No. B-250186
Estate 11-3209217
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL BY ECOATION INNOVATIVE SOLUTIONS INC.

NOTICE OF APPLICATION

Names of applicants: Ecoation Innovative Solutions Inc. ("**Ecoation**")

To: Service List, attached as **Schedule "A"**

TAKE NOTICE that an application will be made by the applicants to the presiding judge at the courthouse at 800 Smithe Street, Vancouver, BC on May 7, 2025, at 9:45 a.m. for the orders set out in Part 1 below.

The applicants estimate that the application will take 90 minutes.

☐ This matter is within the jurisdiction of an associate judge.

☒ This matter is not within the jurisdiction of an associate judge.

Part 1: ORDERS SOUGHT

1. An order substantially in the form attached hereto as **Schedule "B"** (the "**SISP Order**"):

   (a) approving the sale solicitation process attached as Exhibit A to the Second Affidavit of Saber Miresmailli made May 1, 2025 ("**Miresmailli Affidavit #2**"), subject to any amendments (the "**SISP**"), in order to solicit offers or proposals for a sale of all or part of Ecoation's property and/or business operations;

   (b) authorizing and directing KPMG Inc. (the "**Proposal Trustee**") to implement the SISP in accordance with its terms;

   (c) authorizing and directing Ecoation to execute and enter into a definitive asset purchase agreement (the "**Stalking Horse APA**") with 1001199137 Ontario

Limited, as purchaser (the "**Stalking Horse Bidder**"), substantially on the terms attached as Exhibit B to Miresmailli Affidavit #2;

(d) declaring that the Stalking Horse APA is approved as the stalking horse bid pursuant to and for purposes of the SISP;

(e) approving the Expense Reimbursement and the Break Fee (both as defined below) pursuant to the terms of the Stalking Horse APA;

(f) extending the time for filing a proposal pursuant to Section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 ("***BIA***") to June 22, 2025; and

(g) approving Ecoation's proposed key employee retention plan (the "**KERP**") and granting a related charge (the "**KERP Charge**"), up to the maximum amount of $50,000, subordinate to the other charges granted in the order of Justice Baker entered on April 15, 2024 (the "**Initial Order**").

2. Such other orders, directions, and declarations as counsel for Ecoation may advise and this Court may deem appropriate in the circumstances.

Part 2: FACTUAL BASIS

A. Background

3. Ecoation is in the business of providing industry-leading technology platforms for greenhouse growers.

i. Liquidity issues and pre-filing restructuring efforts

4. Ecoation's revenues suffered from impacts of the COVID-19 pandemic beginning in 2020, and the Russian invasion of Ukraine beginning in 2022. These events caused financial hardship or uncertainty for many of Ecoation's customers, including global shortages of fertilizers and agricultural materials. As a result, many of Ecoation's customers prioritized spending their available capital on stockpiling supplies, rather than technology investment.

5. In response, Ecoation moved to selling simpler, lower cost products. These products saw increased demand, but did not generate sufficient revenue to meet company expenses.

6. Given its liquidity issues, Ecoation undertook restructuring efforts prior to these proceedings. Beginning approximately 1 year ago, Ecoation began pitching its business to potential buyers and investors. 16 interested parties were shortlisted for further negotiation.

7. Ecoation and a special committee of its board of directors ultimately selected an entity related to the Stalking Horse Bidder as the best and only viable option for a sale transaction.

8. Unfortunately, delays in the diligence process coincided with Ecoation's largest creditor (His Majesty the King in Right of Canada, as represented by the Minister of Agriculture and Agri-Food) requiring a 1-year lump-sum payment on Ecoation's unsecured loan in January 2025. This payment further reduced Ecoation's available liquidity and forced Ecoation to enter these proceedings.

ii. The NOI Proceedings

9. On April 8, 2025, Ecoation filed a notice of intention ("**NOI**") to make a proposal under Section 50.4 of the *BIA* with the Office of Superintendent of Bankruptcy, commencing these proceedings (the "**NOI Proceedings**"). KPMG Inc. was appointed to act as the Proposal Trustee.

10. Pursuant to the Initial Order granted on April 15, 2025, this Court ordered, among other things:

    (a) approval of debtor-in-possession financing funded by the Stalking Horse Bidder, providing Ecoation with up to $1,000,000 of interim financing in these NOI Proceedings (the "**DIP Loan**");

    (b) approval of a super-priority charge against Ecoation's property and assets as security for the DIP Loan (the "**DIP Lender's Charge**"); and

    (c) approval of an administration charge against Ecoation's property and assets in the maximum amount of $150,000 (the "**Administration Charge**").

11. Since the beginning of these NOI Proceedings, Ecoation has been operating its business as a going concern, supervised by the Proposal Trustee, with a view to preserving and maximizing value for the benefit of Ecoation's stakeholders. Ecoation seeks to

immediately implement the SISP, backed by the Stalking Horse APA, in order to realize this value. The SISP has been designed by the Proposal Trustee, in consultation with Ecoation.

B. Proposed SISP

12. Pursuant to the SISP, among other things:

(a) the sales process will solicit bids for a sale of all, substantially all, or one or more components of Ecoation' property and/or business, as a going concern or otherwise;

(b) any sale pursuant to the SISP will be on an "as is, where is" basis, and any property to be acquired will be sold free and clear of, among other things, all pledges, liens, security interests, encumbrances, claims, charges, options, and interests, except as otherwise provided;

(c) as soon as reasonably practicable if the SISP Order is granted, the Proposal Trustee, in consultation with Ecoation, shall contact known potential bidders who may wish to participate in the SISP, and prepare a teaser letter and non-disclosure agreement ("**NDA**");

(d) any known potential bidder or other party who wishes to participate in the SISP (each, a "**Potential Bidder**") will provide the Proposal Trustee and counsel to Ecoation with an executed NDA and basic identifying information;

(e) a confidential virtual dataroom (the "**VDR**") will be made available by the Proposal Trustee to all Potential Bidders;

(f) a Potential Bidder will be deemed a "**Qualified Bidder**" pursuant to the SISP if the Proposal Trustee, in its reasonable judgment, and in consultation with Ecoation, determines such person is likely, based on the availability of financing, experience and other considerations, to be able to consummate a sale transaction pursuant to the SISP;

(g) the Stalking Horse Bidder will be deemed a Qualified Bidder, and a copy of the Stalking Horse APA will be included in the VDR;

(h) any Qualified Bidder who wishes to make a bid under the SISP will submit a "**Binding Offer**" to the Proposal Trustee by the "**Binding Offer Deadline**" as defined in the SISP;

(i) a Binding Offer will be considered if, among other things, it provides for proceeds on closing no less than the aggregate of: (A) the amount of cash payable under the Stalking Horse APA; (B) the earnout amount payable under the Stalking Horse APA; plus (C) the amount of cash payable to cover the break fee and expense reimbursement under the Stalking Horse APA; and

(j) the Proposal Trustee and Ecoation will review the Binding Offers and select the highest and otherwise best Binding Offer (the "**Successful Bid**"). In the event that no Binding Offer is selected (other than the Stalking Horse APA), Ecoation will promptly seek court approval of the Stalking Horse APA and the transactions contemplated therein. In the event there is at least one Binding Offer in addition to the Stalking Horse APA, a Successful Bid will be identified through an auction in accordance with the procedure set out in the SISP, and Ecoation will seek court approval of the resulting Successful Bid.

13. The SISP includes the following milestones:

Milestone	Date
Commence solicitation of interest from parties, including delivering NDA and teaser letter, and access to VDR	By no later than May 8, 2025
Binding Offer Deadline	By no later than 5:00 p.m. (Pacific Time) on June 9, 2025
Auction, if needed	By no later than June 10, 2025
Selection of Successful Bid	By no later than June 11, 2025
Approval motion	By no later than June 25, 2025 or the earliest date available thereafter
Closing of Successful Bid	As soon as possible but no later than June 30, 2025

C. Stalking Horse APA

14. The Stalking Horse APA includes the following key terms:

(a) the Stalking Horse Bidder shall purchase, on an "as is, where is" basis, the "**Purchased Assets**" as defined in the Stalking Horse APA, which includes all of Ecoation's assets, source code, intellectual property, employees and contractors, permits, and material contracts that are necessary for the Stalking Horse Bidder to own and operate the portion of Ecoation's business related to its technology applications known as "Cropscanner", "OKO IPM", "OKO Yield" and "OKO IPM + Yield";

(b) the Purchased Assets shall be acquired free and clear of all claims, security, and other encumbrances, except for any "Permitted Encumbrances" expressly listed in the Stalking Horse APA, and the Stalking Horse Bidder shall assume only any "Assumed Liabilities" expressly listed in the Stalking Horse APA;

(c) the purchase price for the Purchased Assets shall be $1,500,000 (the "**Purchase Price**"), satisfied as follows:

(i) all amounts accrued and outstanding under the DIP Loan shall be applied against the Purchase Price;

(ii) the aggregate amount of "Cure Costs" for any contract assumed by the Stalking Horse Bidder pursuant to the Stalking Horse APA shall be paid by the Stalking Horse Bidder and applied against the Purchase Price;

(iii) assuming the aggregate amount of accrued vacation pay for the "Assumed Employees";

(iv) the remaining balance of the Price to be paid in cash by wire transfer;

(v) assuming the "Assumed Liabilities"; and

(vi) the grant of the right to the Earn Out (as defined below);

(d) the Stalking Horse Bidder shall make additional payments to Ecoation (the "**Earn Out**"), up to $30,000,000, upon the achievement or occurrence of certain business milestones set out at Schedule 3.2.1 to the Stalking Horse APA;

(e) in consideration for the Stalking Horse Bidder's expenditure of resources and agreement to act as the initial bidder through the Stalking Horse APA, and subject to this Court's approval, the Stalking Horse Bidder shall be entitled to repayment of: (i) an expense reimbursement in a maximum aggregate amount of $75,000 for its reasonable and documented fees and disbursements incurred in connection with the negotiation, preparation and execution of the Stalking Horse APA (the "**Expense Reimbursement**"); and (ii) a break fee in the amount of $50,000 (the "**Break Fee**"), which in each case shall be payable to the Stalking Horse Bidder by Ecoation in the event that the Stalking Horse APA is not the Successful Bid at the conclusion of the SISP.

15. The "Outside Date" for closing the transaction contemplated under the Stalking Horse APA is June 30, 2025, or such other date as Ecoation and the Stalking Horse Bidder may agree in writing.

D. Extension of time to file a proposal

16. These NOI Proceedings commenced on April 8, 2025. Pursuant to Section 50.4(8) of the *BIA*, Ecoation will be deemed assigned into bankruptcy on May 8, 2025, if an extension of time is not granted before that date.

17. As described above, Ecoation will require time to facilitate the SISP and any resulting transaction. As such, Ecoation seeks the maximum 45-day extension of the proposal deadline to June 22, 2025.

E. KERP and KERP Charge

18. With the assistance of its counsel and the Proposal Trustee, Ecoation has developed a proposed KERP to secure the critical, continued services of its 9 remaining employees and contractors excluding directors, officers, and/or shareholders (collectively, the "**Ecoation**

Personnel") through these NOI Proceedings. A list of the Ecoation Personnel and their respective roles is included in Miresmailli Affidavit #2.

19. Ecoation's cash flow forecast for these NOI Proceedings, which was attached as Appendix "C" to the first report of the Proposal Trustee dated April 11, 2025, designates $50,000 for payment under the KERP.

20. Ecoation proposes to divide the KERP funds equally. Under the KERP, Ecoation will make an equal retention payment to each of the Ecoation Personnel who continue to be employed (or contracted) by Ecoation upon the closing of a transaction through the SISP.

21. The retention of the Ecoation Personnel and their ongoing commitment to Ecoation is critical for the following reasons:

    (a) the Ecoation Personnel provide essential knowledge and leadership required to maintain Ecoation and its ongoing operations;

    (b) the Ecoation Personnel will, among other roles, maintain Ecoation's customer relationships and technology and assist with due diligence inquiries during the SISP;

    (c) none of the Ecoation Personnel could be readily or easily replaced internally, and the process to find qualified external replacements would be lengthy, difficult, and costly, at a time when Ecoation should be focused on its operations and achieving a value-maximizing transaction pursuant to the SISP;

    (d) any replacements for the Ecoation Personnel would face a steep learning curve given the technical nature of Ecoation's business;

    (e) the Ecoation Personnel have knowledge of, and familiarity with, Ecoation's business and its operations, and significant experience and expertise;

    (f) without the KERP, the Ecoation Personnel would likely consider other employment options;

    (g) the amounts payable under the KERP are modest; and

(h) Ecoation cannot risk losing any of the Ecoation Personnel at this time, given their critical roles and the company's timelines under the SISP and these NOI Proceedings.

22. It is anticipated that payments under the KERP will be funded from the DIP Loan, in accordance with Ecoation's cash flow forecast. However, Ecoation seeks approval of the KERP Charge to provide the Ecoation Personnel with reasonable assurances their entitlements under the KERP will be paid.

23. The KERP Charge is limited to the maximum aggregate amount of $50,000 and is proposed to rank behind the DIP Lender's Charge and the Administration Charge provided for in the Initial Order.

24. Given the foregoing and the importance of the Ecoation Personnel to Ecoation's restructuring strategy and business, Ecoation believes that the amounts payable under the KERP and the KERP Charge are fair, reasonable, and appropriate in the circumstances.

Part 3: LEGAL BASIS

25. Ecoation relies upon:

(a) *BIA*, Part III, Division I;

(b) *Bankruptcy and Insolvency Rules*, C.R.C., c. 368, Rules 11 to 13;

(c) the inherent jurisdiction of this Court; and

(d) such further and other legal basis as counsel may advise and this Court may allow.

A. <u>Approval of the SISP</u>

26. The reasonableness and adequacy of a sales process proposed in NOI proceedings must be assessed with regard to the following questions:

(a) Is a sale transaction warranted at this time?

(b) Will the sale benefit the whole "economic community"?

(c) Do any of the debtors' creditors have a bona fide reason to object to a sale of the business?

(d) Is there a better viable alternative?

Nortel Networks Corporation (Re), 2009 CanLII 39492 (ON SC), at para 49

In the Matter of The Body Shop Canada Limited, 2024 ONSC 3882, at para 25

27. All of the foregoing questions are satisfied for the proposed SISP:

(a) a sale transaction is warranted at this time, given Ecoation's significant liquidity issues, the limited funds available under the DIP Loan to fund Ecoation's interim operations, and the limited time available in NOI proceedings to make a proposal before Ecoation is deemed assigned into bankruptcy;

(b) the proposed SISP was designed by the Proposal Trustee to realize the maximum possible remaining value from Ecoation's assets and business, therefore benefitting all of Ecoation's stakeholders, including creditors;

(c) Ecoation is not aware of any reason that creditors may object to the proposed SISP. Ecoation had no material secured creditors when entering these NOI Proceedings, and in any event, the SISP is designed to maximize the remaining value in the assets and business of the company;

(d) there is no other viable alternative to the SISP, given Ecoation's unsuccessful efforts to restructure its business prior to commencing these NOI Proceedings, Ecoation's impending liquidity crisis, and the limited time available in these NOI Proceedings;

28. In addition to the questions discussed above, this Court must assess:

(a) the fairness, transparency and integrity of the proposed sales process;

(b) the commercial efficacy of the proposed process in light of the specific circumstances facing the proposal trustee; and

(c) whether the sales process will optimize the chances, in the particular circumstances, of securing the best possible price for the assets up for sale.

CCM Master Qualified Fund v. blutip Power Technologies, 2012 ONSC 1750, at para 6

In the Matter of The Body Shop Canada Limited, 2024 ONSC 3882, at para 25

29. The SISP also satisfies these factors. The SISP was designed by the Proposal Trustee, in consultation with Ecoation, to provide a fair, transparent process that maximizes the remaining value of Ecoation's business and assets. The SISP balances the time constraints connected to NOI proceedings and Ecoation's available funding under the DIP Loan, with a reasonable and flexible process for canvassing the available market, including by engaging with any previously known potential bidders.

B. Approval of the Stalking Horse APA, the Expense Reimbursement, and the Break Fee

iii. The Stalking Horse APA

30. The use of stalking horse bids has been recognized by Canadian insolvency courts as a common, reasonable, and useful element of a sales process in NOI or other insolvency proceedings. Stalking horse bids "establish a baseline price and transactional structure for any superior bids from interested parties" and "maximizes value of a business for the benefit of its stakeholders".

CCM Master Qualified Fund v. blutip Power Technologies, 2012 ONSC 1750, at para 7

Freshlocal Solutions Inc. (Re), 2022 BCSC 1616, at paras 22-23, and 30

31. To be effective, a stalking horse bid should be put forward in a process that would allow a sufficient opportunity for interested parties to come forward with a superior offer, recognizing that a timetable for the sale of a business in distress is a fast-track ride that requires interested parties to move quickly or miss the opportunity. The Court must balance the need to move quickly, to address the real or perceived deterioration of value of the business during a sale process or the limited availability of restructuring financing, with a realistic timetable that encourages and does not chill the auction process.

CCM Master Qualified Fund v. blutip Power Technologies, 2012 ONSC 1750, at para 8

Freshlocal Solutions Inc. (Re), 2022 BCSC 1616, at para 29

32. Stalking horse bids may not be appropriate in circumstances where they do not "come about through a competitive process", where there are other interested bidders making a stalking horse agreement unnecessary, or where secured creditors oppose the stalking horse bid.

QRD (Willoughby) Holdings Inc. v. MCAP Financial Corporation, 2024 BCCA 318, at paras 58-59

Freshlocal Solutions Inc. (Re), 2022 BCSC 1616, at paras 40-44 and 73-76

33. The Stalking Horse APA should be approved:

(a) the Stalking Horse APA, combined with the SISP, will allow the Proposal Trustee to reasonably canvass the available market for Ecoation's assets and business, while providing Ecoation's employees, vendors, customers, and other stakeholders with comfort that there will be *some* going-concern transaction for a portion of the business;

(b) the Stalking Horse APA is the product of both lengthy pre-filing restructuring efforts and negotiations with the Stalking Horse Bidder during these NOI Proceedings (with the supervision of the Proposal Trustee);

(c) there are currently no other bidders with offers to acquire any portion of Ecoation's assets or business;

(d) Ecoation has no material secured creditors who might oppose the Stalking Horse APA; and

(e) the Stalking Horse APA is supported by the Proposal Trustee.

iv. The Expense Reimbursement and the Break Fee

34. Certain factors can be considered in determining whether a given break fee or expense reimbursement is fair and reasonable in all of the circumstances, in the sense that it provides a corresponding or greater benefit to the estate, including:

(a) Was the agreement reached as a result of arm's length negotiations?

(b) Is the relief supported by the major creditors?

(c) What may be the effect of such a fee/charge? Will it have a chilling effect on the market, or will it facilitate the sales process?

(d) Is the amount of the fee reasonable in relation to expenses anticipated to be covered, given the bidder's time, resources and risk in the process?

(e) Does the proposal trustee support the relief?

Quest University Canada (Re), 2020 BCSC 1845, at para 59

Freshlocal Solutions Inc. (Re), 2022 BCSC 1616, at para 32

35. The Expense Reimbursement and the Break Fee were negotiated by Ecoation and the Stalking Horse Bidder as arms-length parties, with the involvement of the Proposal Trustee. Ecoation has no material secured creditors who might oppose the Expense Reimbursement or the Break Fee.

36. In this case, the $75,000 Expense Reimbursement and $50,000 Break Fee are reasonable in relation to the Stalking Horse Bidder's investment of time and resources in the sale process. Together, the Expense Reimbursement and the Break Fee represent approximately 8.3% of the $1,500,000 Purchase Price – a percentage which is further reduced when considering the potential Earn Out amounts. The Expense Reimbursement and the Break Fee protect the Stalking Horse Bidder's investment, while still allowing other interested bidders to make a competitive offer.

37. The Proposal Trustee supports the Expense Reimbursement and the Break Fee and played an active role in negotiating both amounts, in consultation with Ecoation.

C. Approval of the extension

38. Section 50.4(9) of the *BIA* permits this Court to extend the time to file a proposal in NOI proceedings, for a period not exceeding 45 days, if satisfied that:

(a) the insolvent person acted, and is acting, in good faith and with due diligence;

(b) the insolvent person would likely be able to make a viable proposal if the extension of time being applied for were granted; and

(c) no creditor would be materially prejudiced if the extension being applied for were granted.

39. Ecoation has acted with good faith and with due diligence both prior to the commencement and during these NOI Proceedings. Ecoation has sourced the DIP Loan to ensure that it meets its obligations as they come due through the NOI Proceedings, as extended, to allow for completion of the SISP and a resulting transaction. Ecoation has also sourced the Stalking Horse APA. The proposed extension to June 22, 2025, will allow Ecoation to pursue a successful restructuring and maximize value for its creditors and other stakeholders.

D. Approval of the KERP and the KERP Charge

40. Key employee retention plans and charges are regularly approved in furtherance of a debtor company's insolvency restructuring on the grounds that key employees may seek alternative employment due to the uncertainty associated with a restructuring, which is detrimental to the debtor company and its ability to restructure.

Walter Energy Canada Holdings, Inc. (Re), 2016 BCSC 107, at paras 60-61

Mountain Equipment Co-Operative (Re), 2020 BCSC 1586, at paras 62-71

Danier Leather Inc. (Re), 2016 ONSC 1044, at paras 72-78

41. Factors to be considered by this Court in approving a key employee retention plan will vary from case to case, but typically include:

(a) Is this employee important to the restructuring process?

(b) Does the employee have specialized knowledge that cannot be easily replaced?

(c) Will the employee consider other employment options if the plan is not approved?

(d) Was the plan developed through a consultative process involving the proposal trustee and other professionals?

(e) Does the proposal trustee support the plan and a charge?

42. The KERP and the KERP Charge meet each of the factors required for approval, including because:

(a) the KERP was designed to retain and incentivize the Ecoation Personnel that have institutional knowledge and important skills that have been identified as crucial to value preservation and the success of the SISP;

(b) Ecoation's management believes that the KERP is necessary to retain the Ecoation Personnel; and

(c) the Proposal Trustee supports the KERP and the KERP Charge and believes they are reasonable in the circumstances.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Saber Miresmailli made April 9, 2025;

2. Affidavit #2 of Saber Miresmailli made May 1, 2025;

3. The First Report of the Proposal Trustee dated April 11, 2025;

4. The Second Report of the Proposal Trustee, to be filed; and

5. Such further and other material as counsel may advise and this Court may allow.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of

application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

(a) file an application response in Form 33,

(b) file the original of every affidavit, and of every other document, that

(i) you intend to refer to at the hearing of this application, and

(ii) has not already been filed in the proceeding, and

(c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:

(i) a copy of the filed application response;

(ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;

(iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7 (9).

Dated: May 1, 2025

Signature of ☐ Applicant(s)
☒ Lawyer for applicant(s)

Christian Garton
For: Mary Buttery, K.C.

To be completed by the court only:

Order made

[ ] in the terms requested in paragraphs ..... of Part 1 of this notice of application

[ ] with the following variations and additional terms:

.....

.....

.....

Date: .....[*dd/mmm/yyyy*].....

.....

Signature of [ ] Judge [ ] Associate Judge

Appendix

THIS APPLICATION INVOLVES THE FOLLOWING:

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ other matters concerning document discovery
- ☐ extend oral discovery
- ☐ other matter concerning oral discovery
- ☐ amend pleadings
- ☐ add/change parties
- ☐ summary judgment
- ☐ summary trial
- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial
- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts
- ☒ none of the above

SCHEDULE A
Service List

(see attached)

No. B-250186
Estate 11-3209217
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IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL BY ECOATION INNOVATIVE SOLUTIONS INC.

SERVICE LIST

Osler, Hoskin & Harcourt LLP Suite 3000, Bentall Four 1055 Dunsmuir Street Vancouver, BC V7X 1K8 **Mary Buttery, K.C.** Direct: 604.692.2752 Email: mbuttery@osler.com **Christian Garton** Direct: 604.692.2719 Email: cgarton@osler.com *Counsel for Ecoation Innovative Solutions Inc.*	**McCarthy Tetrault LLP** 745 Thurlow Street Suite 2400 Vancouver, BC V6E 0C5 **Lance Williams** Direct: 604.643.7154 Email: lwilliams@mccarthy.ca **Ashley Bowron** Direct: 604.643.7973 Email: abowron@mccarthy.ca **Sue Danielisz (paralegal)** Email: sdanielisz@mccarthy.ca *Counsel for the Proposal Trustee*
KPMG Inc. 777 Dunsmuir St. Vancouver, BC V7Y 1K3 **Pritesh Patel** Direct: 416.468.7923 Email: pritpatel@kpmg.ca **Huey Lee** Direct: 604.646.6398 Email: hueylee@kpmg.ca **Mackenzie Wong** Direct: 416.777.8146 Email: mackenziewong@kpmg.ca *The Proposal Trustee*	**Canada Revenue Agency** Surrey National Verification and Collection Centre 9755 King George Boulevard Surrey BC V3T 5E1 Phone: 1-866-891-7403 Fax: 1-833-697-2389

Gowling WLG 1 First Canadian Place 100 King Street West, Suite 1600 Toronto, Ontario M5X 1G5 **Asim Iqbal** Direct: 647.202.6621 Email: asim.iqbal@gowlingwlg.com **Jonathan Ross** Direct: 604.891.2778 Email: jonathan.ross@gowlingwlg.com *Counsel for the DIP Lender*	**Dentons Canada LLP** 2500 Stantec Tower, 10220 - 103 Avenue NW, Edmonton, AB, T5J 0K4 **Tamya N. Chowdhury** Direct: 780.423.7123 Email: tamya.chowdhury@dentons.com **Arden Zylla** Direct: Email: arden.zylla@dentons.com *Counsel for Canadian Agri-Food Automation and Intelligence Network*

Email distribution list: mbuttery@osler.com; cgarton@osler.com; lwilliams@mccarthy.ca; abowron@mccarthy.ca; sdanielisz@mccarthy.ca; pritpatel@kpmg.ca; hueylee@kpmg.ca; mackenziewong@kpmg.ca; asim.iqbal@gowlingwlg.com; jonathan.ross@gowlingwlg.com; tamya.chowdhury@dentons.com; arden.zylla@dentons.com

SCHEDULE B
SISP Order

(see attached)

No. B-250186
Estate 11-3209217
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IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL FILED BY ECOATION INNOVATIVE SOLUTIONS INC.

NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE *BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1995 c b-3*

ORDER MADE AFTER APPLICATION

BEFORE) THE HONOURABLE _____) 2025/04/07

ON THE APPLICATION of Ecoation Innovative Solutions Inc. ("**Ecoation**") coming on for hearing at Vancouver, British Columbia on the 7th day of May, 2025 AND ON HEARING Mary Buttery, K.C., counsel for Ecoation, and those other counsel listed in **Schedule "A"** hereto (if any); AND UPON READING the material filed, including the Second Affidavit of Saber Miresmailli made May 1, 2025 ("**Miresmailli Affidavit #2**"); AND PURSUANT TO the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 as amended (the "***BIA***") and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES that:

SISP AND STALKING HORSE BID

1. The sale solicitation process attached as Exhibit A to Miresmailli Affidavit #2, subject to any amendments made in accordance with its terms (the "**SISP**"), is hereby approved.

2. KPMG Inc. (the "**Proposal Trustee**") is hereby authorized and directed to implement the SISP and do all things as are reasonably necessary to conduct and give full effect to the SISP and carry out its obligations thereunder.

3. Ecoation is hereby authorized and directed to execute and enter into the definitive asset purchase agreement (the "**Stalking Horse APA**") with 1001199137 Ontario Limited, as purchaser (the "**Stalking Horse Bidder**"), substantially on the terms attached as Exhibit B to Miresmailli Affidavit #2.

4. The Stalking Horse APA is hereby approved as the "Stalking Horse Bid" pursuant to and for purposes of the SISP, provided that nothing herein approves the sale to and the vesting of any assets or property in the Stalking Horse Bidder pursuant to the Stalking Horse APA, and that the approval of the sale and vesting of such assets and property shall be considered by this Court on a subsequent motion if the Stalking Horse Bidder is the "Successful Bidder" pursuant to the SISP.

5. The Expense Reimbursement and the Break Fee (both as defined in the Stalking Horse APA) are hereby approved, and Ecoation is authorized and directed to pay the Expense Reimbursement and the Break Fee in the manner and circumstances described therein, if applicable.

EXTENSION

6. Pursuant to Section 50.4(9) of the *BIA*, the time by which Ecoation must file a proposal in these proceedings is hereby extended to June 22, 2025.

KEY EMPLOYEE RETENTION PLAN AND CHARGE

7. The key employee retention plan described at Part E of Miresmailli Affidavit #2 (the "**KERP**") is hereby approved and Ecoation is authorized to make the payments contemplated thereunder.

8. Payments made by Ecoation pursuant to the KERP do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

9. The employees and contractors referred to in the KERP (the "**Ecoation Personnel**") shall be entitled to the benefit of and are hereby granted a charge (the "**KERP Charge**") on the Charged Property (as defined in the order of Justice Baker granted in these proceedings on April 15, 2025), which charge shall not exceed an aggregate amount of $50,000, to secure all payments owed to the Ecoation Personnel under the KERP.

10. The KERP Charge shall rank in priority immediately behind the DIP Lender Charge (as defined in the order of Justice Baker granted in these proceedings on April 15, 2025).

GENERAL

11. Endorsement of this Order by counsel appearing on this application other than counsel for the Receiver is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

APPROVED BY:

_____

Signature of Mary Buttery, K.C., lawyer for the Applicant

_____

BY THE COURT

REGISTRAR IN BANKRUPTCY

SCHEDULE "A"

Appearance List

NAME	APPEARING FOR