

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN
OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO
LI-CYCLE HOLDINGS CORP., LI-CYCLE CORP., LI-CYCLE AMERICAS CORP.,
LI-CYCLE U.S. INC., LI-CYCLE INC., AND LI-CYCLE NORTH AMERICA HUB, INC.

THIRD REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

JULY 4, 2025

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APPENDICES

Appendix A – Second Report of the Monitor dated June 6, 2025 (without appendices)

1.0 INTRODUCTION

- 1.1 On May 14, 2025, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made an initial order (the “**Initial Order**”) granting Li-Cycle Holdings Corp. (“**Holdings**”), Li-Cycle Corp., Li-Cycle Americas Corp., Li-Cycle U.S. Inc., Li-Cycle Inc., and Li-Cycle North America Hub, Inc. (collectively, the “**Applicants**”) certain relief pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The proceedings commenced thereby are referred to herein as the “**CCAA Proceedings**”. Among other things, the Initial Order appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor of the Applicants in the CCAA Proceedings (in such capacity, the “**Monitor**”).
- 1.2 On May 22, 2025, the Applicants obtained an amended and restated Initial Order (the “**ARIO**”) which, among other things, approved: (i) the DIP Facility and the DIP Term Sheet, which was amended on May 22, 2025 (each, as defined in the Second Report (as defined below)); (ii) the KERP (as defined in the Second Report); and (iii) the extension of the Stay Period (as defined in the ARIO) to and including July 7, 2025.
- 1.3 Also on May 22, 2025, the Applicants obtained a sale and investment solicitation process order (the “**Sale Process Order**”) which, among other things: (i) approved the sale and investment solicitation process (the “**SISP**”); and (ii) authorized and approved the execution by the Applicants of the equity and asset purchase agreement dated May 14, 2025 among all of the Applicants except Li-Cycle Inc. and Glencore Canada Corporation (“**Glencore**”, or the “**Stalking Horse Bidder**”), which was amended on May 22, 2025 (as amended, the “**Stalking Horse Agreement**”), and approved the Stalking Horse Agreement

for the purposes of acting as the “stalking horse bid” in the SISP (the “**Stalking Horse Bid**”).

- 1.4 On June 9, 2025, the Court issued an order (the “**Priority Claims and Cure Amounts Procedure Order**”) approving a procedure for the identification and resolution of Priority Claims¹ (the “**Priority Claims Procedure**”) and the determination of Cure Amounts under certain Assumed Contracts (each as defined in the Stalking Horse Agreement) (the “**Cure Amounts Procedure**”).
- 1.5 The Applicants are comprised of the North American entities of the broader Li-Cycle group of companies (the “**Li-Cycle Group**”), which includes the European and Asian subsidiaries of Holdings, but which are non-Applicant subsidiaries and are not part of the CCAA Proceedings. The Li-Cycle Group is a global lithium-ion battery resource recovery company headquartered in Toronto, Ontario.
- 1.6 The CCAA Proceedings were commenced as part of a larger coordinated restructuring of the Li-Cycle Group. On May 14, 2025, following the granting of the Initial Order, the Chief Restructuring Officer (the “**CRO**”), in its capacity as foreign representative (the “**Foreign Representative**”), obtained an Order granting provisional relief from the United States Bankruptcy Court for the Southern District of New York (the “**US Bankruptcy Court**”).

¹ “**Priority Claim**” is defined in the Priority Claims and Cure Amounts Procedure Order as any indebtedness, liability, obligation or claim of any kind whatsoever against the Applicants’ Property and/or the Transferred Equity Interests that ranks in priority to the Secured Lender Claims (as defined in the Priority Claims and Cure Amounts Procedure Order), but excluding any indebtedness, liability, obligation or claim secured by a Court ordered charge pursuant to the Initial Order or any other Order within the CCAA Proceedings.

- 1.7 On May 23, 2025, the Foreign Representative also sought and obtained orders, on a final basis, from the US Bankruptcy Court, among other things, recognizing the CCAA Proceedings as “foreign main proceedings” and giving full force and effect to the CCAA Proceedings, the ARIO and the Sale Process Order in the United States under Chapter 15 of the United States Bankruptcy Code (the “**Chapter 15 Proceedings**”, and together with the CCAA Proceedings, the “**Restructuring Proceedings**”).
- 1.8 In connection with the CCAA Proceedings, A&M, then in its capacity as proposed monitor, filed and served the Pre-Filing Report of the Proposed Monitor dated May 13, 2025. The Monitor has also provided the Court with the First Report of the Monitor dated May 21, 2025 (the “**First Report**”), the Supplement to the First Report dated May 22, 2025, and the Second Report of the Monitor dated June 6, 2024 (the “**Second Report**”) (collectively, the “**Prior Reports**”). The Prior Reports and other Court-filed documents in the Restructuring Proceedings are available on the Monitor’s case website at: www.alvarezandmarsal.com/licycle (the “**Case Website**”). A copy of the Second Report (without appendices) is also attached hereto as **Appendix “A”**.
- 1.9 The purpose of this third report of the Monitor (this “**Third Report**”) is to provide the Court with information, and where applicable, the Monitor’s view on:
- (i) the relief sought by the Applicants pursuant to the proposed Order (the “**Stay Extension Order**”) seeking an extension of the Stay Period until and including July 14, 2025;
 - (ii) an update in respect of the SISP;

- (iii) an update on the Priority Claims Procedure and the Cure Amounts Procedure;
- (iv) the Applicants' cash flow results for the five-week period ended June 20, 2025; and
- (v) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Third Report, A&M, in its capacity as Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by the Applicants, and has held discussions with management of the Applicants, the CRO, the CFO, Maplebriar and the Financial Advisor (each as defined in the First Report), and the Applicants' legal counsel (collectively, the "**Information**"). Except as otherwise described in this Third Report in respect of the Cash Flow Forecast (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 the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the *Chartered Professional Accountants Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
- (ii) some of the information referred to in this Third Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

2.2 Future oriented financial information referred to in this Third Report was prepared based on the Applicants' management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results may vary from the projections, even if the assumptions materialize, and the variations could be significant.

2.3 This Third Report should be read in conjunction with the affidavit of William E. Aziz, sworn July 1, 2025 (the "**Third Aziz Affidavit**"), filed in support of the relief sought by the Applicants under the CCAA. Capitalized terms used but not defined in this Third Report shall have the meanings given to such terms in the Third Aziz Affidavit, as applicable.

2.4 Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars ("**USD**").

3.0 SALE PROCESS UPDATE²

3.1 A comprehensive overview of the SISP and the Stalking Horse Agreement is provided in Section 5.0 of the First Report, including a description of the activities conducted by the Financial Advisor, with the assistance of the Applicants and the Monitor, in connection with the commencement of the SISP.

3.2 Information in respect of the remaining steps taken and the outcomes achieved in the SISP will be provided by the Monitor in a subsequent report that will be filed in association with,

² Capitalized terms used and not defined in this section of the Third Report have the meanings ascribed to them in the SISP.

and at such time as, the Applicants' motion for a sale approval order in respect of the transactions (the "**Transaction**") contemplated by the Stalking Horse Agreement.

3.3 In summary, and as set out in the Third Aziz Affidavit, following the Phase 2 Bid Deadline, the Applicants, with the assistance of the Financial Advisor and the Monitor, selected the Stalking Horse Bid as the highest and best bid (the "**Successful Bid**") in the SISP.

3.4 In addition to the selection of the Stalking Horse Bid as the Successful Bid, the Applicants also selected three other bids to act as Back-Up Bids, each of which are for different "Spoke" assets. The Back-Up Bids remain subject to Court approval and will only be utilized if the Transaction fails to close.

3.5 The Applicants are currently working with the Stalking Horse Bidder to finalize the steps necessary to seek approval of and complete the Transaction and anticipate returning to Court in the near term to seek further relief relating to, among other things, the Stalking Horse Bid.

4.0 THE PRIORITY CLAIMS AND CURE AMOUNTS PROCEDURES³

4.1 The Priority Claims Procedure and the Cure Amounts Procedure are described in detail in the Second Report.

4.2 The Monitor received: (i) seven Proofs of Priority Claim and four Notices of Dispute of Priority Claim with respect to Statements of Negative Notice Priority Claims in advance of the Priority Claims Bar Date on June 24, 2025 at 5:00 p.m. (Toronto time) in the Priority

³ Capitalized terms used and not defined in this section of the Third Report have the meanings ascribed to them in the Priority Claims and Cure Amounts Procedure Order.

Claims Procedure; and (ii) 42 Cure Amounts Objection Notices in advance of the Cure Amounts Objection Deadline, also on June 24, 2025 at 5:00 p.m. (Toronto time) in the Cure Amounts Procedure. The Monitor also received one Cure Amounts Objection Notice on June 25, 2025, after the Cure Amounts Objection Deadline.

- 4.3 In accordance with the provisions of the Priority Claims and Cure Amounts Procedure, the Monitor, in consultation with the Applicants, the CRO and the Stalking Horse Bidder is reviewing the Proofs of Priority Claim, the Notices of Dispute of Priority Claim, and the Cure Amounts Objection Notices received and will provide further information in respect of same in its next report.

5.0 CASH FLOW RESULTS RELATIVE TO FORECAST

- 5.1 Receipts and disbursements for the cumulative five-week period ended June 20, 2025 (the “**Reporting Period**”), as compared to the cash flow forecast attached as Appendix “D” to the First Report (the “**Cash Flow Forecast**”), are summarized in the table below.

Cash Flow Variance Report		Cumulative Five-Week Period Ended June 20, 2025	
<i>(USD \$000's, Unaudited)</i>	<u>Actual</u>	<u>Forecast</u>	<u>Variance</u>
Receipts	698	1,423	(725)
Disbursements			
Operating and Holding Costs	1,016	1,982	966
Occupancy Costs	841	747	(95)
Salaries and Benefits	852	946	94
Professional Fees	4,657	4,529	(128)
KERP Pre-Funding	1,300	1,300	-
APAC Intercompany Settlement	50	-	(50)
Wind-Down Reserve	-	-	-
DIP Interest	-	14	14
Total Disbursements	8,716	9,518	802
Net Cash Flow	(8,017)	(8,095)	77
Opening Cash Balance	4,887	4,887	-
Net Cash Flow	(8,017)	(8,095)	77
DIP Draws / (Repayment)	4,292	3,708	584
Closing Cash Balance	1,161	500	661

- 5.2 During the Reporting Period, the Applicants' total receipts were approximately \$725,000 lower than projected in the Cash Flow Forecast. This negative variance is considered timing and is expected to reverse in the coming weeks.
- 5.3 During the Reporting Period, the Applicants' total disbursements were approximately \$802,000 lower than projected in the Cash Flow Forecast. This positive variance is considered timing and expected to reverse in the coming weeks.
- 5.4 On May 30, 2025, in accordance with the ARIO, the Applicants transferred the KERP Funds (as defined in the First Report) in the amount of approximately CAD\$870,000 and \$785,000 into the Monitor's trust account established to hold the KERP Funds.

- 5.5 Overall, during the Reporting Period, the Applicants experienced a positive net cash flow variance of approximately \$77,000, primarily attributable to timing variances in operating and holding costs.
- 5.6 As of June 20, 2025, approximately \$3.7 million was drawn under the DIP Facility, all of which was drawn under the “North American facility” to fund the operations of the North American business and the cost of the CCAA Proceedings. The Applicants’ have not yet drawn any amounts under the “European facility”. See the First Report for additional information regarding the DIP Facility.

DIP Waiver⁴

- 5.7 As summarized in the First Report, the DIP Term Sheet includes the following cash flow related covenants (the “**Cash Flow Covenants**”) requiring that the DIP Loan Parties not permit: (i) total operating disbursements to exceed the Budget by more than 10%; (ii) total professional fees and expenses to exceed the Budget by 10%; and (iii) total collections to be less than 90% of the Budget. These variances are to be tested every two weeks, on a rolling four-week basis, commencing with the four-week period ended June 20, 2025 (the “**Test Period**”).
- 5.8 During the Test Period, the Applicants were in breach of all three of the Cash Flow Covenants. The disbursement related breaches were primarily due to timing variances resulting from a delay in certain disbursements forecast to be made during the first week of the Cash Flow Forecast (the week ended May 23, 2025) which were actually disbursed

⁴ Capitalized terms used in this section and not otherwise defined in the Third Report have the meanings ascribed to them in the DIP Term Sheet.

during the Test Period. Because the DIP Term Sheet does not provide for the roll-forward of positive variances that occurred prior to the Test Period, the Applicants were in breach of the Cash Flow Covenants.

5.9 On June 27, 2025, the DIP Lender granted a waiver for the defaults.

5.10 The Monitor notes that, in contrast to the variance results of the (four-week) Test Period, the Cash Flow Variance table above covering the (five-week) Reporting Period illustrates that while collections have been lower than forecast during the Reporting Period (which would be a breach of the Cash Flow Covenants), disbursements over the five-weeks have generally been in line with forecast, save for professional fees which have been higher than anticipated, primarily due to the contested recognition motion in the Chapter 15 proceedings. At this time, the Applicants anticipate a higher overall cash need over the course of the CCAA Proceedings and have requested an amendment to the DIP Term Sheet to allow the European facility (\$1.5 million) to be used in either North America or Europe, as required, and potentially other amendments, both of which will be discussed in further detail in the Monitor's next report.

6.0 MONITOR'S CONCLUSIONS AND RECOMMENDATION


6.1 The Stay Period currently expires on July 7, 2025, and the Applicants are seeking a short extension of the Stay Period of a week until and including July 14, 2025.

6.2 The Monitor supports the Applicants motion to extend the Stay Period for the following reasons:

- (i) it will provide an extended period to allow the Applicants to continue to advance the closing steps required in relation to the Transaction with the Stalking Horse Bidder;
- (ii) as set out in the Cash Flow Forecast, the Applicants are projected to have sufficient liquidity through to the end of the proposed extended Stay Period;
- (iii) it is intended that a further motion will be brought on July 14, 2025, at which time the Applicants will seek an amendment to the DIP Facility to provide additional funding availability to the CCAA Proceedings and the Chapter 15 Proceedings, and a further stay extension;
- (iv) the Applicants continue to act in good faith and with due diligence; and
- (v) it is not expected that any creditor will be materially prejudiced by the proposed extension of the Stay Period.

All of which is respectfully submitted to this Court this 4th day of July, 2025.

**ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Monitor of Li-Cycle
Holdings Corp., Li-Cycle Corp., Li-Cycle
Americas Corp., Li-Cycle U.S. Inc., Li-Cycle Inc.,
and Li-Cycle North America Hub, Inc. and in no
other capacity**

Per: 

Josh Nevsky
Senior Vice President

Appendix “A”

Second Report of the Monitor dated June 6, 2025 (without appendices)

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN
OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO
LI-CYCLE HOLDINGS CORP., LI-CYCLE CORP., LI-CYCLE AMERICAS CORP.,
LI-CYCLE U.S. INC., LI-CYCLE INC., AND LI-CYCLE NORTH AMERICA HUB, INC.

SECOND REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

JUNE 6, 2025

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APPENDICES

Appendix A – First Report of the Monitor dated May 22, 2025 (without appendices)

Appendix B – Press Release dated June 6, 2026

1.0 INTRODUCTION

1.1 On May 14, 2025 (the “**Filing Date**”), the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made an initial order (the “**Initial Order**”) granting Li-Cycle Holdings Corp. (“**Holdings**”), Li-Cycle Corp., Li-Cycle Americas Corp., Li-Cycle U.S. Inc., Li-Cycle Inc. (“**LCI**”), and Li-Cycle North America Hub, Inc. (collectively, the “**Applicants**”) certain relief pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The proceedings commenced thereby are referred to herein as the “**CCAA Proceedings**”. Among other things, the Initial Order appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor of the Applicants in the CCAA Proceedings (in such capacity, the “**Monitor**”).

1.2 At the comeback hearing held May 22, 2025 (the “**Comeback Hearing**”), the Applicants obtained:

- (i) an amended and restated Initial Order (the “**ARIO**”) which, among other things:
 - (a) authorized the Applicants to obtain and borrow under a debtor-in-possession credit facility (the “**DIP Facility**”) provided by Glencore International AG (in such capacity, the “**DIP Lender**”), in an amount not to exceed \$10.5 million, on terms and subject to conditions set forth in the DIP Term Sheet between the Applicants and the DIP Lender dated May 14, 2025, which was amended on May 22, 2025 (as amended, the “**DIP Term Sheet**”), and granted the DIP Lender’s Charge (as defined in the ARIO);
 - (b) approved a key employee retention plan (the “**KERP**”) and the related KERP Charge (as defined in the ARIO);

- (c) increased the Administration Charge to \$2.5 million, removed a \$1 million limit on the Intercompany Charge imposed in the Initial Order, and granted the Transaction Fee Charge in the amount of \$1 million (each as defined in the ARIO); and
 - (d) extended the Stay Period (as defined in the ARIO) to and including July 7, 2025; and
- (ii) a sale and investment solicitation process order (the “**Sale Process Order**”) which, among other things:
 - (a) approved the sale and investment solicitation process (the “**SISP**”);
 - (b) authorized and approved the Applicants’ execution of the equity and asset purchase agreement dated May 14, 2025 among all of the Applicants except Li-Cycle Inc. (collectively, the “**Sellers**”) and Glencore Canada Corporation (the “**Stalking Horse Bidder**”), which was amended on May 22, 2025 (as amended, the “**Stalking Horse Agreement**”) and approved the Stalking Horse Agreement for the purposes of acting as the “stalking horse bid” in the SISP (the “**Stalking Horse Bid**”); and
 - (c) approved the payment of the Expense Reimbursement and Break Fee (each as defined in the Sale Process Order) (together, the “**Bid Protections**”) to the Stalking Horse Bidder as contemplated by the Stalking Horse Agreement in the event that another transaction is selected as the highest or

best bid (the “**Successful Bid**”) in the SISP, and granted the Bid Protections Charge (as defined in the Sale Process Order).

- 1.3 The Applicants are comprised of the North American entities of the broader Li-Cycle group of companies (the “**Li-Cycle Group**”) which includes the European and Asian subsidiaries of Holdings, which are non-Applicant subsidiaries and are not part of the CCAA Proceedings. The Li-Cycle Group is a global lithium-ion battery resource recovery company headquartered in Toronto, Ontario.
- 1.4 The CCAA Proceedings were commenced as part of a larger coordinated restructuring of the Li-Cycle Group. On May 14, 2025, following the granting of the Initial Order, the Chief Restructuring Officer (the “**CRO**”), in its capacity as foreign representative (the “**Foreign Representative**”), obtained an Order granting provisional relief from the United States Bankruptcy Court for the Southern District of New York (the “**US Bankruptcy Court**”).
- 1.5 On May 23, 2025, the Foreign Representative also sought and obtained orders, on a final basis, from the US Bankruptcy Court, among other things, recognizing the CCAA Proceedings as “foreign main proceedings” and giving full force and effect to the CCAA Proceedings, the ARIO and the Sale Process Order in the United States under Chapter 15 of the United States Bankruptcy Code (the “**Chapter 15 Proceedings**”, and together with the CCAA Proceedings, the “**Restructuring Proceedings**”).
- 1.6 In connection with the CCAA Proceedings, A&M, then in its capacity as proposed monitor, filed and served the Pre-Filing Report of the Proposed Monitor dated May 13, 2025 (the “**Pre-Filing Report**”). The Monitor has also provided the Court with the First Report of the Monitor dated May 21, 2025 (the “**First Report**”) and the Supplement to the First

Report dated May 22, 2025 (the “**Supplement to the First Report**”). The Pre-Filing Report, the First Report, the Supplement to the First Report, and other Court-filed documents in the Restructuring Proceedings are available on the Monitor’s case website at: www.alvarezandmarsal.com/licycle (the “**Case Website**”). A copy of the First Report (without appendices) is also attached hereto as **Appendix “A”**.

1.7 The purpose of this second report of the Monitor (this “**Second Report**”) is to provide the Court with information, and where applicable, the Monitor’s view on:

- (i) the relief sought by the Applicants pursuant to the proposed Priority Claims and Cure Amounts Procedure Order (the “**Priority Claims and Cure Amounts Procedure Order**”), among other things, approving:
 - (a) a procedure for the identification and resolution of Priority Claims (as defined below) against the Applicants (the “**Priority Claims Procedure**”); and
 - (b) a procedure for the determination of Cure Amounts under certain Assumed Contracts (each as defined below) (the “**Cure Amounts Procedure**”);
- (ii) the Applicants’ cash flow results for the two-week period ended May 30, 2025;
- (iii) general updates since the granting of the ARIO;
- (iv) the activities of the Monitor since the date of the First Report; and
- (v) the Monitor’s conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Second Report, A&M, in its capacity as Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by the Applicants, and has held discussions with management of the Applicants, the CRO, the CFO, Maplebriar and the Financial Advisor (each as defined in the First Report), and the Applicants' legal counsel (collectively, the "**Information**"). Except as otherwise described in this Second Report in respect of the Cash Flow Forecast (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 the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the *Chartered Professional Accountants Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
- (ii) some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

2.2 Future oriented financial information referred to in this Second Report was prepared based on the Applicants' management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are

not ascertainable, actual results may vary from the projections, even if the assumptions materialize, and the variations could be significant.

2.3 This Second Report should be read in conjunction with the affidavit of William E. Aziz, sworn June 5, 2025 (the “**Second Aziz Affidavit**”), filed in support of the relief sought by the Applicants under the CCAA. Capitalized terms used but not defined in this Second Report shall have the meanings given to such terms in the Second Aziz Affidavit, as applicable.

2.4 Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars (“**USD**”).

3.0 PRIORITY CLAIMS PROCEDURE

Overview¹

3.1 The Stalking Horse Agreement contemplates that the Stalking Horse Bidder will purchase the Purchased Assets subject to the Permitted Encumbrances (each as defined in the Stalking Horse Agreement), which include all Encumbrances (as defined in the Stalking Horse Agreement) on the Purchased Assets that rank in priority to the Secured Lender Claims². The Monitor understands that the majority of these Permitted Encumbrances

¹ Capitalized terms used but not defined in this section of the Second Report have the meaning ascribed to them in the proposed Priority Claims and Cure Amounts Procedure Order included at Tab 3 of the Motion Record of the Applicants dated June 5, 2025.

² “**Secured Lender Claims**” means all indebtedness, liabilities and obligations owing by the Applicants pursuant: (i) an amended and restated senior secured convertible note issued to the Stalking Horse Bidder by Holdings on March 25, 2024 and amended and restated on January 31, 2025 in the original principal amount of \$81,573,643.75 as of January 31, 2025, and guaranteed by the Applicants (other than Holdings), among others; and (ii) an amended and restated convertible note issued to Glencore Ltd. by Holdings on May 5, 2022 (which was subsequently assigned to the Stalking Horse Bidder) as subsequently amended and restated on March 25, 2024 and January 31, 2025 in the original principal amount of \$124,059,131.32 as of January 31, 2025, and guaranteed by the Applicants (other than Holdings), among others.

relate to liens registered against certain of the Purchased Assets located at the Rochester Hub.

- 3.2 The purpose of the proposed Priority Claims Procedure is to establish a process to determine the value of and resolve all indebtedness, liabilities, obligations or claims of any kind whatsoever against the Applicants' Property and/or the Transferred Equity Interests (as defined in the Stalking Horse Agreement) that ranks in priority to the Secured Lender Claims (excluding any indebtedness, liability, obligation or claim secured by a Court-ordered charge pursuant to the ARIO or any other Order within the CCAA Proceedings, a **"Priority Claim"**). The identification and resolution of Priority Claims is necessary to value the Stalking Horse Bid, and potentially other bids received in the SISP.
- 3.3 The Stalking Horse Agreement also provides the Stalking Horse Bidder with the right to designate assets as Excluded Assets (as defined in the Stalking Horse Agreement) prior to the closing of the transaction contemplated by the Stalking Horse Agreement (with no reduction to the Purchase Price (as defined in the Stalking Horse Agreement))³. To the extent that the Stalking Horse Bidder designates an asset that is subject to a Priority Claim as an Excluded Asset, the Stalking Horse Bidder will not assume responsibility for any associated Priority Claim. Accordingly, the determination and quantum of Priority Claims may affect which assets the Stalking Horse Bidder designates as Excluded Assets. The

³ If the Stalking Horse Bidder elects to designate as Excluded Assets: (i) substantially all of the assets in or at the Rochester Hub, then the Purchase Price shall be increased by \$1,250,000; or (ii) any portion of the Owned Real Property on (a) the lands subject to the Ground Lease Agreement, or (b) located on the lands subject to that certain Amended and Restated Ground Sublease Agreement (each as defined in the Stalking Horse Agreement), then the Purchase Price shall be increased by the reasonable, out-of-pocket costs of the Sellers associated with the liquidation of such Excluded Assets up to a maximum of \$1,250,000.

determination and quantum of Priority Claims may also affect the assets that other potential bidders in the SISP will be willing to include in their bids.

3.4 The Priority Claims Procedure does not and is not intended to provide for a distribution to Priority Creditors but is solely for the purposes of providing a process for submitting and adjudicating Priority Claims.

3.5 The known potential Priority Claims (the “**Known Potential Priority Creditors**”) include:

- (i) the security held by the U.S. Department of Energy;
- (ii) mechanics’ liens registered against the planned commercial-scale hub under development in Rochester, New York (the “**Rochester Hub**”); and
- (iii) registrations pursuant to the *Personal Property Security Act* (Ontario) or the Uniform Commercial Code.

3.6 The proposed Priority Claims and Cure Amounts Procedure Order contemplates: (i) a “negative notice process” (the “**Negative Notice Process**”) in respect of most of the Known Potential Priority Creditors; and (ii) a general notice process (the “**General Notice Process**”) for any other potential Priority Creditors.

3.7 Key steps and timelines in the Priority Claims Process described in the proposed Priority Claims and Cure Amounts Procedure Order are summarized in the table below:

Timeframe	Activity
June 9, 2025	Statements of Negative Notice and Priority Claims Packages to be sent
June 24, 2025	Priority Claims Bar Date (Deadline for Proofs of Priority Claim and any Notices of Dispute of Negative Notice Priority Claims)
June 27, 2025	Monitor to send Notices of Revision or Disallowance of Proofs of Priority Claim.

	This date may be extended by the Monitor in its discretion taking into account, among other things, the nature and quantity of Proofs of Claim received.
7 calendar days after Notice of Revision or Disallowance sent by the Monitor	Deadline for Notices of Dispute of Notice of Revision or Disallowance

Claims

- 3.8 The proposed Priority Claims Process does not apply to any indebtedness, liability, obligation or claim secured by a court ordered charge pursuant to the Initial Order or any other Order within the CCAA Proceedings. Further, no Person needs to submit a Proof of Priority Claim in respect of: (i) a Claim that is captured in a Statement of Negative Notice Priority Claim; (ii) a Claim that is not alleged to be a Priority Claim, including any unsecured claim; and (iii) a claim relating to a time period after the date of the Initial Order and/or not based on facts that existed on or prior to the date of the Initial Order.
- 3.9 No Person asserting a Priority Claim is entitled to submit a placeholder claim or provide for any reservation of rights to add or amend a Proof of Priority Claim at a later date except as specifically provided for in the proposed Priority Claims and Cure Amounts Procedure Order.
- 3.10 Pursuant to the proposed Priority Claims and Cure Amounts Procedure Order, the Monitor is authorized and empowered to assist any Priority Creditor in the filing of a Proof of Claim.

Notice

Negative Notice Process

- 3.11 Pursuant to the Negative Notice Process, the Applicants, in consultation with the Monitor, will prepare a statement (each a “**Statement of Negative Notice Priority Claim**”) for each Negative Notice Priority Claimant setting out: (i) the value of the Negative Notice Priority Claimant’s Negative Notice Priority Claim based on the books and records of the Applicants; (ii) a description of any security in respect of that Negative Notice Priority Claim; and (iii) whether the Negative Notice Priority Claim is subsumed in and duplicative of a Statement of Negative Notice sent to another Negative Notice Priority Claimant (such as a general contractor).
- 3.12 Also pursuant to the Negative Notice Process, the Monitor will send⁴ a document package including: (i) a Statement of Negative Notice Priority Claim; (ii) a Notice of Dispute of Priority Claim form; and (iii) such other materials as the Monitor may consider appropriate or desirable, to each Negative Notice Priority Claimant by June 9, 2025 at 5:00 p.m.
- 3.13 The proposed Priority Claims and Cure Amounts Procedure Order provides that the Monitor:
- (i) is entitled to rely on the books and records and any information provided by the Applicants as well as documentation and information provided by others, including information and documentation provided by the Priority Creditors and Assumed

⁴ by e-mail, or where no known e-mail is available, by prepaid ordinary mail or courier to the last known address as recorded in the Applicants’ books and records.

Contract Notice Parties (as defined below) pursuant to the Priority Claims and Cure Amounts Procedure Order, without independent investigation; and

- (ii) shall not be obligated to give notice to or otherwise deal with a transferee or assignee of a Priority Claim as the Priority Creditor in respect thereof unless: (a) actual written notice of the transfer or assignment, together with satisfactory evidence of a valid transfer or assignment of the Priority Claim, has been received by the Monitor; and (b) the Monitor has acknowledged in writing such transfer or assignment.

General Notice Process

- 3.14 Pursuant to the General Notice Process, the proposed Priority Claims and Cure Amounts Procedure Order provides that the Monitor will send⁵ a document package (the “**Priority Claims Package**”) including: (i) a copy of the Priority Claims and Cure Amounts Procedure Order⁶; (ii) a Proof of Priority Claim Instruction Letter; (iii) a Proof of Priority Claim; and (iv) such other materials as the Monitor may consider appropriate or desirable to: (a) each Person that appears on the Service List; (b) each Person that has claimed to be a Priority Creditor and requested a Priority Claims Package prior to such date; and (c) any Person known to the Applicants or the Monitor as having a potential Priority Claim based on the books and records of the Applicants and any registrations under the *Personal*

⁵ by e-mail, or where no known e-mail is available, by prepaid ordinary mail or courier to the last known address as recorded in the Applicants’ books and records.

⁶ or a hyperlink to the Priority Claims and Cure Amounts Procedure Order on the Case Website.

Property Security Act (Ontario), the Uniform Commercial Code or similar legislation that is not captured in any Statement of Negative Notice Claim.

3.15 Provided that such request is received prior to the Priority Claims Bar Date (as defined below), the Monitor shall also deliver, as soon as practically possible following receipt of a request therefor, a copy of the Priority Claims Package to any Person claiming to be a Priority Creditor and requesting a Priority Claims Package.

3.16 The proposed Priority Claims and Cure Amounts Procedure Order also provides that as soon as possible following the issuance of the Priority Claims and Cure Amounts Procedure Order:

- (i) and by no later than 5:00 p.m. (Toronto time) on June 9, 2025, the Monitor shall post a copy of the Priority Claims and Cure Amounts Procedure Order, with schedules, and a copy of the schedule, prepared by the Applicants, in consultation with the Monitor, that identifies the Priority Claims in respect of each Priority Creditor (which may be nil), as may be updated or amended from time to time (the “**Priority Claims Schedule**”) on the Case Website; and
- (ii) the Monitor shall cause to be published the Notice to Priority Creditors in *The Globe and Mail* (National Edition) and *The Wall Street Journal*.

Priority Claims Bar Date

Negative Notice Process

- 3.17 A Negative Notice Priority Claimant who agrees with the information contained in the Statement of Negative Notice Priority Claim is not required to take any further action.
- 3.18 A Negative Notice Priority Claimant wishing to dispute the information included in the Statement of Negative Notice Priority Claim is required to e-mail to the Monitor a Notice of Dispute of Priority Claim setting out the reasons for the dispute, together with supporting documentation as is necessary to support the dispute, such that it is received by the Monitor by 5:00 p.m. (Toronto time) on June 24, 2025 (the “**Priority Claims Bar Date**”), failing which such Priority Creditor shall be forever barred, estopped and enjoined from asserting or enforcing any such Priority Claim.

General Notice Process

- 3.19 The proposed Priority Claims and Cure Amounts Procedure Order provides that all Priority Creditors asserting a Priority Claim that is not captured in a Statement of Negative Notice Priority Claim are required to e-mail to the Monitor a Proof of Priority Claim, together with supporting documentation as is necessary to establish such Priority Claim, by no later than the Priority Claims Bar Date, failing which such Priority Creditor shall be forever barred, estopped and enjoined from asserting or enforcing any such Priority Claim.

Assessment and Determination of Priority Claims

- 3.20 Pursuant to the proposed Priority Claims and Cure Amounts Procedure Order, the Monitor will review all Proofs of Priority Claim filed on or before the Priority Claims Bar Date and may: (i) accept, revise or disallow (in whole or in part) the amount and/or status of a Priority Claim set out in any Proof of Priority Claim; (ii) request additional information with respect to any Priority Claim; and/or (iii) request that the Priority Creditor file a revised Proof of Priority Claim.
- 3.21 Prior to accepting, settling or disputing any Priority Claim, the Monitor shall consult with the Applicants, the CRO and the Stalking Horse Bidder. If the Monitor determines to revise or disallow a Proof of Priority Claim, the Monitor will send a Notice of Revision or Disallowance to the Priority Creditor on or before June 27, 2025, or such later date as determined by the Monitor in its discretion, taking into account, among other things, the nature and quantity of the Proofs of Priority Claim received.
- 3.22 Any Priority Creditor who intends to dispute a Notice of Revision or Disallowance must e-mail to the Monitor a Notice of Dispute of Priority Claim by no later than 5:00 p.m. (Toronto time) on the date that is seven (7) Calendar Days after the date the Monitor sent the Notice of Revision or Disallowance, or such later date as the Monitor may agree in writing or the Court may order.
- 3.23 If a Notice of Dispute of Priority Claim is received by the Monitor in accordance with the Priority Claims and Cure Amounts Procedure Order, the dispute set out therein shall either be resolved consensually by way of an agreement between the Applicants and the Priority

Creditors, with the consent of the Monitor and in consultation with the Stalking Horse Bidder, or upon further Order of the Court.

Priority Claims Barred

Negative Notice Process

3.24 Should the Negative Notice Priority Claimant fail to take the requisite steps to dispute the Statement of Negative Notice Priority Claim by the Priority Claims Bar Date:

- (i) it shall be deemed to have accepted the amount and status of the Negative Notice Priority Claimant's Priority Claims as set out in the Statement of Negative Notice Priority Claim; and
- (ii) any and all of the Negative Notice Priority Claimant's rights to dispute the amount and status of the Negative Notice Priority Claims as determined in the Statement of Negative Notice Priority Claim or to otherwise assert or pursue the Negative Notice Priority Claims set out in the Statement of Negative Notice Priority Claim other than as they are determined in such Statement of Negative Notice Priority Claim shall be forever extinguished and barred without further act or notification.

General Notice Process

3.25 The proposed Priority Claims and Cure Amounts Procedure Order also provides that if a Priority Creditor who receives a Notice of Revision or Disallowance fails to e-mail to the Monitor a Notice of Dispute of Priority Claim within the required time limit, the amount and status of such Priority Claim shall be deemed to be as set out in the Notice of Revision

or Disallowance and such amount and status, if any, shall constitute such Priority Creditor's Proven Priority Claim. Further, that Priority Creditor will be barred from disputing or appealing same, and the balance of that Priority Creditor's Priority Claim, if any, shall be forever barred and extinguished.

4.0 CURE AMOUNTS PROCEDURE

4.1 The Stalking Horse Agreement contemplates that if the Stalking Horse Bid is the Successful Bid and ultimately closes:

- (i) the Applicants will assign, and the Stalking Horse Bidder (or its designee) (in such case, the “**Buyer**”) will assume the contracts of the Asset Sellers⁷ (the “**Assumed Contracts**”) included in the Sellers' Disclosure Schedule (the “**Assumed Contracts List**”)⁸; and
- (ii) the Buyer will assume liability for the aggregate amount, if any, that is required to be paid to cure any monetary defaults of any of the Applicants under the Assumed Contracts, as determined by: (a) mutual agreement between the applicable Applicant, the Buyer and third-party to the respective Assumed Contracts; or (b) pursuant to section 11.3 of the CCAA (the “**Cure Amounts**”).

4.2 The Purchase Price under the Stalking Horse Agreement includes the assumption by the Buyer of the Assumed Liabilities, including the Cure Amounts. Accordingly, it is necessary

⁷ The Asset Sellers are defined in the Stalking Horse Agreement as Li-Cycle North America Hub, Inc., Li-Cycle Corp., Li-Cycle Americas Corp., Li-Cycle U.S. Inc., and Li-Cycle Holdings Corp.

⁸ The Stalking Horse Agreement provides that at any time prior to closing the Buyer may revise the Assumed Contracts List to add or remove any contract of any Asset Seller. To the extent that a contract is removed from the Assumed Contracts List, it will be an Excluded Asset and no liabilities related to that contract will be assumed by the Buyer.

to finally determine the Cure Amounts for the Assumed Contracts in order to value the Stalking Horse Bid, and potentially other bids received in the SISP.

4.3 The Priority Claims and Cure Amounts Procedure Order does not and is not intended to provide for a distribution to Assumed Contract Notice Parties but is solely for the purposes of providing a process for submitting and adjudicating Cure Amounts.

4.4 The current key steps and timelines described in the proposed Cure Amounts Procedure are summarized in the table below:

Timeframe	Activity
June 6, 2025	Cure Notices to be sent
June 24, 2025	Cure Amounts Objection Deadline

Cure Amounts Notice

4.5 The current proposed Priority Claims and Cure Amounts Procedure Order, among other things, authorizes the Applicants *nunc pro tunc* to send⁹ a notice (the “**Cure Amounts Notice**”) prepared by the Applicants, in consultation with the Monitor, substantially in the form attached to the Second Aziz Affidavit at Exhibit “J”, identifying the Cure Amounts owing under the Assumed Contracts (which may be nil) to all counterparties to each Assumed Contract to which any Asset Seller is a party and is related to, used in or necessary for the operations of the Business (as conducted prior to February 26, 2025) or the construction of the Rochester Hub (each, and “**Assumed Contract Notice Party**”), on or before June 6, 2025. The Monitor understands that there are approximately 1,860 Cure

⁹ by e-mail, or where no known e-mail is available, by prepaid ordinary mail or courier to the last known address as recorded in the Applicants’ books and records.

Amounts Notices to be sent, and given the quantum of potential responses, the Applicants currently intend to send Cure Amounts Notices in advance of the June 9, 2025 hearing or as soon as possible thereafter to provide the Assumed Contract Notice Parties with a longer period by which to file a Cure Amounts Objection Notice if possible.

4.6 The form of Cure Amounts Notice:

- (i) notifies the Assumed Contract Notice Party that it is a counterparty to an Assumed Contract that may be assigned to, and assumed by, the Buyer;
- (ii) attaches the Cure Amounts Schedule (as defined below) and notifies the Assumed Contract Notice Party that if the Priority Claims and Cure Amounts Procedure Order is granted and they wish to dispute the Cure Amounts specified in the Cure Amounts Schedule, they must file a Cure Amounts Objection Notice by the Cure Amounts Objection Deadline (each as defined below); and
- (iii) attaches the Cure Amounts Objection Notice.

4.7 The Cure Amounts Notices indicate that the Priority Claims and Cure Amounts Procedure Order remains subject to approval by the Court and that if the Priority Claims and Cure Amounts Procedure Order is not granted by the Court for any reason, the Cure Amounts Notices will terminate and be null and void and of no effect.

4.8 The proposed Priority Claims and Cure Amounts Procedure Order provides that as soon as possible following the issuance of the Priority Claims and Cure Amounts Procedure Order and by no later than 5:00 p.m. (Toronto time) on June 9, 2025, the Monitor shall post a copy of the schedule prepared by the Applicants, in consultation with the Monitor, which

identifies the Cure Amounts owing under the Assumed Contracts with each Assumed Contract Notice Party (which may be nil) (the (“**Cure Amounts Schedule**”) to the Case Website.

Cure Amounts Objection Deadline

- 4.9 Any Assumed Contract Notice Party that wishes to dispute the Cure Amounts set forth in its Cure Amounts Notice must e-mail to the Monitor an objection notice in the form attached to the Priority Claims and Cure Amounts Procedure Order (a “**Cure Amount Objection Notice**”) such that it is received by 5:00 p.m. (Toronto time) on June 24, 2025 (the “**Cure Amounts Objection Deadline**”).

Assessment and Determination of Cure Amounts

- 4.10 If any Cure Amount Objection Notice is received by the Monitor by the Cure Amounts Objection Deadline, the Applicants, in consultation with the Monitor and the Stalking Horse Bidder, will seek to resolve any such objections either consensually by way of an agreement between the applicable Applicants and the Assumed Contract Counterparty (provided that any such resolutions with respect to any Assumed Contract are consented to by the Monitor and acceptable to the Stalking Horse Bidder), or upon further order of the Court.

Cure Amounts Barred

- 4.11 The proposed Priority Claims and Cure Amounts Procedure Order provides that any Assumed Contract Notice Party that does not wish to dispute the Cure Amounts (which may be nil) set forth in the Cure Amounts Notice delivered to them is not required to take

any further action and the Cure Amount set out in the Cure Amounts Notice shall be deemed to be the Cure Amount payable to that Assumed Contract Counterparty pursuant to the Stalking Horse Agreement and any other Successful Bid or Back-Up Bid.

- 4.12 Where an Assumed Contract Notice Party does not e-mail a Cure Amount Objection Notice to the Monitor by the Cure Amounts Objection Deadline, that Assumed Contract Notice Party shall be forever barred from disputing the Cure Amount set forth in its Cure Amounts Notice which shall be deemed to be the Cure Amounts payable to that Assumed Contract Notice Party pursuant to the Stalking Horse Agreement and any other Successful Bid or Back-Up Bid. Any claim of such Assumed Contract Notice Party to Cure Amounts in excess of the amount specified in such Cure Amounts Notice shall be forever barred and extinguished.

5.0 CASH FLOW RESULTS RELATIVE TO FORECAST

- 5.1 Receipts and disbursements for the cumulative two-week period ended May 30, 2025 (the “**Reporting Period**”), as compared to the cash flow forecast attached as Appendix “D” to the First Report (the “**Cash Flow Forecast**”), are summarized in the table below.

Cash Flow Variance Report		Cumulative Two-Week Period Ended May 30, 2023	
<i>(USD \$000's, Unaudited)</i>	<u>Actual</u>	<u>Forecast</u>	<u>Variance</u>
Receipts	63	267	(203)
Disbursements			
Operating and Holding Costs	868	1,234	366
Occupancy Costs	424	414	(10)
Salaries and Benefits	340	352	12
Professional Fees	1,587	2,445	858
KERP Pre-Funding	1,300	1,300	-
APAC Intercompany Settlement	50	-	(50)
DIP Interest	-	-	-
Total Disbursements	4,570	5,745	1,175
Net Cash Flow	(4,506)	(5,478)	972
Opening Cash Balance	4,887	4,887	-
Net Cash Flow	(4,506)	(5,478)	972
DIP Draws / (Repayment)	1,092	1,092	-
Closing Cash Balance	1,472	500	972

- 5.2 During the Reporting Period, the Applicants' total receipts were approximately \$203,000 million lower than projected in the Cash Flow Forecast. This negative variance is considered timing and expected to reverse in the coming weeks.
- 5.3 During the Reporting Period, the Applicants' total disbursements were approximately \$1.2 million lower than projected in the Cash Flow Forecast. This positive variance is considered timing and expected to reverse in the coming weeks.
- 5.4 On May 30 2025, in accordance with the ARIO, the Applicants transferred the KERP Funds (as defined in the First Report) in the amount of approximately CAD\$870,000 million and \$785,000 into the Monitor's trust account established to hold the KERP Funds.

5.5 Overall, during the Reporting Period, the Applicants experienced a positive net cash flow variance of approximately \$1.0 million, primarily attributable to timing variances in professional fees and operating and holding costs.

5.6 As of May 30, 2025, approximately \$1.1 million was drawn under the DIP Facility, all of which was drawn under the “North American facility” to fund the operations of the North American business and the cost of the CCAA Proceedings. The Applicants’ have not yet drawn any amounts under the “European facility”. See the First Report for additional information regarding the DIP Facility.

6.0 UPDATE ON OTHER MATTERS

SISP

6.1 The Monitor notes that the Phase 1 Bid Deadline in the SISP is June 6, 2025. An interim SISP update was provided in the Second Aziz Affidavit. The Monitor will provide a more fulsome update on the SISP in its next report to Court.

Security Review¹⁰

6.2 The Monitor’s Canadian and US legal counsel have conducted a review of the security granted by the Applicants to the Glencore Collateral Agent and the Noteholder, and have verbally confirmed to the Monitor that, subject to qualifications, assumptions, limitations and discussions customary in rendering opinions of this nature and applicable in these circumstances, the Monitor’s Canadian and US legal counsel are of the view that the

¹⁰ Capitalized terms used but not defined in this section of the Second Report have the meaning ascribed to them in the First Report.

security granted by the Applicants to the Glencore Collateral Agent and the Noteholder pursuant to the Glencore Prefiling Security Documents constitutes valid and enforceable security in the Province of Ontario and the State of New York in accordance with such security's respective terms, and that the necessary registrations have been made in the Province of Ontario and the State of New York in order to perfect or evidence such security. The Monitor anticipates receiving written opinions from its Canadian and US. legal counsel confirming the above shortly.

Lease Related Matters

6.3 As of the date of this Second Report, the Applicants have exited two real property locations since the commencement of the CCAA Proceedings:

- (i) on May 30, 2025, in accordance with subsection 32(1) of the CCAA, LCI, with the consent of the CRO and the Monitor, issued notice of its intention to disclaim or resiliate the lease agreement dated September 1, 2021 between LCI, CI418 Landing 202 LLC and Sherman Street Landing 202 LLC for the property located at 7958 East Ray Road, Suite 125, Mesa, Arizona 85212; and
- (ii) pursuant to a Lease Termination Agreement dated June 3, 2025 between LCI and PZ UC Building Owner LLC, the parties, with the consent of the CRO and the Monitor, agreed to the early termination and cancellation of the Lease Agreement dated August 15, 2022 pursuant to which LCI leased premises located at 1400 Urban Center Drive, Suite 240, Vestavia Hills, Alabama.

Cease Trade Order

6.4 Pursuant to the ARIO, the Court authorized the Applicants to incur no further expenses in relation to any Securities Filings that may be required by the Securities Provisions (each as defined in the ARIO). The ARIO states that “nothing in this order is intended to or shall encroach on the jurisdiction of any regulatory authorities ... to issue cease trade orders if and when required pursuant to applicable securities law”.

6.5 On June 5, 2025, the Ontario Securities Commission issued a failure-to-file cease trade order (the “**FFCTO**”) in respect of Holdings as a result of Holdings’ failure to file the following periodic disclosure:

- (i) interim financial statements for the period ended March 31, 2025;
- (ii) management’s discussion and analysis relating to the interim financial statements for the period ended March 31, 2025; and
- (iii) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure In Issuer’s Annual Interim Filings*.

6.6 Pursuant to the FFCTO, the Ontario Securities Commission ordered that trading, whether direct or indirect, cease in respect of each security of Holdings.

6.7 On June 6, 2025, Holdings issued a press release in respect of the FFCTO, which is attached hereto as **Appendix “B”**.

7.0 ACTIVITIES OF THE MONITOR SINCE THE DATE OF THE FIRST REPORT

7.1 Since the date of the First Report, the activities of the Monitor have included:

- (i) engaging in discussions with the Applicants and their legal counsel, the Monitor's legal counsel, the Financial Advisor, Maplebriar, the CFO and the CRO regarding the Restructuring Proceedings, including the SISP, the DIP Term Sheet, the Stalking Horse Agreement, the Priority Claims Procedure, and the Cure Amounts Procedure;
- (ii) overseeing and assisting the Financial Advisor and the Applicants with the SISP;
- (iii) assisting the Applicants with communications to employees, suppliers, landlords, and other stakeholders;
- (iv) attending the Comeback Hearing on May 22, 2025, and the US Bankruptcy Court hearing in respect of the Chapter 15 Proceedings on May 23, 2025;
- (v) responding to inquiries from stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the toll-free number and email account established by the Monitor for the CCAA Proceedings;
- (vi) attending update calls with the Applicants' management, the CFO, and the CRO regarding the CCAA Proceedings;
- (vii) monitoring receipts, disbursements, purchase commitments and Intercompany Transfers, including the review of payments made;
- (viii) assisting the Applicants with the preparation for the noticing requirements of the Cure Amounts Procedure;

- (ix) communicating with the Applicants and preparing the list of Negative Notice Priority Claimants in preparation for the Priority Claims Procedure;
- (x) liaising with the Applicants in respect of communications from CRA regarding an HST audit;
- (xi) liaising with the Applicants in respect of communications from the Ontario Securities Commission regarding the FFCTO;
- (xii) posting non-confidential materials filed with the Court to the Case Website; and
- (xiii) with the assistance of its legal counsel, preparing this Second Report.

8.0 MONITOR'S CONCLUSIONS AND RECOMMENDATION

8.1 The Monitor notes that there is a desire to identify and determine the Priority Claims and the Cure Amounts prior to the Phase 2 Bid Deadline of the SISP in order to value the Stalking Horse Bid, and to assist other bidders who may be interested in some or all of the Purchased Assets that are subject to Priority Claims and/or some or all of the Assumed Contracts that are subject to the Cure Amounts, and that the Priority Claims Bar Date and the Cure Amounts Objection Deadline generally coincide with the Phase 2 Bid Deadline in the SISP.


8.2 The Monitor believes that the Priority Claims Procedure and associated timelines for the identification and resolution of Priority Claims, as well as the Cure Amounts Procedure and associated timelines for the determination of Cure Amounts, both as set out in the Priority Claims and Cure Amounts Procedure Order, are reasonable in the circumstances, taking into consideration:

- (i) the relatively small group of Known Potential Priority Creditors who, for the most part, have potential Priority Claims that are based on publicly registered amounts;
- (ii) the Cure Amounts Procedure is entirely a “negative notice process” that does not require any action by any Assumed Contract Notice Party to the extent the Assumed Contract Notice Party does not dispute the Cure Amounts set forth in the Cure Amounts Notice delivered to such Assumed Contract Notice Party;
- (iii) the contemplated timelines provide, in the Monitor’s view, sufficient time from the date on which the various notices are required to be sent, and publications are required to be made for potential Priority Claimants and Assumed Contract Notice Parties to evaluate and submit any respective such claim they have;
- (iv) the timeline required in order to adhere to the SISP requirements; and
- (v) the Applicants’ existing liquidity position.

8.3 For the reasons set out in this Second Report, the Monitor is of the view that the relief requested by the Applicants is reasonable, appropriate and necessary having regard to the current circumstances of the Applicants. As such, the Monitor supports the relief sought by the Applicants and respectfully recommends that the Court grant the Priority Claims and Cure Amounts Procedure Order in the form sought by the Applicants.

All of which is respectfully submitted to this Court this 6th day of June, 2025.

**ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Monitor of Li-Cycle
Holdings Corp., Li-Cycle Corp., Li-Cycle
Americas Corp., Li-Cycle U.S. Inc., Li-Cycle Inc.,
and Li-Cycle North America Hub, Inc. and in no
other capacity**

Per: 
FE876A642EF3427...
Josh Nevsky
Senior Vice President

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO LI-CYCLE HOLDINGS CORP. ET AL.

Court File No. CV-25-00743053-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

SECOND REPORT OF THE MONITOR

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Holdings Corp. et al. and in no other capacity

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO LI-CYCLE HOLDINGS CORP. ET AL.

Court File No. CV-25-00743053-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

THIRD REPORT OF THE MONITOR

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