up with those individuals who have failed to file the relevant materials, including the remaining two individuals who have yet to file an application and claim under the WEPP. Indeed, for these individuals, the Monitor has attempted over the last weeks and months, and continues to attempt, to make contact with them in order to make sure that all available WEPP relief can be provided where available.

D. NEGOTIATION OF AN AGREEMENT RELATING TO MONIES HELD IN A "SUSPENSE ACCOUNT" HELD BY NBC

85. Following the issuance of the Allocation Order and its recognition in the U.S., the Monitor has been involved with the Petitioners, Xebec UK, NBC and EDC in the drafting and negotiation of an agreement in respect of the release of surplus funds held in one of NBC's suspense account and of certain funds held in the Monitor's trust account (the "**Suspense Account Agreement**"), resulting from the closing of the transaction contemplated under the *Share Purchase Agreement* executed between Xebec UK and Forum European Smallcaps GMBH, pursuant to which, *inter alia*, Xebec UK sold its shares held in the capital of Tiger (as reported and defined in the Fifth Report, the "**Tiger Transaction**").
86. In the Fifth Report, the Monitor reported the following:

*"70. As at the Phase 2 Bid Deadline, an offer was made for the acquisition of all of the issued and outstanding shares of Tiger held by [Xebec UK] (the "**Tiger Shares**")."*

*71. After carefully considering all alternatives, the Petitioners and the SISP Manager determined, in consultation with the Monitor, that the aforementioned offer was the most advantageous to the stakeholders of [Xebec UK], and of the Xebec Group generally. As a result, on January 27, 2023, [Xebec UK] completed the sale of the Tiger Shares (the "**Tiger Transaction**")."*

72. As mentioned above, the proceeds of the Tiger Transaction allowed for the repayment in full of the secured Operating Facility (as defined in the Application for the issuance of the First Day Initial Order) provided to Xebec Inc. by NBC and for the cash collateralization of a material portion of the debts owing or that could become owing under the letter of credit facility provided to the Xebec Group by NBC (which facility is guaranteed by EDC)."

(our emphasis)

87. Pursuant to the Tiger Transaction and as reported above, an aggregate amount of approximately CAD \$2.5M was held by NBC in a "suspense account" in order to guarantee (or "cash-collateralize") the repayment of the indebtedness owed to NBC under the credit card facility and the letters of credit facility, which latter facility is guaranteed by EDC under the "Performance Security Guarantee" program (PSG).
88. As agreed between Xebec UK, BLA and NBC pursuant to NBC's payout letter to allow for the closing of the Tiger Transaction, a portion of the purchase price (approximately \$256K) was also used to pay the fees owing to the advisors of NBC (in connection with the file generally and not only in connection with the Tiger Transaction), namely its Canadian, US and UK counsel and its financial advisor (the "**NBC Fees Amounts**"). However, given the position taken by EDC that the NBC Fees should not have been paid from the proceeds but from the cash-flow of the Petitioners as per the projections attached to the DIP term sheet and filed with the Court, this sum was paid by BLA to the trust account of the Monitor for it to be held in a separate trust account.
89. It is also to be noted that sums were also paid by EDC to NBC further to two letters of credit which were drawn during the CCAA Proceedings:
- a) On October 11, 2022, the letter of credit-bearing number OGUA63070 in the amount of USD 360,000 issued to the benefit of Calgon Carbon Corporation (the "**Calgon LC**") was drawn and NBC requested payment by EDC pursuant to the Account Performance Security Guarantee and to the Account PSG Certificate of Cover dated February 9, 2022 (collectively, the "**PSG Guarantee**"). This amount was paid by EDC on October 18, 2022.
 - b) On March 13, 2023, London RNG requested payment in the amount of \$2,394,010.18 by NBC pursuant to the London RNG LC, which was paid to the trust account of the Monitor pursuant to the conclusions to the London RNG LC Order. Following instructions received by EDC, NBC requested payment to EDC of the amounts paid under the London RNG LC pursuant to the PSG Guarantee, which were paid on March 28, 2023. This amount was paid by EDC to NBC in virtue of the PSG Guarantee, the whole without taking into consideration the "excess amounts" held by NBC following the Tiger Transaction.
90. As at the present date, it should be noted that only one letter of credit remains outstanding, namely the letter of credit-bearing number OGUA60344 issued to the benefit of Enbridge Gas Inc. in the amount of CAD 200K (the "**Enbridge LC**").
91. As part of the Claims Process, EDC has filed proof of claims in connection with the sums paid (or potentially to be paid) under the PSG Guarantee (the "**EDC PSG Guarantee Subrogation Claim**"), in subrogation of NBC, in the respective amounts of CAD 2.594M (representing the total of the claim with respect to the London RNG LC (\$2.394M) and the Enbridge LC (\$200K), which is a contingent claim at this stage), and of USD 360K (representing the claim with respect to the Calgon LC).
92. Given the proceeds received from the Tiger Transaction and the payments made by EDC to NBC under the PSG Guarantee, NBC currently holds surplus funds in the approximate amount of \$2.4M in a suspense account and has requested directions as to the remittance of these amounts. NBC is not requesting to hold an amount with respect to the Enbridge LC, subject to receiving a confirmation from EDC that the PSG Guarantee continues to apply to cover any indebtedness with respect of same, as the case may be, and EDC has provided such confirmation verbally.
93. Following discussions held between the Petitioners, Xebec UK, the Monitor, EDC and NBC, it was agreed that all of the proceeds held by NBC in its suspense account and the NBC Fees

Amount held in the Monitor's trust account would be paid to EDC, as a direct reduction of the EDC PSG Guarantee Subrogation Claim.

94. As at the present date, draft versions of the Suspense Account Agreement have been exchanged between the Monitor, the Petitioners, Xebec UK, EDC and NBC, but the agreement remains to be finalized. It is expected that it will be finalized soon, and the Monitor will report further in due time.

E. RELEASE OF CERTAIN AMOUNTS HELD IN ESCROW FOLLOWING THE ACQUISITION OF UEC

95. Since the Tenth Report, the Monitor has also been in communication with the Petitioners in relation to the release, to the benefit of seller UE Compression Holdings, LLC (the "**UEC Seller**"), of certain sums held in escrow following the closing of the transaction pursuant to which the Xebec Group acquired UEC in 2019 (the "**UEC Acquisition**").
96. Indeed, in the context of the UEC Acquisition by the Xebec Group, an amount of approximately USD 1.03M was placed in escrow with a third-party escrow agent (the "**UEC Escrow**"), notably to secure certain potential warranty or post-closing liabilities of UEC, including claims relating to potential liabilities towards Black & Veatch Inc. (also dba Westmoreland) ("**Westmoreland**").
97. After the initiation of the CCAA Proceedings, the UEC Seller and its counsel communicated with the Petitioners and their counsel to request the release of the UEC Escrow, as no demand for payment had been made against these funds, including by Westmoreland.
98. Prior to agreeing to the release of the UEC Escrow, the Monitor requested that the Petitioners obtain a legal opinion in order to ascertain if these claims were time or statute barred and if any particular U.S. law provision would prevent the release of the UEC Escrow to the Seller.
99. The Monitor was provided with a copy of the opinion obtained by the Petitioners and reviewed same with its U.S. counsel.
100. In addition, the Monitor made sure to review the Proof of Claims filed further to the CPO in order to ascertain if any claim in relation to liabilities covered by the UEC Escrow had been filed. The Monitor did not receive any such claims.
101. Further to the review performed and detailed above, and considering that no proof of claim has been filed by Westmoreland at the Claims Bar Date, the Monitor informed the Petitioners that it had no objection to the release of the UEC Escrow to the UEC Seller in these circumstances.
102. The Monitor is informed that an agreement is in preparation by the Petitioners and the UEC Seller in relation to same, and it is expected that it will be concluded in the next days or weeks, following which the UEC escrow will be released.

F. MR. ARNSBY'S COMPLAINT TO THE OSB

103. As indicated verbally to the Court at the last hearing, on June 1st and June 15, 2023, the Office of the Superintendent of Bankruptcy (the "**OSB**") communicated with the Monitor and its counsel to make them aware that Mr. Arnsby had filed complaints against the Monitor, alleging, *inter alia*, the Monitor's lacks of neutrality and impartiality in the course of the proceedings, and also casting a shadow on the Monitor's general conduct, but also the issuance of the vesting order and transaction relating to BLA, now FormerXBC Inc.
104. On July 13, 2023, the Monitor sent a detailed response to the OSB, which included all the relevant information and materials required to address the complaint.

105. On July 25, 2023, following receipt of the letter prepared by the Monitor, the OSB issued a final response to Mr. Arnsby which dismissed and closed its complaint as ill-founded.
106. To the Monitor's knowledge, there has been no response or appeal from Mr. Arnsby since that date.

II. UPDATE ON RECOGNITION PROCEEDINGS IN THE UNITED STATES

107. The update on recognition proceedings since the Tenth Report is provided below.
108. As is the case since the onset of the CCAA Proceedings, the Monitor's website is regularly updated and information and materials pertaining to the recognition proceedings are accessible to all stakeholders.
109. On May 24, 2023, the Petitioners filed the *Motion for Entry of an Order (I) Recognizing and Enforcing Claims Procedure Order; and (II) Granting Related Relief*.
110. On June 6, 2023, the U.S. Court issued the *Order (I) Recognizing and Enforcing the Claims Procedure Order; and (II) Granting Related Relief*.
111. On July 5, 2023, the Petitioners filed the *Motion for Entry of an Order (I) Recognizing and Enforcing CCAA Order Approving Allocation Method; and (II) Granting Related Relief*.
112. On July 14, 2023, the U.S. Court issued the *Order (I) Recognizing and Enforcing CCAA Order Approving Allocation Method; and (II) Granting Related Relief*.
113. As indicated above in relation to the Brightmark APA, on September 8, 2023, the Petitioners filed the *Motion for Order (I) Recognizing and Enforcing CCAA Vesting Order; (II) Approving the Sale of Certain of the Debtors' Assets Free and Clear of Any and All Liens, Claims, and Encumbrances; and (III) Granting Related Relief*, which is returnable on October 5, 2023.
114. The Monitor will further report on recognition proceedings in a subsequent report and will continue uploading all materials relating thereto on its website.

III. INTERCOMPANY PAYMENTS

115. As mentioned in the previous reports, and as provided by the First Day Initial Order, intercompany funding has been required between entities of the Xebec Group in order to preserve value and maintain going concern operations and pay post-filing obligations. The Intercompany Transactions Report contemplated by the ARIOs has now been filed as part of the Allocation Method Report, and the mechanics regarding the treatment of post-filing intercompany payments follow the Proposed Allocation Method approved by the Court pursuant to the Allocation Order.
116. In the last weeks and months, now that the Petitioners no longer have any operations following the closing of the multiple transactions as part of the CCAA Proceedings, the Petitioners, in the context of their ongoing wind-down and for efficiency purposes, proceeded to the closing of several bank accounts. This has rendered necessary certain intercompany payments, namely from BLA, XSU and AIR to proceed with payments of expenses of entities which no longer have a bank account or remit funds collected on behalf of certain purchasers of substantially all assets of certain Petitioners.
117. The detailed list of all intercompany payments since the Tenth Report is presented at **Appendix D** of this report.

IV. UPDATE ON CERTAIN NON-PETITIONER ENTITIES

A. INMATEC

118. BLA holds 100% of the shares in Xebec Europe B.V., which in turn holds 100% of the shares in Xebec Deutschland GmbH. Xebec Deutschland GmbH holds 100% of the shares in Xebec Komplementär GmbH. Xebec Deutschland GmbH is the sole limited partner and Xebec Komplementär GmbH is the sole general partner of Inmatec Gase Technologie GmbH & Co. KG ("**Inmatec Germany**"). Xebec Deutschland GmbH also holds 100% of the shares in Inmatec Gas Technology FZ-LLC (the "**Inmatec UAE**") The organizational chart of Xebec Europe B.V. is presented at **Appendix E** of this report.
119. Inmatec Germany filed formal insolvency proceedings under applicable German laws at the end of March 2023. The Monitor understands that the Inmatec Germany assets or shares have been sold in the context of the formal insolvency proceedings.
120. The Monitor also understands that BLA filed a proof of claim for amounts owed by Inmatec Germany in the amount of EUR 3,484,513 (the "**Inmatec Germany Claimed Amounts**"). The Inmatec Germany Claimed Amounts are comprised on one hand from the provision of various services for the benefit of Inmatec Germany for the period from 2021 to 2023, in the amount of EUR 2,054,513, and, on the other hand, from an advance payment in the amount of EUR 1,430,000.
121. The Inmatec Germany Claimed Amounts have been reviewed by the Monitor. To the extent that there is a distribution to BLA as an unsecured creditor of Inmatec Germany, this could add to the realization proceeds available for distribution to BLA's creditors.
122. The Monitor also understands that Xebec Europe B.V. has filed a proof of claim for amounts owed by Inmatec Germany in the amount of EUR 1,380,000, for advance payment from Xebec Europe B.V. to Inmatec Germany. Other than its shares in Xebec Deutschland GmbH, the Monitor is not aware of any other assets held by Xebec Europe B.V, therefore no realization is expected at this stage.
123. BLA has invoiced Inmatec UAE for an amount of approximately EUR 142K in relation to Management fees during 2022 and 2023. The Monitor has been informed that Inmatec UAE holds cash in its bank accounts for an aggregate amount of approximately EUR 237K. The Company is in the process of reviewing the potential outcomes for Inmatec UAE, including a potential wind-down and/or liquidation.

B. XEBEC ITALY

124. There is no material update to report since the issuance of the Tenth Report.

C. XEBEC UK

125. Since the end of August 2023, and as further detailed in the Application and below, the Monitor, in consultation with the Petitioners, has negotiated a settlement of a claim brought forward by Gary Ashton, Matthew Rowe and Robert Thompson (the "**Tiger Sellers**") against Xebec UK, arising from the deferred payment owing further to the purchase by Xebec UK of the shares of Tiger Filtration Limited from the Tiger Sellers.
126. As previously reported to the Court, in the context of the Petitioners' global restructuring and as part of the SISP approved by this Court, Xebec UK sold the Shares to a third-party buyer pursuant to the Tiger Transaction.
127. Xebec UK has not paid any amounts relating to Earn-Out Payments for the period commencing on 1 July 2022 and ending on 30 June 2023 (the "**Earn-Out Claim**").

128. In the last weeks, the Monitor, in consultation with the Petitioners, initiated settlement discussions with the Tiger Sellers, which concluded in a settlement agreement executed on September 21, 2023, and providing, *inter alia*, for the following terms and conditions:
- a) payment of an aggregate amount of £250,000 from the proceeds held by the Monitor, in full and final settlement of all of the claims, including the Earn-Out Claim, of the Tiger Sellers against Xebec UK, and other than an excluded claim relating to a separate proof of claim filed against FormerXBC Inc. (BLA) in the amount of £20,000; and
 - b) full and final mutual release between the Tiger Sellers, Xebec UK, FormerXBC Inc. (BLA) and all of their parents, subsidiaries, affiliates, assigns, transferees, successors, representatives, principals, agents, officers or directors in relation to the Earn-Out Claim, and to any other matter arising out of the relationship between the parties to the settlement agreement and between the released parties pursuant to same.
129. The Monitor is supportive of the settlement agreement and of the approval of same sought by the Petitioners pursuant to the Application. The Monitor believes that the settlement agreement is fair and reasonable, and is in the best interests of their stakeholders, including of EDC, which has confirmed its agreement to the settlement.
130. Specifically, the settlement agreement is expected to allow for the subsequent orderly wind-down of Xebec UK, as the only known claim that will remain against the latter is the intercompany claim of FormerXBC Inc.
131. This wind-down will further resolve the issues pertaining to the subrogation rights of Xebec UK following the repayment of the NBC debt out of the proceeds of the Tiger Transaction, which issues had been notably identified in the Allocation Method Report and presented to the Court and as part of the testimony adduced by the representative of the Monitor on June 27, 2023.
132. In addition, the amount of £250K provided by the settlement is less than the estimated amount that had been included in the Allocation Method Report regarding a potential settlement of this third-party claim against Xebec UK.
133. As such, the settlement agreement is beneficial to the Petitioners and their creditors, and to the restructuring process generally and the Monitor supports the relief sought by the Petitioners relating to same.

V. UPCOMING STEPS TO THE FILING OF ONE OR MORE PLAN(S) OF ARRANGEMENT

A. COMPLETION OF THE CLAIMS PROCESS

134. Defined terms in this section and not otherwise previously defined shall have the meaning ascribed to them in the CPO.
- i. General Status and Update
135. As indicated above, on May 24, 2023, the Court issued the CPO, which was recognized in the U.S. on June 6, 2023.
136. The CPO sets forth a process which provides for, *inter alia*, the following features:

- a. the transmission to Creditors and publication on its website by the Monitor of the essential documents related to the Claims Process as well as the publication of a Newspaper Notice in widely distributed newspapers in Canada and in the U.S.;
 - b. the determination of the Claims Bar Date on July 24, 2023, for Creditors to assert all Claims, except Restructuring Claims, if applicable, which may be asserted within 30 days following the receipt by the applicable Creditor of a notice giving rise to such Restructuring Claim;
 - c. a process in relation to claims from Scheduled Employees; and
 - d. the establishment of procedures for the review and determination by the Monitor and the Petitioners of all Claims against the Petitioners and the Directors and Officers.
137. Since the issuance of the CPO, the Monitor sent the Claims Package by regular mail to known potential Creditors, as identified further to the review of the Petitioners' books and records and, since the Claims Bar Date, the Monitor has proceeded to the compilation, review and determination of Claims received, in collaboration with the Petitioners (except for unsecured claims brought against BLA, as there currently is no distribution to unsecured creditors that is expected in this estate).
138. The Monitor has also been in regular communications with creditors in relation to documentation and information included in their claims, and to obtain certain clarifications or complements of information when required.
139. A general summary of the number of claims received and their nature and status as at the date of this Eleventh Report is provided in the table below:

Claims Process Overview As at Sept 26, 2023	Claims received		
	Received	Revision	In process / Admitted
BLA			
EDC	1	0	1
NBC	1	0	1
Interco	8	8	1
Other	165	11	144
Total	175	19	147
Other Petitioners			
EDC	11	0	11
NBC	11	0	11
Interco	43	26	33
Other	248	27	242
Total	313	53	297
Combined			
EDC	12	0	12
NBC	12	0	12
Interco	51	34	34
Other	413	38	386
Total	488	72	444

140. **Appendix F** to this Eleventh Report contains more detailed information regarding the status of the Claims Process, including regarding the values of the claims received and the breakdown of information by estate.

141. As at the date of this Eleventh Report, 21 Notices of Revision or Disallowance were sent by the Monitor to claimants (excluding the Notices of Revision or Disallowance pertaining to intercompany Claims or D&O Claims, as described in the next subsections), and at least 31 other Claims remain under review and for which Notices of Revision or Disallowance may be sent in respect of same in the coming days and weeks (excluding the Notices of Revision or Disallowance pertaining to intercompany Claims, as described in the next subsections).
142. The main reasons for the Notices of Revision or Disallowance issued and upcoming include, *inter alia*, (i) Claims filed against the incorrect Debtor, (ii) Claims that are incomplete or unsupported by the requisite evidence and documentation and/or that do not match the Petitioners' books and records (despite follow up questions by the Monitor), (iii) Restructuring Claims for a quantum that is overstated, (iv) Claims filed as secured when it is unsecured, (v) Claims that were incorrectly filed as a D&O Claim or as a Restructuring Claim, and (vi) Claims that do not have a sufficient legal basis.
143. As of the date of this Eleventh Report, no appeal application relating to a Notice of Revision or Disallowance has been received by the Monitor.

ii. D&O Claims

144. As at the Claims Bar Date, the Monitor received 36 D&O Claims, which were thereafter reviewed.
145. The vast majority of them did not include supporting documentation or information explaining or justifying why the Claim should qualify as a D&O Claim. At the end of August 2023, the Monitor sent 31 Notices of Disallowance of D&O Claims providing that, based on the documentation and information appended to the Proofs of Claim, the Claims do not qualify as D&O Claims and that, unless additional explanations, reasoning and/or documentation evidencing why the Claims should qualify as a D&O Claim pursuant to the CCAA and/or the CPO were provided to the Monitor by September 8, 2023, their D&O Claim would be deemed disallowed as of that date. None of the claimants provided additional information following the issuance of those Notices justifying why the Claim should qualify as a D&O Claim and no appeal applications have been filed in respect of same within the 15-day delay following September 8, 2023, being the date of deemed disallowance, such that these D&O Claims are now finally and definitively disallowed.
146. The Monitor also received Proofs of Claim in relation to the Class Action File, which are contingent upon the conclusion of the Class Action Settlement. As reported previously and further to the Class Action Settlement, any amounts payable under the Class Action Settlement will be paid directly by the insurer and not by Petitioners or their directors and officers.
147. As at the present date, there remains three (3) D&O Claims which are currently being reviewed by the Monitor, namely Haffner Energy SA in the amount of EUR 2,725,188.30 (the "**Haffner PoC**"), that of Brozelco, Inc., in the amount of USD 174,996.52 (the "**Brozelco PoC**") and that of CNESST in the amount of \$18.2K (the "**CNESST PoC**");
- a) The Haffner PoC alleges damages suffered by Haffner Energy SA, a former client of BLA, following the purchase of PSA units which BLA has failed to deliver. More particularly, Haffner Energy SA purports that BLA collected deposits on account of units to be delivered respectively in June and September 2022, while it should have known that the delivery of such units was uncertain given the difficult financial situation of the Company. The Petitioners advised the Monitor that the Haffner PoC suggests that it could be secured by the D&O Charge, despite the fact that the contract and payments arose prior to the Filing Date. The Monitor's analysis is still ongoing and no determination has been made in respect of this D&O claim at this stage.

- b) The Brozelco PoC is premised on a personal guarantee that would have been granted by the former manager of NOR. This claim appears to be governed by the laws of Tennessee and is under review by the Monitor and its counsel, in consultation with the Petitioners and their counsel.
- c) The CNESST PoC pertains to alleged amounts owing pursuant to notices of assessment relating to BLA, including a portion of \$9.2K which pertains to a period prior to the Filing Date and a portion of \$9.0K which pertains to a period after the Filing Date. There could be a statutory directors and officers' liability with respect to this claim. The claim is under review by the Petitioners, in consultation with the Monitor. The CNESST advised the Petitioners' counsel that the PoC would be amended. To the extent that an amount is owed for the period after the Filing Date, it will be paid by the Debtors, and the treatment of any portion for the period prior to the Filing Date will be addressed in due time.

148. The Monitor, with the assistance of the Petitioners, will continue its analysis of the D&O Claims and their potential treatment, and will report further on same in due time.

iii. Scheduled Employees

149. Paragraph 14 of the CPO provides for an obligation of the Monitor to send to each Scheduled Employee his/her Notice of Scheduled Employee's Claim, together with a Claims Package, by no later than June 22, 2023. As indicated to the Application, the Monitor raised the following caveats regarding this paragraph of the CPO:

a. *Former employees of BLA*

150. Considering the Proposed Allocation Method Report and the determination that no distribution to unsecured creditors of BLA is expected at this stage, the Monitor, in consultation with the Petitioners, has determined that it was not necessary to send notices to those Scheduled Employees who had been compensated further to the WEPP and who would not receive an additional distribution out of the CCAA proceedings, unless and until BLA files a plan, as the case may be.

151. The Monitor is of the view that sending additional notices to these Scheduled Employees would be confusing and inefficient and would add no value, and suggested that the Petitioners request that this Court declare that providing such a notice is not required for those former employees, notwithstanding paragraph 14 of the CPO.

b. *Other former employees*

152. Further to its review, the Monitor identified one (1) former employee of ACS who had not received a Notice of Scheduled Employee Claim and who had failed to apply for relief pursuant to the WEPP, such that he currently has an Employee Claim. The Monitor has attempted on numerous occasions to make contact with this individual for him to benefit from the relief of the WEPP and is continuing to do so. To the extent that this former employee cannot be reached or fails to file its materials with the WEPP, the Monitor will issue a Notice of Scheduled Employee's Claim, providing an additional delay of thirty (30) days to file a Notice of Dispute, as the case may be.

153. The Monitor has also identified four (4) former employees of FormerXBC Pennsylvania Company (TIT) who have not received a Notice of Scheduled Employee's Claim and to whom the WEPP is not available; two (2) of those individuals have filed a Proof of Claim as part of the Claims Process (each for an amount that is higher than the amount that would have appeared on their applicable Scheduled Employee's Claim), but two (2) others have not filed any Proof of Claim.

154. Given the impact for these last two (2) individuals, the Monitor will issue to each a Notice of Scheduled Employee's Claim, providing an additional delay of thirty (30) days to file a Notice of Dispute, as the case may be.
155. Given the above, the Application requests that this Court make certain clarifications relating to paragraph 14 of the CPO, the whole as further detailed in the draft order appended to the Application. These clarifications are required in order to declare that (i) paragraph 14 of the CPO does not apply to Scheduled Employees of BLA, and that (ii) this provision will apply, *mutatis mutandis* to Scheduled Employees who will have received a Notice of Scheduled Employee's Claim after June 22, 2023 (except if they already filed a Proof of Claim).
156. The Monitor notes that it has not received a Proof of Claim relating to payments made under the WEPP.

iv. Secured Claims

157. As part of the Claims Process, 33 Proof of Claims have asserted a secured claim.
158. This includes the Proof of Claims filed by NBC (12 Proof of Claims) and EDC (12 Proof of Claims) in relation to their respective claims and security, as both these creditors were not included in the definition of Excluded Creditor.
159. NBC has filed a Proof of Claim in the amount of CAD 200K against all of the Petitioners, which claim is a contingent claim pertaining to the Enbridge LC (and a duplicative claim with the EDC PSG Guarantee Subrogation Claim referred to above).
160. In addition to the EDC PSG Guarantee Subrogation Claim, EDC also filed a Proof of Claim relating to both secured and unsecured claims against certain of the Debtors.
161. As previously reported, including in the Allocation Method Report, EDC was granted security by BLA, CAL, UEC, XBC and NOR, and an unsecured guarantee by CDA. In addition, and as previously reported, EDC's security is unperfected on the cash balances in the U.S., namely those of CAL, UEC, XBC and NOR, the impact of which remains in discussion and to be determined.
162. EDC has consequently filed a Proof of Claim asserting a secured claim in the amount of USD 13.057M against BLA, CAL, UEC, XBC and NOR. It has also filed an unsecured claim against CDA in the same amount further to its unsecured guarantee. The amount of the Proof of Claim will be revised, as it does not seem to take into consideration a deduction for the fees and interest payments paid to EDC as secured creditor (and not as DIP Lender) after the Filing Date, which shall be re-characterized as capital reimbursements in accordance with the Allocation Order.
163. Following its review, the Monitor has issued 4 Notices of Revision or Disallowance in relation to secured claims, as these Proof of Claims erroneously asserted a form of security. The remaining 5 other Proof of Claims which asserted a form of security remain under review and Notices of Revision or Disallowance may be sent in respect of same in the coming days and weeks.

v. Intercompany Claims

164. Prior to the Claims Bar Date, the Petitioners, in consultation with the Monitor, compiled and prepared Proof of Claims for Claims between the Petitioners as at the Filing Date, resulting notably from intercompany transfers and payments, corporate recharges, sale transactions and advances.

165. At the time of filing of these Proof of Claims, no compensation or set-off was effected or considered, as it was determined that this exercise would be completed subsequently. As such, a Proof of Claim was filed for every intercompany claim, for the gross amount.
166. Following the Claims Bar Date, the Monitor reviewed these Proof of Claims and proceeded, where applicable, to apply compensation and/or set-off between the intercompany claims, in order to arrive to a net amount between relevant Petitioners.
167. The Monitor intends to issue shortly a Notice of Revision or Disallowance to the Petitioners to adjust and review the amounts of the Proof of Claims, and to disallow Proof of Claims where no amount was owed, after taking into consideration and providing for the compensation and set-off between these claims.
168. The table provided at **Appendix G** indicates the detailed net amounts of intercompany Proven Claims.

vi. Late Claims

169. As at the date of this Eleventh Report, the Monitor has received a total of seventeen (17) Proof of Claims which were filed after the Claims Bar Date (including three (3) against BLA), which are currently under review.
170. In addition, thirty-two (32) Claims Packages were returned to the Monitor by the postal services, including sixteen (16) in relation to BLA. In the month of September 2023, the Monitor sent an email communication to these creditors, other than the BLA creditors and those who have already filed a Proof of Claim (to the address found in the Petitioners' records) to provide an electronic version of the Claims Package. Such creditors are given an additional thirty (30) days to file their Claim. To the extent these Claims are received within said deadline, and given these circumstances, the Monitor would recommend that it be authorized to review same and to make the appropriate determinations in relation thereto.
171. Although the review remains ongoing, it is possible that an application with respect to the treatment of these late claims be filed by the Petitioners at the time of application to authorize the filing of one or more plan(s) of arrangement.
172. As such, the Monitor will subsequently provide a more detailed report in that context.

vii. Claim filed London RNG and Update on Issues relating to London RNG

173. On July 19, 2023, London RNG filed its Proof of Claim against BLA, in the total amount of \$8,478,754 (the "**London RNG PoC**"), of which London RNG asserts a secured Claim in the amount of the London RNG LC, i.e. \$2,349,018.18.
174. As reported previously, BLA also has a receivable in the approximate amount of 1.6M\$ which remains owing by London RNG.
175. The Claim set forth in the London RNG PoC is broken down into three (3) main categories, namely
 - a) Estimated costs to remediate deficiencies in the work performed by BLA: \$2,427,505;
 - b) Estimated costs to complete the project: \$1,048,000;
 - c) Loss of revenue: \$5,607,249.
176. The issues pertaining to London RNG have been the object of ongoing discussions in the past months between the Monitor, the Petitioners and London RNG (and their respective counsel). The Monitor is also keeping EDC apprised of these discussions, as secured creditor of BLA.

177. In that regard, the Monitor was informed that a technical evaluation was to be mandated by London RNG in respect of the feasibility and estimated costs to complete the project. This evaluation was to be prepared in consultation with the purchaser of BLA's assets, Ivys, to determine if there is a path towards remediating the alleged deficiencies and completing the project.
178. The magnitude and technical nature of London RNG's asserted Claim render its determination complex and the parties acknowledge that any litigation in connection thereto would result in material costs and delays. As such, London RNG, the Petitioners and the Monitor, in consultation with EDC and its advisors, have agreed to continue discussions with the hope of reaching a resolution.
179. The Monitor will remain involved in the upcoming discussions and negotiations and will report further in due time.

B. WATERFALL ANALYSIS AND EDC DISCUSSIONS

180. The Allocation Method was approved by the Court pursuant to the Allocation Order, which order was recognized by the U.S. Court, as detailed above.
181. As explained previously, the Allocation Method provides for the methodology to allocate (i) the net proceeds held by the Monitor, (ii) the intercompany transactions since the Filing Date, and (iii) the restructuring costs, secured debt reimbursements and DIP financing. The Allocation Method does not, however, provide for how the net allocated amounts shall be distributed to creditors of various estates, which was to be determined subsequently.
182. Now that the Monitor has more precise information regarding the amount and nature of the claims against the various Debtors following the compilation and ongoing review of Claims filed as part of the Claims Process, the Monitor has been working on various distribution scenarios, which in all cases take into consideration the fact that EDC does not have security against certain Petitioners and may otherwise vary depending on the proposed treatment of EDC's unperfected security on cash balances held in the U.S. at the initiation of the CCAA Proceedings.
183. As previously mentioned in the Tenth Report, in light namely of (i) the proceeds realized for entities on which EDC does not hold any security and (ii) the potential impact of the absence of a perfected security interest in favour of NBC or EDC on the bank accounts of the US Petitioner entities, it is contemplated that distributions will be available for unsecured creditors in several estates.
184. As such, it is expected that the Petitioners (excluding BLA) will file one or more plan(s) of arrangement for approval by their respective affected unsecured creditors.
185. As reported previously, the figures contained in the Allocation Method Report were not final and are subject to change, although some hypotheses and estimates have now been confirmed or will soon be. Correlatively, amounts available for distribution are expected to fluctuate.
186. In that respect, the Monitor is currently continuing the process of preparing an analysis of potential distribution scenarios (the "**Waterfall Analysis**"), which it has shared on a preliminary basis with the Petitioners and with EDC.
187. Discussions remain ongoing between the Monitor, the Petitioners and EDC with respect to the effect of its unperfected security interest in certain U.S. entities and how this may impact amounts available to unsecured creditors and to EDC in certain estates. At this time, the Monitor believes that a mutual agreement could be reached in the best interest of the stakeholders of the Petitioners providing for an appropriate, fair and reasonable solution,

which would remain subject to the approval of this Court and would be conditional on the approval of one or more plan(s) by the affected unsecured creditors. In the absence of a consensual solution, adjudication by the Court will be necessary before certain plan(s) can be filed.

VI. ACTUAL RECEIPTS AND DISBURSEMENTS

188. Xebec Group's financial performance highlights for the period from May 14, 2023, to September 16, 2023, are presented in the Actual Cash Flow appended hereto as **Appendix H**. The Monitor's comments on the Petitioners' financial performance during this period are as follows:

- a) compared with the Cash Flow Statement, the actual Xebec Group's receipts and disbursements demonstrate a net cash balance as at September 16, 2023, of \$1.1M, which is \$0.3M higher than budgeted. This favourable variance mainly results from:
 - i. an unfavourable variance of \$0.2M in total cash inflows explained by lower transfer of funds from net proceeds (\$2.0M). This unfavorable variance was, however, compensated by higher transfers from related parties (\$1.3M) and higher various unbudgeted collections (\$0.5M). Please refer to **Appendix H** for more details.
 - ii. A favourable variance of \$0.6M in cash outflows, which is mainly explained by lower disbursements in purchases (\$1.0M), professional fees (\$0.7M) and payroll (\$0.2M). These favorable variances were, however, compensated by higher transfers to related parties (\$1.3M). Please refer to **Appendix H** for more details.

189. As of the date of this Eleventh Report and for the extension of the Stay Period, the invoices relating to goods delivered and services rendered to the Petitioners after the First Day Initial Order have been paid or are forecasted to be paid in the normal course of business out of the existing current liquidities, existing working capital, including the Petitioners' different bank accounts, as well as the use of Net Proceeds to fund operations of the Petitioners, as authorized in the *Order Authorizing the Use of Net Proceeds to Fund Cash-Flow Requirements* issued by the Court on May 24, 2023.

190. In respect of tax refund collections since the Tenth Report, the Company has yet to receive the refund for the February provincial sales tax returns in the amount of \$271K. The Company, with the assistance of the Monitor, is monitoring the situation closely and is in contact with the governmental authorities to that effect.

VII. OVERVIEW OF THE CASH-FLOW PROJECTIONS

191. The Company, with the assistance of the Monitor, has prepared the statement of projected cash-flow (the "**Cash Flow Statement**") for the 13-week period from September 17, 2023, to December 16, 2023 (the "**Cash Flow Period**") for the purpose of projecting the Company's estimated liquidity needs during the Cash Flow Period. A copy of the Cash Flow Statement is attached as **Appendix I** to this report.

192. 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 attached as **Appendix I** to this report.

193. The Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions relating to information supplied to it by Management. The Monitor's procedures with respect to the assumptions set forth in **Appendix J** were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Monitor also reviewed the documents provided by Management in support of the probable assumptions, and the preparation and presentation of the Cash Flow Statement.
194. Based on the Monitor's review and subject to 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 Eleventh Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Company or 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.
195. 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 the Company's 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 the Petitioners.
196. The Cash Flow Statement has been prepared solely for the purpose described in the Notes to the Cash Flow Statement (**Appendix J**), and readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.
197. As mentioned above, the key assumptions used in the Cash Flow Statement are based on the Petitioners' most recent sales and costs trends, as previously described.
198. Management continues to anticipate potential restrictive payment terms for purchases from suppliers due to the CCAA Proceedings.
199. As appears from the Cash Flow Statement and as indicated herein, the Petitioners intend to continue to pay its trade creditors for services rendered and goods supplied in the normal course of business during these CCAA Proceedings.
200. As described in this Eleventh Report, the Cash Flow Statement indicates that the Petitioners should have sufficient liquidity to continue to meet their obligations in the ordinary course of business during the extension period sought in the Application, with continued access to their current liquidities, existing working capital, as well as the use of the Net Proceeds to fund operations, as authorized in the *Order Authorizing the Use of Net Proceeds to Fund Cash-Flow Requirements* issued by the Court on May 24, 2023.
201. Management has advised the Monitor that it believes that the forecast reflected in the Cash Flow Statement is reasonable.

VIII. EXTENSION OF THE STAY PERIOD AND OUTLINE OF NEXT STEPS

202. The Stay Period currently expires on September 29, 2023. The extension of the Stay Period until December 15, 2023, sought by the Petitioners is namely required to, *inter alia*, (i) pursue efforts to monetize the Other Remaining Assets of the Petitioners, including to close the Biostream/Brightmark Assets Transaction, (ii) allow the Petitioners and the Monitor to continue the orderly wind down of the Petitioners, as part of the CCAA Proceedings or otherwise (iii) finalize the review of Claims in the context of the ongoing Claims Process, as well as (iv) assist in the preparation one or more plans of arrangement, which includes negotiations with EDC and the finalization of distribution scenarios as part of the Waterfall Analysis.
203. The Monitor and the Petitioners have prepared an approximate timeline of the upcoming material steps and milestones in these CCAA proceedings, which is presented in **Appendix K** hereto. Readers are, however, cautioned that this outline is subject, *inter alia*, to the ongoing CCAA Proceedings, as well as the availability of the Courts both in Canada and the U.S. The outline is therefore subject to material changes and is solely provided for information purposes and on an indicative basis.
204. As described in this Eleventh Report, the Cash Flow Statement indicates that the Petitioners should have sufficient liquidity to continue to meet their obligations in the ordinary course of business with continued access to their current liquidities and existing working capital as well as the use of the Net Proceeds to fund operations, as authorized in the *Order Authorizing the Use of Net Proceeds to Fund Cash-Flow Requirements* issued by the Court on May 24, 2023.

IX. MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

205. In the context referred to above and herein, the Monitor supports the relief sought in the Application, including the extension of the Stay Period up and until December 15, 2023.
206. This requested extension will allow the Petitioners and the Monitor, *inter alia*, to finalize the review of Claims as part of the Claims Process and to work towards the filing of one or more plan(s) of arrangement in the applicable estates.
207. It is the Monitor's view that the continuation of the Restructuring Process is beneficial to the creditors and stakeholders as a whole.
208. The Monitor believes that the Petitioners have acted, and are acting, in good faith and with due diligence and that the relief sought in the Application.

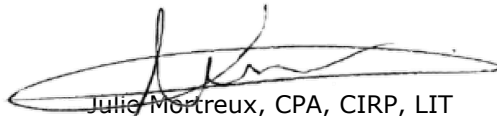
DATED AT MONTREAL, this 27th day of September 2023.

DELOITTE RESTRUCTURING INC.

In its capacity as Court-Appointed Monitor of the
Petitioners



Jean-François Nadon, CPA, CIRP, LIT
President



Julie Morneau, CPA, CIRP, LIT
Senior Vice-President

Appendix A – Recapitulation of Transactions

XEBEC ADSORPTION INC. & AI.

Transaction summary
As of September 15, 2023

Bidder	Notes	Closing Date	Petitioners												Non-Petitioners				
			BLA	CAI	ACS	GNR	CAL	CDA	NOR	AIR	TIT	XBC	UEC	XSU	TIGER	Shanghai	HyGear	ITA	Inmatec
Transactions part of the SISP Process																			
Forum Family Office		27-Jan-23															*		
HoSt Bioenergy Systems		6-Feb-23																*	
1396905 B.C. LTD		7-Feb-23			*														
FSTQ		15-Feb-23				*													
Sullair		21-Feb-23					*												
Ivys Energy Solutions		24-Feb-23	*															*	
Next Air & Gas		14-Mar-23							*										
Curtis-Toledo		15-Mar-23								*									
Fluid-Aire Dynamics		20-Mar-23									*								
Total Energy Systems		23-Mar-23										*							
EnergyLink		5-Apr-23											*						

- 1 Following the Phase 2 Bid and Remaining Assets Bid Deadline, these entities did not receive an acceptable binding offer, as further detailed in the Fifth Report.
- 2 Xebec Italy filed an assignment in bankruptcy under applicable Italian laws. These assets are being liquidated as part of the bankruptcy. BLA submitted a claim in the bankruptcy of Xebec Italy and may benefit from a potential distribution following the liquidation of the assets and the administration of the bankruptcy.
- 3 Inmatec Germany filed formal insolvency proceedings under applicable German laws at the end of March 2023. The Monitor understands that a transaction has occurred for the business of Inmatec and that BLA filed a proof of claim for amounts owed by Inmatec, which amounts were reviewed by the Monitor. To the extent that there is a distribution to BLA as unsecured creditor, this could impact the realization proceeds available to distribution to the Petitioners' creditors.

Other Remaining Assets

Air Products	4	22-Apr-23											*						
Western Midstream	5	19-Jul-23											*						
Biostream	6	TBD											*						
Enerphase Vehicles	7	4-May-23								*									
Filters	8	TBD												*					
Claims to non-petitioners (ITA)	2	TBD	*															Claim	
Claims to non-petitioners (Inmatec)	3	TBD	*																Claim
London RNG	9	TBD	*																

- 4 A transaction took place on April 22, 2023 with Air Products for the inventory related to their contract with UEC. This inventory was specifically excluded from the transaction with Energy Link.
- 5 Specific assets related to the contract between UEC and Western Midstream were excluded from the transaction with Energy Link. A Settlement and Mutual Release Agreement between Western Midstream and UEC was executed on July 7, 2023 and the Western transaction closed on July 19, 2023.
The Biostream related inventory owned by UEC was specifically excluded from the transaction with Energy Link. An Asset Purchase Agreement was signed on August 3 and a First Addendum to the Asset Purchase Agreement was negotiated in September 2023. On September 8, 2023, the Petitioners have sought the recognition of the approval of the Biostreams Transaction by the US Court which hearing is scheduled for October 5, 2023. As stated in this Report, the Brightmark APA includes the purchase of the XSU filters.
- 7 Management, with the support of the Monitor, concluded the sale of the vehicles owned by Enerphase Industrial Solutions Inc. (AIR).
- 8 Filters are part of the Biostream transaction (refer to Note 6).
- 9 Pursuant to the Order Directing Payment In Trust to the Court-Appointed Monitor rendered on March 16, 2023, funds totalling \$2.4M in relation to the Letter of Credit OGU458735 (the "LRNG LC") are currently held as a reserve in a distinct trust account until determination of the parties' respective rights under the LRNG LC is made in a final judgment of a Court or other forum having jurisdiction or until an agreement is entered into by the parties.

Appendix B – Breakdown of Net Proceeds

XEBEC ADSORPTION INC. & AI.

Breakdown of net proceeds and transactions from the Monitor's trust accounts
In \$000s CAD, as of September 15, 2023

	Petitioners	Note	Amounts
PROCEEDS FROM TRANSACTIONS			
Transactions - Part of the SISP process			
1396905 B.C. LTD	ACS	1	
FSTQ	GNR	2	400
Sullair	CDA & CAL	2	12,222
Ivys Energy Solutions	BLA & CAI	2	7,900
Next Air & Gas	NOR	2	209
Curtis Toledo	AIR	2	895
Fluid-Aire Dynamics	TIT	2	1,402
Total Energy Systems	XBC	2	1,477
EnergyLink	UEC	2	4,037
			28,643
Closed transactions - Remaining Other Assets			
Air Products	UEC	2 & 4	236
Enerphase - Vehicle Fleet sales	AIR	2 & 4	109
Western Midstream	UEC	2 & 4	250
Total proceeds			A 29,238
PAYMENTS MADE TO THE BENEFICIARIES OF THE CCAA CHARGES AND OTHER DISBURSEMENTS			
Professional fees			1,489
Interest and fees on DIP Financing			31
Transaction Fee			975
KERP			432
Funds from net proceeds - Transfer to operation accounts			1,000
Interest revenues (net of bank fees)			(302)
Foreign exchange loss (gain)			48
			B 3,673
DIP Facility - Reimbursement to NBC			1,500
DIP Facility - Reimbursement to EDC			1,500
Second DIP Facility - Reimbursement to EDC			2,500
Third DIP Facility - Reimbursement to EDC			3,450
			B 8,950
Outstanding balance as of Sept 15, 2023		3	C=(A-B) 16,615
UPCOMING DISBURSEMENTS FROM THE TRUST ACCOUNTS			
Funds from net proceeds - Transfer to the operation accounts			2,000
Payment pursuant to the Settlement Agreement relating to the Xebec UK Transaction			420
UEC - Sales tax remittance (Western Midstream transaction)			23
Professional Fees - Theoretical amount of the Administration Charge			1,000
Projected Interests revenues			(225)
			D 3,218
Outstanding balance after priority charges			E=(C-D) 13,397
POTENTIAL TRANSACTIONS - OTHER REMAINING ASSETS			
Biostream Assets	UEC	4	2,000
Claims to Non-Petitionners	IGT	4	TBD
Claims to Non-Petitionners	ITA	4	TBD
London RNG	BLA	4 & 5	TBD
Total proceeds from transactions to be completed			F 2,000
Estimated net proceeds and transactions from the Monitor's trust accounts			G=(E+F) 15,397

Note 1: These proceeds do not include Tiger's proceeds that were paid directly to NBC.

Note 2: Assuming closing FX rates at the date of the transactions as per the Bank of Canada.

Note 3: Assuming FX rate of 1.3526 USD as per the Bank of Canada on September 15, 2023. In addition, The Monitor's trust accounts opening net cash position of \$16,615K excludes a deposit of \$100K held by the Monitor in trust in relation to the Biostream transaction.

Note 4: Please refer to the Appendix A for the detail on the Remaining Other Assets.

Note 5: Pursuant to the Order Directing Payment In Trust to the Court-Appointed Monitor rendered on March 16, 2023, funds totalling \$2.4M in relation to the Letter of Credit OGUA58735 (the "LRNG LC") are currently held as a reserve in a distinct trust account until determination of the parties' respective rights under the LRNG LC is made in a final judgment of a Court or other forum having jurisdiction or until an agreement is entered into by the parties.

Appendix C – Sale of Other Assets of the Xebec Group

XEBEC ADSORPTION INC. & AI.

Sales of the assets out of the ordinary course of business
In \$000s CAD, as of September 15, 2023

Transactions	Petitioners	Closing date	Notes	Proceeds ^{(1) (2)}
Nortek - Next Air & Gas	NOR	14-Mar-23		209,231
Curtis Toledo - Warehouse equipment	AIR	15-Mar-23		37,592
Curtis Toledo - Office furniture	AIR	15-Mar-23		7,084
Curtis Toledo - Office equipment (ES)	AIR	15-Mar-23		6,080
Curtis Toledo - Office equipment	AIR	15-Mar-23		111,559
Curtis Toledo - Stock inventory	AIR	15-Mar-23		733,172
Air Products	UEC	22-Apr-23		235,953
Enerphase - Vehicle Fleet sales	AIR	4-May-23		108,528
Western Midstream	UEC	19-Jul-23	3	250,000
Total				1,699,197
Treshold in the aggregate - Max \$2,5M			2	2,500,000
Availability				800,803

Note 1: Assuming closing FX rates at the date of the transactions as per the Bank of Canada.

Note 2: As per the Fifth Amended and Restated Initial Order issued by the Court, the Petitioners, subject to prior approval of the Monitor or further order of the Court, as the case may be, shall have the right to convey, transfer, assign, lease, or in any other manner dispose of the Property, outside of the ordinary course of business, in whole or in part, provided that the price in each case does not exceed \$750,000 or \$2,500,000 in the aggregate.

Note 3: The Western Midstream Transaction also includes the assumption of certain supplier contracts and post-filing liabilities.

Appendix D - Intercompany Payments

Intercompany Transactions - Monetary transfers summary			Total	Notes
For the period from May 14, 2023 to September 16, 2023				
In \$000s CAD				
Collections				
XSU from AIR	Enerphase Industrial Solutions Inc. --> Xebec Adsorption USA Inc.	224		1
XSU from BLA	Xebec Adsorption Inc. --> Xebec Adsorption USA Inc.	68		2
XSU from XBC	XBC Flow-Services - Wisconsin Inc. --> Xebec Adsorption USA Inc.	10		1
XSU from CAL	CDA Systems Ltd --> Xebec Adsorption USA Inc.	6		1
XSU from NOR	Nortek Belair Corporation --> Xebec Adsorption USA Inc.	5		1
BLA from UEC	Xebec Systems USA LLC --> Xebec Adsorption Inc.	417		1
BLA from CAI	Compressed Air International Inc. --> Xebec Adsorption Inc.	116		1
CAI from BLA	Xebec Adsorption Inc. --> Compressed Air International Inc.	80		3
CAL from XSU	Xebec Adsorption USA Inc. --> California Compression, LCC	7		4
XBC from AIR	Enerphase Industrial Solutions Inc. --> XBC Flow-Services - Wisconsin Inc.	84		5
NOR from XSU	Xebec Adsorption USA Inc. --> Nortek Belair Corporation	32		4
UEC from BLA	Xebec Adsorption Inc. --> Xebec Systems USA LLC	440		4
Total Collections		1 489		
Disbursements				
AIR to XSU	Enerphase Industrial Solutions Inc. --> Xebec Adsorption USA Inc.	224		1
BLA to XSU	Xebec Adsorption Inc. --> Xebec Adsorption USA Inc.	68		2
XBC to XSU	XBC Flow-Services - Wisconsin Inc. --> Xebec Adsorption USA Inc.	10		1
CAL to XSU	CDA Systems Ltd --> Xebec Adsorption USA Inc.	6		1
NOR to XSU	Nortek Belair Corporation --> Xebec Adsorption USA Inc.	5		1
UEC to BLA	Xebec Systems USA LLC --> Xebec Adsorption Inc.	417		1
CAI to BLA	Compressed Air International Inc. --> Xebec Adsorption Inc.	116		1
BLA to CAI	Xebec Adsorption Inc. --> Compressed Air International Inc.	80		3
XSU to CAL	Xebec Adsorption USA Inc. --> California Compression, LCC	7		4
AIR to XBC	Enerphase Industrial Solutions Inc. --> XBC Flow-Services - Wisconsin Inc.	84		5
XSU to NOR	Xebec Adsorption USA Inc. --> Nortek Belair Corporation	32		4
BLA to UEC	Xebec Adsorption Inc. --> Xebec Systems USA LLC	440		4
Total Disbursements		1 489		

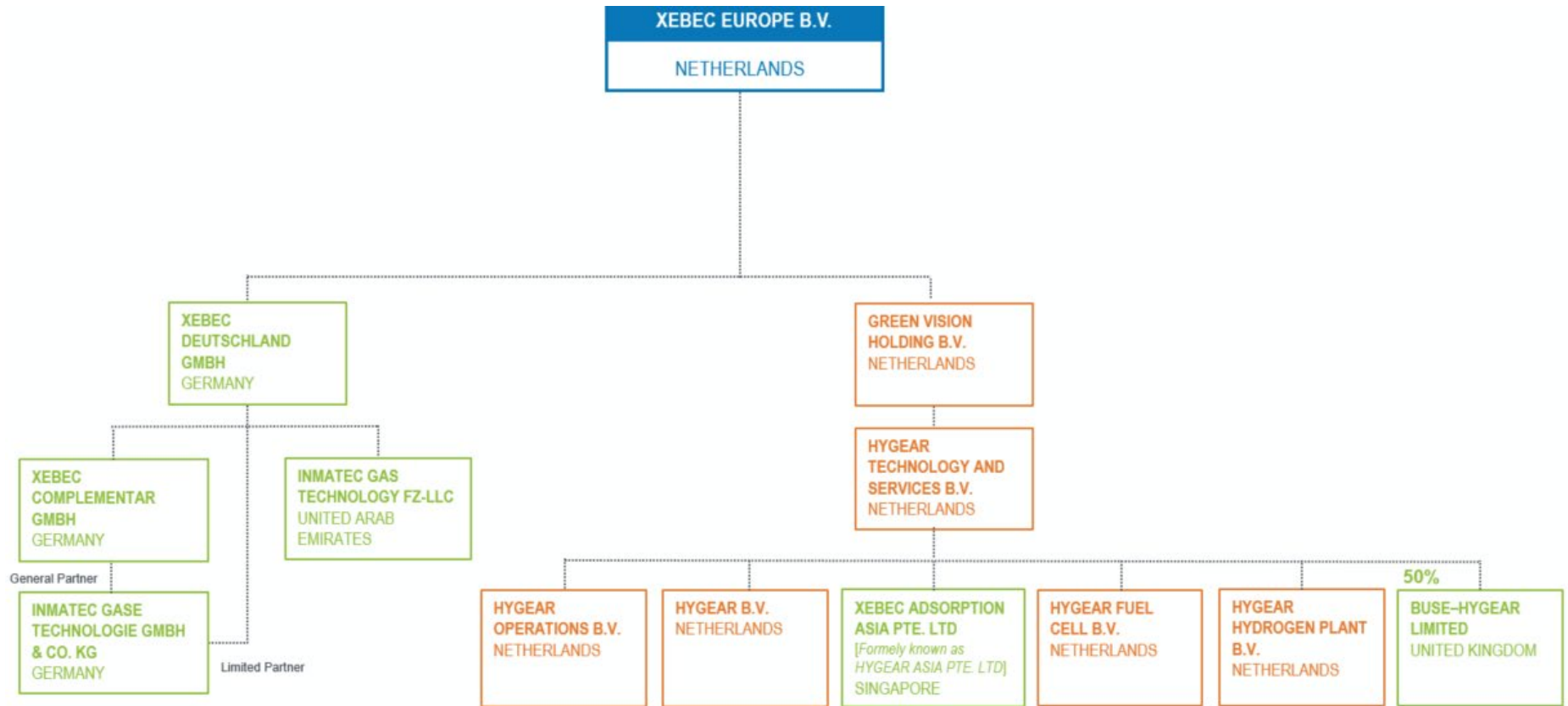
Notes

1. Transfer of the remaining funds to BLA and XSU in the context of the closing of bank accounts or funds received after bank accounts were closed.
2. XSU, being a corporate office, is mainly a cost center entity with overhead costs including amongst other things, payroll and insurance.
3. Remittances by BLA to Purchaser (Ivys) on behalf of CAI to remit funds collected on Ivys' behalf.
4. Transfer of funds or payments made on behalf of another Debtor to finalize the restructuring process.
5. Remittances by AIR to Purchaser (Total Energy) on behalf of XBC to remit funds collected on Total Energy's behalf.

General Note

As mentioned in the previous reports, and as provided by the First Day Initial Order, intercompany funding has been required between entities of the Xebec Group in order to preserve value and maintain going concern operations and pay post-filing obligations. The Intercompany Transactions Report contemplated by the ARIOs has now been filed as part of the Allocation Method Report, and the mechanics regarding the treatment of post-filing intercompany payments follow the Proposed Allocation Method approved by the Court pursuant to the Allocation Order.

Appendix E – Organizational Chart of Xebec Europe B.V.



Unless otherwise indicated, all participations are at 100%.

Appendix F – Summary of Claims

Claims Process Overview As at Sept 26, 2023 In \$000s CAD	Unsecured Claims						Secured Claims						D&O Claims						
	Claims Received		Notice of revision		In Process / Admitted		Claims Received		Notice of revision		In Process		Claims Received		Notice of revision		In Process		
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	
BLA																			
EDC	0	-	0	-	0	-	1	20,985	0	-	1	20,985	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	1	200	0	-	1	200	0	-	0	-	0	-	-
Interco	8	29,777	8	10,848	1	18,929	0	-	0	-	0	-	0	-	0	-	0	-	-
Other	141	69,175	0	-	143	69,175	6	3,139	3	563	3	2,577	12	8,870	8	205	4	8,665	-
	149	98,952	8	10,848	144	88,104	8	24,325	3	563	5	23,762	12	8,870	8	205	4	8,665	-
UEC																			
EDC	0	-	0	-	0	-	1	20,985	0	-	1	20,985	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	1	200	0	-	1	200	0	-	0	-	0	-	-
Interco	4	11,564	3	8,490	2	3,074	0	-	0	-	0	-	0	-	0	-	0	-	-
Other	105	15,548	10	242	105	15,306	0	-	0	-	0	-	10	169	10	169	0	-	-
	109	27,112	13	8,733	107	18,380	2	21,185	0	-	2	21,185	10	169	10	169	0	-	-
XSU																			
EDC	0	-	0	-	0	-	1	3,087	0	-	1	3,087	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	1	200	0	-	1	200	0	-	0	-	0	-	-
Interco	7	8,526	6	1,851	2	6,675	0	-	0	-	0	-	0	-	0	-	0	-	-
Other	6	2,048	1	1,330	5	718	0	-	0	-	0	-	0	-	0	-	0	-	-
	13	10,574	7	3,180	7	7,393	2	3,287	0	-	2	3,287	0	-	0	-	0	-	-
ACS																			
EDC	0	-	0	-	0	-	1	3,087	0	-	1	3,087	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	1	200	0	-	1	200	0	-	0	-	0	-	-
Interco	3	3,386	2	146	2	3,240	0	-	0	-	0	-	0	-	0	-	0	-	-
Other	25	939	1	19	25	920	0	-	0	-	0	-	2	18	2	18	0	-	-
	28	4,324	3	165	27	4,160	2	3,287	0	-	2	3,287	2	18	2	18	0	-	-
CAI																			
EDC	0	-	0	-	0	-	1	3,087	0	-	1	3,087	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	1	200	0	-	1	200	0	-	0	-	0	-	-
Interco	3	937	2	67	3	871	0	-	0	-	0	-	0	-	0	-	0	-	-
Other	13	371	0	-	13	371	0	-	0	-	0	-	1	1	1	1	0	-	-
	16	1,308	2	67	16	1,242	2	3,287	0	-	2	3,287	1	1	1	1	0	-	-
AIR																			
EDC	0	-	0	-	0	-	1	3,087	0	-	1	3,087	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	1	200	0	-	1	200	0	-	0	-	0	-	-
Interco	3	1,387	1	27	3	1,360	0	-	0	-	0	-	0	-	0	-	0	-	-
Other	10	649	0	-	10	649	0	-	0	-	0	-	0	-	0	-	0	-	-
	13	2,036	1	27	13	2,009	2	3,287	0	-	2	3,287	0	-	0	-	0	-	-
NOR																			
EDC	0	-	0	-	0	-	1	20,985	0	-	1	20,985	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	1	200	0	-	1	200	0	-	0	-	0	-	-
Interco	6	3,420	3	199	6	3,221	0	-	0	-	0	-	0	-	0	-	0	-	-
Other	20	1,211	2	39	20	1,172	0	-	0	-	0	-	3	249	2	39	1	210	-
	26	4,631	5	238	26	4,393	2	21,185	0	-	2	21,185	3	249	2	39	1	210	-
TIT																			
EDC	0	-	0	-	0	-	1	3,087	0	-	1	3,087	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	1	200	0	-	1	200	0	-	0	-	0	-	-
Interco	2	1,115	2	246	2	869	0	-	0	-	0	-	0	-	0	-	0	-	-
Other	16	1,159	0	-	16	1,159	1	62	0	-	1	62	0	-	0	-	0	-	-
	18	2,273	2	246	18	2,028	3	3,349	0	-	3	3,349	0	-	0	-	0	-	-
XBC																			
EDC	0	-	0	-	0	-	1	20,985	0	-	1	20,985	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	1	200	0	-	1	200	0	-	0	-	0	-	-
Interco	4	4,206	2	20	4	4,186	0	-	0	-	0	-	0	-	0	-	0	-	-
Other	13	700	0	-	13	700	0	-	0	-	0	-	1	93	1	93	0	-	-
	17	4,906	2	20	17	4,886	2	21,185	0	-	2	21,185	1	93	1	93	0	-	-
CDA																			
EDC	1	17,898	0	-	1	17,898	1	3,087	0	-	1	3,087	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	1	200	0	-	1	200	0	-	0	-	0	-	-
Interco	4	909	1	27	3	882	0	-	0	-	0	-	0	-	0	-	0	-	-
Other	7	55	0	-	7	55	1	1	0	-	1	1	1	10	1	10	0	-	-
	12	18,862	1	27	11	18,835	3	3,288	0	-	3	3,288	1	10	1	10	0	-	-
CAL																			
EDC	0	-	0	-	0	-	1	20,985	0	-	1	20,985	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	1	200	0	-	1	200	0	-	0	-	0	-	-
Interco	5	2,249	4	275	4	1,975	0	-	0	-	0	-	0	-	0	-	0	-	-
Other	21	985	3	11	21	974	1	3	1	3	0	-	3	9	3	9	0	-	-
	26	3,235	7	286	25	2,949	3	21,188	1	3	2	21,185	3	9	3	9	0	-	-
GNR																			
EDC	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	-
Interco	1	1	0	-	1	1	0	-	0	-	0	-	0	-	0	-	0	-	-
Other	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	-
	1	1	0	-	1	1	0	-	0	-	0	-	0	-	0	-	0	-	-
XHU																			
EDC	0	-	0	-	0	-	1	3,087	0	-	1	3,087	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	1	200	0	-	1	200	0	-	0	-	0	-	-
Interco	1	35,286	0	-	1	35,286	0	-	0	-	0	-	0	-	0	-	0	-	-
Other	4	1,444	0	-	4	1,444	0	-	0	-	0	-	0	-	0	-	0	-	-
	5	36,730	0	-	5	36,730	2	3,287	0	-	2	3,287	0	-	0	-	0	-	-
XUK																			
EDC	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	-
Interco	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	-
Other	1	566	0	-	1	566	0	-	0	-	0	-	0	-	0	-	0	-	-
	1	566	0	-	1	566	0	-	0	-	0	-	0	-	0	-	0	-	-
Total																			
EDC	1	17,898	0	-	1	17,898	12	126,539	0	-	12	126,539	0	-	0	-	0	-	-
NBC	0	-	0	-	0	-	12	2,4											

Appendix G – Intercompany Proven Claims (after compensation/set-off)

FormerXBC Inc. & AI.

Intercompany Claims - Proven Claims (after setoff / compensation)

As at September 29, 2022 - CCAA Filing date (Determination Date), In \$CAD

Entity issuing the claim	Entity receiving the claim	Proven claims in CAD of					
		Creditor A	Debtor B	A against B	B against A	Compensation	Net - A against B
CDA	CAL			31 839,66	27 169,06	(27 169,06)	4 670,60
CDA	NOR			358 114,56	-	-	358 114,56
CAL	CDA			27 169,06	31 839,66	(27 169,06)	-
CAL	BLA			178 771,09	1 501 559,01	(178 771,09)	-
CAL	UEC			320,99	171 337,50	(320,99)	-
CAL	NOR			274 140,00	68 535,00	(68 535,00)	205 605,00
CAL	AIR			700,39	-	-	700,39
BLA	CDA			310 173,00	-	-	310 173,00
BLA	CAL			1 501 559,01	178 771,09	(178 771,09)	1 322 787,92
BLA	CAI			412 652,88	66 016,21	(66 016,21)	346 636,67
BLA	ACS			3 379 067,01	145 269,73	(145 269,73)	3 233 797,28
BLA	UEC			8 484 810,19	27 414 000,00	(8 484 810,19)	-
BLA	XBC			3 158 397,45	5 181,25	(5 181,25)	3 153 216,20
BLA	TIT			584 977,22	190 982,02	(190 982,02)	393 995,20
BLA	NOR			1 737 184,50	79 364,90	(79 364,90)	1 657 819,60
BLA	AIR			835 172,62	-	-	835 172,62
BLA	XSU			8 207 373,41	1 697 394,54	(1 697 394,54)	6 509 978,87
BLA	XHU			35 286 019,68	-	-	35 286 019,68
BLA	GNR			552,00	-	-	552,00
CAI	BLA			66 016,21	412 652,88	(66 016,21)	-
CAI	ACS			549,49	140 969,72	(549,49)	-
ACS	BLA			145 269,73	3 379 067,01	(145 269,73)	-
ACS	CAI			140 969,72	549,49	(549,49)	140 420,23
ACS	UEC			764 721,45	-	-	764 721,45
UEC	CAL			171 337,50	320,99	(320,99)	171 016,51
UEC	BLA			27 414 000,00	8 484 810,19	(8 484 810,19)	18 929 189,81
UEC	XBC			142 507,00	-	-	142 507,00
UEC	XSU			5 221,45	2 314 432,77	(5 221,45)	-
XBC	CDA			143 923,50	-	-	143 923,50
XBC	BLA			5 181,25	3 158 397,45	(5 181,25)	-
XBC	NOR			48 213,00	-	-	48 213,00
XBC	XSU			14 351,23	438 660,08	(14 351,23)	-
TIT	BLA			190 982,02	584 977,22	(190 982,02)	-
TIT	XBC			466 038,00	-	-	466 038,00
TIT	XSU			54 828,00	529 646,13	(54 828,00)	-
NOR	CAL			68 535,00	274 140,00	(68 535,00)	-
NOR	BLA			79 364,90	1 737 184,50	(79 364,90)	-
NOR	ACS			5 915,94	-	-	5 915,94
NOR	XSU			51 545,17	796 879,05	(51 545,17)	-
AIR	NOR			205 605,00	-	-	205 605,00
AIR	XSU			27 414,00	551 117,81	(27 414,00)	-
XSU	CDA			427 852,14	-	-	427 852,14
XSU	CAL			476 206,33	-	-	476 206,33
XSU	BLA			1 697 394,54	8 207 373,41	(1 697 394,54)	-
XSU	CAI			383 774,44	-	-	383 774,44
XSU	UEC			2 314 432,77	5 221,45	(5 221,45)	2 309 211,32
XSU	XBC			438 660,08	14 351,23	(14 351,23)	424 308,85
XSU	TIT			529 646,13	54 828,00	(54 828,00)	474 818,13
XSU	NOR			796 879,05	51 545,17	(51 545,17)	745 333,88
XSU	AIR			551 117,81	27 414,00	(27 414,00)	523 703,81
XHU	XSU			165 169,35	-	-	165 169,35

**Appendix H – Actual Cash-flow
(period from May 14, 2022, to September 16, 2023)**

Consolidated - North America Budget-to-Actual Analysis ("BTA") In \$000s CAD	For the 18-week period ended Sep 16, 2023				
	Actual	Projections	Var. (\$)	Var. (%)	Notes
Collections					
Sales from operation	136	-	136	-	1
Sales taxes - Collection	785	649	136	21%	2
Other Collections	243	-	243	-	3
Transfer from related party - Collection	1,489	226	1,263	559%	4
Funds from net proceeds	1,000	3,000	(2,000)	-67%	5
	3,653	3,875	(222)	-6%	
Disbursements					
Payroll	1,157	1,378	221	16%	6
Purchases	662	1,629	967	59%	7
Leases and Obligation under capital leases	11	44	33	75%	8
Professional fees	2,305	2,961	656	22%	9
Transfer to related party - Disbursements	1,489	226	(1,263)	-559%	4
KERP	47	-	(47)	-	10
Sales Taxes - Payment	36	36	-	-	11
	5,707	6,274	567	9%	
Net cash flow	(2,054)	(2,399)	345		
Net cash (Shortfall) - Beginning - Xebec	3,169	3,169	-		
Net cash (Shortfall) - Ending - Xebec	1,115	770	345		
<u>Net cash (shortfall) related to Purchasers in the petitioners bank accounts</u>					
Xebec Adsorption Inc.	32	-	32		12
XBC Flow Services - Wisconsin Inc.	23	-	23		12
	55	-	55		
Net cash (Shortfall) - Ending - Including Purchasers	1,170	770	400		

Trust Account Budget-to-Actual Analysis ("BTA") In \$000s CAD	For the 18-week period ended Sep 16, 2023				
	Actual	Projections	Var. (\$)	Var. (%)	Notes
Collections					
Proceeds from transactions - Trust	250	-	250	-	13
Sales taxes - Collection	23	-	23	-	13
Interests collections and other revenues	281	-	281	-	14
	554	-	554	-	
Disbursements					
KERP - Trust	-	45	45	100%	10
Funds from net proceeds - Advance to operation accounts	1,000	3,000	2,000	67%	5
	1,000	3,045	2,045	67%	
Foreign Exchange gain (loss)	(14)	-	(14)	-	15
Net cash flow	(460)	(3,045)	2,585	85%	
Net cash (Shortfall) - Beginning	17,075	17,075	-	-	
Net cash (Trust accounts) - Ending	16,615	14,030	2,585		
Funds held in reserve not included in the Net Cash (Trust account)	2,447				16
Funds held in reserve not included in the Net Cash (Trust account)	261				16
Total cash under the control of the Monitor	19,323				

Appendix H – Actual Cash-flow (cont'd)

Consolidated - North America

Notes on Budget-to-Actual Analysis ("BTA")

For the 18-week Period ended Sept 16, 2023 (the "Period")

Note 1	Sales from operation	Collections of sales from operation relate to unbudgeted collections of outstanding accounts receivable from entities that were not sold as part of the SISP.
Note 2	Sales Tax - Collection	The favourable variance is mainly due to the collection of unbudgeted sales tax reimbursement of BLA relating to the months of April through June in an amount of \$363K. However, unexpected delays in collecting the refund for the February provincial sales tax in the amount of \$271K reduces the favourable variance that would have been generated.
Note 3	Other Collections	<p>The favourable variance mainly relates to the collection of unbudgeted payment from Western Midstream of \$191K (USD \$142K) in accordance with the Settlement and Mutual Release Agreement (the "Western Agreement"). As per the Western Agreement, Western Midstream was to assume certain accounts payable associated to the purchased assets. In addition, the Western Agreement provides for payment of CAD \$250K, plus 9.25% applicable sales taxes (CAD \$23K), as cash payment for the Western Midstream assets and in consideration of the releases and the consummation of the settlement. This amount of CAD \$273K has been paid to the Monitor's trust account.</p> <p>The balance is explained by funds received by National Bank of Canada pursuant to the expiration date of the Nuberg Engineering LTD letter of credit cash collateral of \$40K CAD (\$30K US).</p>
Note 4	Transfers - related party	Please refer to Appendix <i>Intercompany Transactions</i> of this report for the detailed list of intercompany transfers.
Note 5	Funds from net proceeds	As a direct result of net variances during the 18-week period, transfers of funds required from the net proceeds to Xebec's operations accounts were lower than expected by \$2M.
Note 6	Payroll	Disbursements for payroll were \$0.2M lower than projected during the Period mainly due to certain resignations or certain full-time employees shifting to being part-time employees or consultants paid on an hourly basis as required.
Note 7	Purchases	Disbursements for purchases were lower than projected during the Period due to the timing of some disbursements, favourable permanent variance relating to certain payables assumed by Western Midstream and credits received by insurers in the US.
Note 8	Leases and Obligation under capital leases	The favourable variance of \$33K relates to the termination of the XSU rent which occurred earlier than projected.
Note 9	Professional fees	The favourable variance is mainly the result of the timing of payments to the professionals.
Note 10	KERP	The KERP payments have been made from the Xebec's operation accounts despite the Court order authorizing that they be paid out of the net transaction proceeds held by the Monitor. If needed for liquidity reasons, these funds could be transferred out of the net transaction proceeds to the bank account of the Petitioners.

Appendix H – Actual Cash-flow (cont'd)

Consolidated - North America
Notes on Budget-to-Actual Analysis ("BTA") (cont'd)
For the 18-week Period ended Sept 16, 2023 (the "Period")

Note 11	Sales tax payments	Unbudgeted sales tax payments were made for CAL and UEC. In addition, Management is still reviewing the tax declaration of certain entities which delayed budgeted payment of \$36K.
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Note 12	Net cash (shortfall) pertaining to Purchasers	<p>Petitioners whose assets were sold have been receiving funds on behalf of the buyers. Periodically, Management remits the funds to the buyers' new bank accounts after reviewing the transactions. The Monitor and Management are in the process of finalizing final transfers.</p> <p>Note that most of the Petitioners' bank accounts have been closed by Management, except for the bank accounts of BLA, XSU and AIR to finalize the administration of the CCAA.</p>
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Note 13	Proceeds from transactions (inc. Sales taxes) - trust	During the Period, the Monitor received unbudgeted amounts of \$273K relating to the Western transaction (\$250K including applicable taxes of \$23K which will be remitted).
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Note 14	Interests collections and other revenues - Trust	Other Collections are mainly composed of interest revenues.
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Note 15	Foreign Exchange	Represent the foreign exchange variance between CAD and USD during the Period for the funds held in USD in the Monitor's trust account.
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Note 16	Funds held in reserve	<p>Pursuant to the Order Directing Payment in Trust to the Court-Appointed Monitor rendered on March 16, 2023, funds totalling \$2.4M in relation to the Letter of Credit OGU58735 (the "LRNG LC") are currently held as a reserve in a distinct trust account until determination of the parties' respective rights under the LRNG LC is made in a final judgment of a Court or other forum having jurisdiction or until an agreement is entered into by the parties.</p> <p>Consequent to the condition precedent to the Initial Advance in the Third Interim Financing Term Sheet, a payment in an amount of \$256K was made in a trust account maintained by the Monitor, representing the professional fees of NBC's advisors that were paid out of the proceeds from the Xebec UK/Tiger transaction.</p> <p>Following discussions held between the Petitioners, Xebec UK, the Monitor, EDC and NBC, it was agreed that all of the proceeds held by NBC in its suspense account and the NBC Fees Amount held in the Monitor's trust account would be paid to EDC, as a direct reduction of the EDC PSG Guarantee Subrogation Claim. The Monitor has been involved with the Petitioners, Xebec UK, NBC and EDC in the drafting and negotiation of an agreement in respect of the release of the aforementioned surplus funds (the "Suspense Account Agreement"). The Suspense Account Agreement remains to be finalized.</p>
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Appendix I - Cash-flow statement

Consolidated - North America

Weekly cash flow transactions

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
For the week ending	23/Sep/23	30/Sep/23	7/Oct/23	14/Oct/23	21/Oct/23	28/Oct/23	4/Nov/23	11/Nov/23	18/Nov/23	25/Nov/23	2/Dec/23	9/Dec/23	16/Dec/23	
In 000 CAD - Week #	1	2	3	4	5	6	7	8	9	10	11	12	13	W1 - W13
Collections														
Sales Tax - Collections	-	-	-	271	-	115	-	-	-	-	-	-	-	386
Funds from net proceeds	-	1,000	-	-	-	-	1,000	-	-	-	-	-	-	2,000
Collections - Total	-	1,000	-	271	-	115	1,000	-	-	-	-	-	-	2,386
Disbursements														
Payroll	-	105	-	105	-	105	-	105	-	97	-	97	-	614
Payments to service providers	29	64	61	32	54	32	71	32	54	32	61	32	22	576
Professional fees	644	55	255	255	163	163	124	124	87	87	67	67	107	2,198
Sales Taxes - Payment	-	-	-	-	-	-	36	-	-	-	10	-	-	46
Disbursements - Total	673	224	316	392	217	300	231	261	141	216	138	196	129	3,434
Net cash flow - Total	(673)	776	(316)	(121)	(217)	(185)	769	(261)	(141)	(216)	(138)	(196)	(129)	(1,048)
Net Cash (Shortfall) - Beginning	1,115	442	1,218	902	781	564	379	1,148	887	746	530	392	196	1,115
Net Cash (Shortfall) - End	442	1,218	902	781	564	379	1,148	887	746	530	392	196	67	67

Consolidated - Monitor's trust accounts

Weekly cash flow transactions

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
For the week ending	23/Sep/23	30/Sep/23	7/Oct/23	14/Oct/23	21/Oct/23	28/Oct/23	4/Nov/23	11/Nov/23	18/Nov/23	25/Nov/23	2/Dec/23	9/Dec/23	16/Dec/23	
In 000 CAD - Week #	1	2	3	4	5	6	7	8	9	10	11	12	13	W1 - W13
Collections														
Proceeds from transactions - Trust	-	-	500	300	300	300	600	-	-	-	-	-	-	2,000
Interest revenue	-	75	-	-	-	-	75	-	-	-	75	-	-	225
Collections - Total	-	75	500	300	300	300	675	-	-	-	75	-	-	2,225
Disbursements														
Sales Taxes - Payment	-	-	-	-	-	-	23	-	-	-	-	-	-	23
Funds from net proceeds - Advance to operation accounts	-	1,000	-	-	-	-	1,000	-	-	-	-	-	-	2,000
Settlement - Xebec UK Transaction	-	-	420	-	-	-	-	-	-	-	-	-	-	420
Disbursements - Total	-	1,000	420	-	-	-	1,023	-	-	-	-	-	-	2,443
Net cash flow - Total	-	(925)	80	300	300	300	(348)	-	-	-	75	-	-	(218)
Net Cash (Shortfall) - Beginning	16,615	16,615	15,690	15,770	16,070	16,370	16,670	16,322	16,322	16,322	16,322	16,397	16,397	16,615
Net Cash (Shortfall) - End	16,615	15,690	15,770	16,070	16,370	16,670	16,322	16,322	16,322	16,322	16,397	16,397	16,397	16,397

Note: The Monitor's trust accounts opening net cash position of \$16,615K excludes a deposit of \$100K held by the Monitor in trust in relation to the Biostream transaction.

Appendix J

Notes to the Cash-flow statement

NOTE A – PURPOSE

The purpose of these cash-flow projections is to determine the liquidity requirements of the Petitioners 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 industries/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.

Appendix J (cont'd)

Notes to the Cash-flow statement

NOTE D—ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on current bank balances.	X	
<u>Forecast cash receipts:</u>			
Sales taxes - Collection	Based on the latest declarations prepared by Management and the latest communications from the tax authorities.	X	
Funds from Net Proceeds	Based on the <i>Order Authorizing the Use of Net Proceeds to Fund Cash-Flow Requirements</i> issued by the Court on May 24, 2023.	X	
Interest revenue	Based on latest cash balances and the projected interest rate earned on idle cash.	X	
<u>Forecast cash disbursements:</u>			
Payroll	Based on Petitioners' historical payroll reports and on budgeted number of employees.	X	
Payments to service providers	Based on the latest forecasts available prepared by Management.	X	
Professional fees	Management estimate of professional fees to be incurred in the following months for the Monitor, financial advisors and legal services.		X
Sales taxes - Payment	Based on the latest forecasts available prepared by Management.	X	
Settlement - Xebec UK Transaction	Based on the amount payable as per the Settlement Agreement.	X	

**Appendix K – General overview of the remaining milestones
(SUBJECT TO CONTINUED REVIEW AND UPDATE) (FOR INDICATIVE PURPOSES ONLY)**

XEBEC ADSORPTION INC. & AI. General overview of remaining milestones - Key dates As of September 25, 2023				Date		Upcoming																											
				Start	End	Notes	Sep 16	Sep 23	Sep 30	Oct 7	Oct 14	Oct 21	Oct 28	Nov 4	Nov 11	Nov 18	Nov 25	Dec 2	Dec 9	Dec 16	Dec 23	Dec 30	Jan 6	Jan 13	Jan 20	Jan 27	Feb 3	Feb 10					
Notification - Application for an extension of the stay of proceedings, the establishment of a claims process, the authorization to fund cash-flow requirements using the Net Proceeds and the approval of the Biostream/Brightmark Assets Transaction and 10th Monitor's Report					19/May/23																												
Extension Order until September 29 th , 2023, Biostream Transaction Vesting Order, Claims Process Order and authorization to fund cash-flow requirements using the net proceeds.					24/May/23																												
US Order recognizing Claims Process					6/Jun/23																												
Notification - Monitor's Application and Report on Proposed Allocation Method & Intercompany Transaction Report					16/Jun/23																												
Monitor's virtual information session for the creditors on the Proposed Allocation					20/Jun/23																												
Order to Approve Proposed Allocation Plan					29/Jun/23																												
US Order recognizing Proposed Allocation Plan					14/Jul/23																												
Claims Bar Date					24/Jul/23																												
Claims review (3 months)				25/Jul/23	25/Oct/23																												
Hearing - US recognition of Biostream Transaction					5/Oct/23																												
Distribution Scenarios (Waterfall), determination of EDC treatment under the Plan(s) and documentation of materials in connection thereto.				11/Sep/23	10/Oct/23																												
Application for the authorization to file one or more Plan(s) of Arrangement and for the issuance of Creditors' Meeting Order					13/Oct/23																												
Hearing on the authorization to file one or more Plan(s) of Arrangement and Creditors Meeting Order					20/Oct/23																												
US Recognition Order - Filing of one or more Plan(s) Plan of Arrangement and Creditors Meeting Order					3/Nov/23																												
Mailing to the Creditors of one or more Plan(s) Plan of Arrangement and material for the Creditors Meeting					10/Nov/23																												
Creditors' Meeting					30/Nov/23																												
Service of the Motion materials for the Sanction Order					1/Dec/23																												
Sanction Hearing					8/Dec/23																												
US recognition of Sanction Order					22/Dec/23																												
Distribution to creditors				22/Jan/24	16/Feb/24																												