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

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

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

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

Co-Applicant / Principal Secured Creditor

- and -

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

Co-Applicant / Secured Creditor

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

- and -

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

- and -

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

- and -

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

- and -

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

Debtors

- and -

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

Monitor

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

INTRODUCTION

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

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

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

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

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

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

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

- I. Update on Fortress' operations;
- II. The Monitor's activities since the Twenty-Third report;
- III. Fortress' cash flow up to April 15, 2024 (7 weeks);
- IV. Fortress' updated cash flow projections for the period from April 21, 2024, to August 3, 2024;
- V. IQ's request for an extension of the Stay Period; and
- VI. The Monitor's conclusions.

I. UPDATE ON FORTRESS' OPERATIONS

51. Since the Twenty-Third Report:

- (i) Fortress has maintained the Pulp Mill and the Cogen Facility in shutdown mode;
- (ii) Fortress continues to operate the water treatment plant for the benefit of Fortress and the city of Thurso; and
- (iii) Fortress currently employs 12 permanent employees in its Thurso location, which number of permanent employees remained unchanged since the Twenty-Third Report.

Les Pompes Goulds

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

53. As part of the Contemplated Transactions (as defined hereinafter), which are described in more detail in the following section of this report, the treatment of this litigation is still being analyzed in order to determine the proper vehicle to complete the litigation and distribute the proceeds, as the case may be.

Hydro-Québec

54. Since the beginning of the CCAA proceedings, in addition to the weekly prepayments that were required by Hydro-Québec, security deposits were also enforced. As of the date of this report, a security deposit of \$200K is still in possession of Hydro-Québec.

55. It is the Monitor's intention to collect the security deposit in the weeks following the closing date of the transaction as presented in the budget attached to this Twenty-Fourth Monitor's Report (**Appendix C**).

56. The Monitor intends to initiate discussion with Hydro-Québec's legal counsel in the coming weeks in order to provide for the reimbursement of this security deposit.

Other

57. Fortress, with the assistance of the Monitor, has updated its budget for the coming months in order to ensure that Fortress has sufficient liquidity to complete the Contemplated Transactions.
58. The updated budget is expected to allow Fortress to finalize, with the help of the Monitor, the Contemplated Transactions with the parties likely to be involved in the transaction or transactions with respect to all or mostly all of the assets of Fortress (the "**Interested Parties**").

II. MONITOR'S ACTIVITIES SINCE THE LAST REPORT

General

59. Fortress and the Monitor held calls with the Interim Lender on a regular basis in order to update it on cash flow, operations and the discussion with the Interested Parties.
60. The Monitor also informed Fiera on the developments in the CCAA Proceedings.
61. More generally, the Monitor, with the assistance of Fortress, has been responding to questions from various stakeholders as to the status of the CCAA Proceedings.
62. The Monitor has also analyzed the receipts and disbursements transacted through Fortress' bank accounts with the full co-operation of Management.

Solicitation Process

63. As mentioned in the previous report, a short extension, up to May 10, 2024, was sought to allow the Interested Parties, IQ and the MEIE to address the remaining issues regarding the finalization of a MOU with respect to a transaction in respect of certain of Fortress' assets.
64. Since the Twenty-Third Report, discussions and meetings continued intensively allowing Fortress, the MEIE and the Interested Parties to conclude and execute the MOU which sets out, *inter alia*, the general terms, conditions, timeline and structure of the Contemplated Transactions (as defined below).
65. Concurrently with the negotiation and execution of the MOU, the parties also negotiated and executed an amendment to the Exclusivity Agreement (the "**Amended Exclusivity Agreement**") which provides for an extension of the exclusivity period until July 30, 2024. The Amended Exclusivity Agreement also includes a financial commitment regarding monthly payments from one of the Interested Parties in order to partially fund certain maintenance costs as well as expenses relating to the ongoing CCAA proceedings. The financial commitment represents an obligation of one of the Interested Parties to pay a sum of \$1M for the benefit of the Monitor on May 1, 2024, and then \$500K on May 15, 2024, June 15, 2024, and, if necessary, on July 15, 2024, for a total amount that does not exceed \$2.5M.
66. An updated projected timeline of the next steps with regards of the Contemplated Transactions is presented as **Appendix A**.
67. At a very high level, the contemplated transactions (the "**Contemplated Transactions**") would consist of, *inter alia*:
 - (i) The acquisition (by way of credit-bid) of all or substantially all of the Debtor's assets by an entity wholly owned by the MEIE ("**Acquisico**"), subject to this

Court's approval;

- (ii) The conclusion of a lease agreement between Acquisico and the Interested parties in respect of certain of the assets (the "**Designated Assets**"), which agreement would also include, *inter alia*, an option in favour of the Interested Parties to purchase the Designated Assets and certain other assets of Acquisico, subject to certain terms and conditions set forth therein; and
- (iii) The implementation of a project with respect to some of the immovable properties of Fortress.

68. At this time, all parties involved in the process are working towards concluding the Contemplated Transactions by no later than June 22, 2024. The Monitor believes that this timeline is reasonable such that a transaction may be presented for Court approval by the end of June 2024, provided that all pending conditions regarding environmental matters, definitive documentation including the lease agreement and ancillary agreement can be resolved in the coming weeks.

Environmental Matters

- 69. Since the Twenty-Third Report, the Monitor continues to have frequent discussions with the employee responsible for all of the environmental matters in view of establishing whether the proper safeguards and procedures are in place and to identify if any actions are required regarding the environment.
- 70. There has not been any major environmental exceedance or incident during the reporting period that has not been addressed by Fortress and communications with the environmental authorities have taken place in the normal course of business. As of the date of this Twenty-Fourth Report, the Monitor has not been made aware of any issues that would necessitate immediate actions.

III. FORTRESS' CASH FLOW UP TO APRIL 20, 2024 (7 WEEKS)

- 71. Fortress' financial performance highlights for the period from March 3, 2024, to April 20, 2024, are presented in the Actual Cash Flow annexed hereto as **Appendix B**. The Monitor's comments on Fortress' financial performance during this period are the following:
 - (i) compared with the initial statement of projected cash flow presented to the Court in the Twenty-Third Report on March 14, 2024 (the "**Initial Cash Flow Statement**"), Fortress experienced an unfavorable variance of \$28K in cash inflows mainly explained by:
 - i. an unfavorable variance of \$28K in GST & QST refunds. This variance is temporary and due to the lower level of disbursements.
 - (ii) compared with the Initial Cash Flow Statement, Fortress experienced a favorable variance of \$1.4M in cash outflows. The variance is primarily attributable to:
 - i. a favorable variance of \$581K in the Key Employee Retention Plan. This variance is strictly due to timing as no triggering event has occurred during the period;
 - ii. a favorable variance of \$581K in environmental assessment. This variance is strictly due to timing and will be paid in the following weeks;
 - iii. a favorable variance of \$179K in professional fees. This favorable variance is mainly due to timing as some services have not yet been invoiced;
 - iv. a favorable variance of \$98K in Hydro-Québec. This variance is explained by the fact that Hydro-Québec required prepayments that were higher than the level of consumption for the previous month, creating a credit on the last invoice;

- v. a favorable variance of \$120K in vacations. This variance is strictly due to timing as no layoffs occurred during the period; and
 - vi. an unfavorable variance of \$58K in operations disbursements. This variance is mainly explained by the facts that more work on the site was required than initially budgeted.
- (iii) compared with the Initial Cash Flow Statement, Fortress experienced a net favorable variance of approximately \$1.3M, as explained, mainly related to favorable timing differences.

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

IV. OVERVIEW OF THE 15-WEEK CASH FLOW PROJECTIONS

73. Fortress, with the assistance of the Monitor, prepared the statement of projected cash flow (the "**Cash Flow Statement**") for the 15-week period from April 21, 2024, to August 3, 2024 (the "**Cash Flow Period**") for the purpose of projecting Fortress' estimated need for liquidities during the Cash Flow Period. A copy of the Cash Flow Statement is attached as **Appendix C** to this Twenty-Fourth Report.

74. Fortress is currently limiting its activities to the bare minimum. The Cash Flow Statement has been prepared to reflect the Cold Idle Plus Scenario.

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

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

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

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

78. Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no opinion as to whether the projections in the Cash Flow Statement will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report. Neither does the Monitor

express any opinion as to the performance of Fortress' statutory obligations with regard to projected payments to be made in accordance with the Cash Flow Statement, *inter alia* the payment of wages, the Government remittances and the payroll deductions to be made by Fortress.

79. The Cash Flow Statement has been prepared solely for the purpose described in the Notes to the Cash Flow Statement, and readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.
80. Based on the projections for the period ending August 3, 2024, Fortress will have sufficient funds to cover the expected disbursements during this period with the financial support of one of the Interested Parties. An increase in the Interim Financing Facility is therefore not required as appears from the projections attached as **Appendix C**.
81. Management has advised the Monitor that it believes that the forecast reflected in the Cash Flow Statement is reasonable.
82. This Cash Flow Statement allows Fortress to continue to implement the Cold Idle Plus Scenario that will limit Fortress' expenses for the coming weeks to the bare minimum while maintaining the water treatment for the benefit of the city of Thurso and the fire service for neighbouring businesses.
83. The Cash Flow Statement demonstrates that, absent the financial support from one of the Interested Parties, Fortress will not have sufficient funds in order to comply with its obligations until the end of the extension of the Stay Period requested.
84. Furthermore, the financial support from the Potential Purchaser will provide assurance to the employees and suppliers towards which Fortress will incur obligations during the requested extension of the Stay Period that they will be paid in the normal course.

V. REQUEST FOR EXTENSION OF THE STAY OF PROCEEDINGS

85. IQ is seeking an extension of the Stay Period until and including July 30, 2024, in order to allow the parties to conclude a transaction with respect of Fortress' assets.
86. The Monitor is informed that Fortress intends to continue to pay post-filing amounts owed to its trade creditors for services rendered and goods provided in the normal course of business during the CCAA Proceedings.
87. As described in this Twenty-Fourth Report, the Cash Flow Statement indicates that Fortress should have sufficient liquidity to continue to meet its obligations in the ordinary course of business without an additional increase to the Interim Financing Facility.

VI. THE MONITOR'S CONCLUSIONS

88. Given the execution of the MOU and the Amended Exclusivity Agreement, the Monitor remains optimistic and believes that the Contemplated Transactions remains the optimal solution in repurposing the assets of Fortress and developing a promising project for the Thurso region and its population.
89. The Monitor believes that Fortress should be granted the continued benefit from the protection available pursuant to the CCAA in the form of the proposed order sought by IQ since same would provide Fortress with the opportunity to maintain its assets while the Contemplated Transactions are finalized. In parallel, the Monitor will work with Fortress and IQ to review available alternatives which could be implemented should the parties fail finalizing the Contemplated Transactions in the coming weeks.

90. As noted above, the current Stay Period expires on May 10, 2024. The requested extension of the Stay Period is necessary to allow Fortress and its stakeholders to finalize the Contemplated Transactions. The Monitor is of the view that, at this time, there is no other alternative which is more suitable to address such challenges than the continuation of the CCAA proceedings and, to the contrary, terminating the CCAA proceedings would further complicate matters for Fortress and its stakeholders.
91. Based on the information presently available, the Monitor believes that Fortress' creditors will not be materially prejudiced by the proposed extension of the Stay Period.
92. The Monitor confirms that there is no further material development to report in this matter at this time, other than what is provided for in this Twenty-Fourth Report of the Monitor.
93. The Monitor believes that Fortress and IQ have acted, and continue to act, in good faith and with due diligence.
94. The Monitor respectfully submits to the Court this, its Twenty-Fourth Report.

DATED AT MONTREAL, this 8th day of May 2024.

DELOITTE RESTRUCTURING INC.

In its capacity as Court-Appointed Monitor of Fortress



Jean-François Nadon, CPA, CIRP, LIT
President



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

Appendix A

APPENDIX A

FORTRESS GLOBAL ENTERPRISES INC & AL.

Projected transaction timeline

As of May 7, 2024

	May				June				July				
Week ending :	2024-05-04	2024-05-11	2024-05-18	2024-05-25	2024-06-01	2024-06-08	2024-06-15	2024-06-22	2024-06-29	2024-07-06	2024-07-13	2024-07-20	2024-07-27
A. TRANSACTION													
FINALIZATION OF THE MEMORANDUM OF UNDERSTANDING AND PAYMENT OF THE FIRST MONTHLY COMPENSATION	COMPLETED												
FINALIZATION OF THE LEASE FOR THE RENTAL OF THE SITE													
IDENTIFICATION AND DELIMITATION OF THE SITE (included and excluded assets)													
COMPLETION OF THE PHASE II ENVIRONMENTAL STUDY													
GOVERNMENT APPROVAL													
FINAL DOCUMENTATION AND APPROVAL													
COURT APPROVAL													
EXECUTION OF THE LEASE													
SALE & TRANSFER OF ASSETS													
B. ASSETS NOT COVERED BY THE TRANSACTION													
POMPES GOULDS LITIGATION													

General note: This projected timeline has been prepared based on the current stage of discussion as of the date of this report and may vary

Appendix B

APPENDIX B

Fortress Global Entreprises

Budget-to-Actual Analysis for the 7-week period ended April 20, 2024

(in \$000 CAD)

	For the 7-week period ended April 20, 2024				Note
	Actual	Budget	Var (\$)	Var (%)	
Consolidated Receipts					
DIP	700	700	-	0%	
GST & QST refunds	51	79	(28)	-35%	Note 1
Total - Receipts	751	779	(28)	-4%	
Disbursements					
Key Employee Retention Plan (KERP)	-	581	581	100%	Note 2
Environmental site assessment	-	356	356	100%	Note 3
Professional fees	171	350	179	51%	Note 4
Hydro-Québec	186	284	98	35%	Note 5
Payroll	194	200	6	3%	
Municipal taxes	154	200	46	23%	
Cold Idle Plus	124	172	48	28%	
Vacations	-	120	120	100%	Note 6
Chemical removal and remediation	108	107	(1)	-1%	
Trade payables - Operation	114	56	(58)	-104%	Note 7
Insurance	5	5	-	0%	
Total - Disbursements	1,056	2,431	1,375	57%	
Change in Cash-Flow	(305)	(1,652)	1,347	82%	
Net cash (Shortfall) - Beginning	2,555	2,555	-	0%	
Net cash (Shortfall) - Ending	2,250	903	1,347	149%	

APPENDIX B (con't)

Fortress Global Entreprises Notes on Budget-to-Actual Analysis

For the 7-week period ended April 20, 2024

Note 1	GST & QST refunds	The GST and QST refunds were \$28K lower than the budgeted \$79K. This variance is temporary and due to the lower level of disbursements during the period.
Note 2	KERP	The favorable variance of \$581K in the Key Employee Retention Plan is strictly due to timing as no triggering event has occurred during the period.
Note 3	Environmental site assessment	The favorable variance of \$356K in environmental assessment is strictly due to timing and will be paid in the following weeks.
Note 4	Professional fees	Disbursements for professional fees were \$179K below the budgeted amount of \$350K. This favorable variance is due to timing as some services have not yet been invoiced.
Note 5	Hydro-Québec	The favorable variance of \$98K in Hydro-Québec disbursements is explained by the fact that Hydro-Québec required prepayments that were higher than the level of consumption for the previous month creating a credit on the last invoice.
Note 6	Vacations	The favorable variance of \$120K in vacations is strictly due to timing as no layoffs occurred during the period.
Note 7	Trade payable - Operation	The disbursements for the operations of \$114K were \$58K higher than the budgeted \$56K. This unfavorable variance is mainly explained by the facts that more work on the site was required than initially budgeted.

Appendix C

APPENDIX C

Fortress Global Enterprises

Consolidated Cash-Flow

For the 15-week period ending August 3, 2024

Consolidated (\$000)	Period ending	Actual 27-Apr-24	Forecast 04-May-24	Forecast 11-May-24	Forecast 18-May-24	Forecast 25-May-24	Forecast 01-Jun-24	Forecast 08-Jun-24	Forecast 15-Jun-24	Forecast 22-Jun-24	Forecast 29-Jun-24	Forecast 06-Jul-24	Forecast 13-Jul-24	Forecast 20-Jul-24	Forecast 27-Jul-24	Forecast 03-Aug-24	15-week Total
Receipts																	
Amended Exclusivity Agreement financing		-	-	1,000	500	-	-	-	500	-	-	-	-	500	-	-	2,500
GST & QST refunds		-	40	21	-	-	-	-	59	-	-	-	115	-	-	-	235
Deposit reimbursement from Hydro-Québec		-	-	-	-	-	-	-	-	-	-	-	-	-	200	-	200
Total - Receipts		-	40	1,021	500	-	-	-	559	-	-	-	115	500	200	-	2,935
Disbursements																	
Professional fees		-	218	170	120	50	50	50	50	50	50	50	50	50	50	150	1,158
Environmental site assessment		-	-	356	-	-	-	-	534	-	-	-	-	-	-	-	890
Key Employee Retention Plan (KERP) [1]		-	-	-	-	-	-	-	-	581	-	-	-	-	-	-	581
Payroll		74	16	53	-	53	34	53	-	53	10	85	-	43	-	10	484
Hydro-Québec		38	38	28	28	28	28	28	28	28	-	-	-	-	-	-	272
Cold Idle Plus		4	5	58	58	58	58	58	58	58	-	-	-	-	-	-	415
Municipal taxes		-	-	-	-	-	-	120	-	-	-	-	-	-	-	-	120
Trade payables - Operation		11	8	8	8	8	8	8	8	8	8	8	8	8	8	4	119
Vacations [1]		-	-	-	-	-	-	-	-	120	-	-	-	-	-	-	120
Land surveying		-	-	50	-	-	65	-	-	-	-	-	-	-	-	-	115
Engineering costs - landslide		-	68	-	-	-	-	-	50	-	-	-	-	-	-	-	118
Insurance		-	-	5	-	-	5	-	-	-	-	5	-	-	-	5	20
Total - Disbursements		127	353	728	214	197	248	317	728	898	68	148	58	101	58	169	4,412
Change in Cash-Flow		(127)	(313)	293	286	(197)	(248)	(317)	(169)	(898)	(68)	(148)	57	399	142	(169)	(1,477)
Net cash (Shortfall) - Beginning		2,250	2,123	1,810	2,103	2,389	2,192	1,944	1,627	1,458	560	492	344	401	800	942	2,250
Net cash (Shortfall) - End		2,123	1,810	2,103	2,389	2,192	1,944	1,627	1,458	560	492	344	401	800	942	773	773

Note 1: Please note that these disbursements must be paid to certain employees in the event of the closure of the company or a transaction.

NOTES TO THE CASH-FLOW STATEMENT

NOTE A – PURPOSE

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

NOTE B

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

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

NOTE C - DEFINITIONS

(1) CASH-FLOW STATEMENT:

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

(2) HYPOTHETICAL ASSUMPTIONS:

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

(3) PROBABLE ASSUMPTIONS:

Means assumptions that:

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

(4) SUITABLY SUPPORTED:

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

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

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

NOTE C - ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on current bank balances	X	
<u>Forecast cash receipts:</u>			
Amended Exclusivity Agreement financing	Based on the Amended Exclusivity Agreement	X	
QST & GST refunds	Based on the level of receipts and disbursements budgeted	X	
<u>Forecast cash disbursements:</u>			
Professional fees	Management estimate of professional fees to be incurred in the following months for monitor and legal services.		X
Environmental site assessment	Estimate of disbursements required by Fortress based on estimates from external advisors	X	
KERP	Based on the calculations approved during these CCAA Proceedings	X	
Payroll	Based on the Company's historical payroll reports and on the budgeted number of employees	X	
Hydro-Québec	Monthly estimate of disbursements required based on historical costs	X	
Cold Idle Plus	Estimate of disbursements required based on Fortress' knowledge and estimated from external advisors		X
Municipal taxes	Based on historical costs	X	
Trade payables – Operation	Weekly estimate of disbursements required based on historical costs	X	
Vacations	Based on the Company's historical payroll reports and on the budgeted number of employees	X	
Land surveying	Estimate of disbursements required based on Management's estimation and discussions with external experts		X
Engineering costs - landslide	Estimate of disbursements required based on Management's estimation and discussions with external experts		X
Insurance	Based on historical costs	X	