C A N A D A

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
Commercial Division
(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36)

N°: 500-11-

IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF:

LITHION TECHNOLOGIES INC., a legal person having its elected domicile at 2500-1 Place Ville-Marie, in the city and judicial district of Montréal, H3B 1R1

-and-

LITHION ST-BRUNO INC., a legal person having its elected domicile at 2500-1 Place Ville-Marie, in the city and judicial district of Montréal, H3B 1R1

-and-

LITHION INTERNATIONAL INC., a legal person having a place of business at 9388 Golf Blvd., in the city and judicial district of Montréal, H1J 3A1

Debtors / Applicants

-and-

KPMG INC., a legal person having a place of business at 600 De Maisonneuve Blvd. West, in the city and judicial district of Montréal, H3A 0A3

Proposed Monitor

APPLICATION FOR THE ISSUANCE OF AN INITIAL ORDER, AN AMENDED AND RESTATED INITIAL ORDER AND A SISP APPROVAL ORDER
(Sections 4, 9, 10, 11, 11.02, 11.03, 11.51, 11.52, 11.7 and 23 of the *Companies' Creditors Arrangement Act*)

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE DISTRICT OF MONTRÉAL, THE DEBTORS / APPLICANTS RESPECTFULLY SUBMIT AS FOLLOWS:

I. INTRODUCTION

1. The Debtors/Applicants, Lithion Technologies Inc., (**LTI**), Lithion St-Bruno Inc. (**LSB**) and Lithion International Inc. (**LII**) (collectively, **Lithion** or the **Debtors**) hereby seek relief under the *Companies Creditors Arrangement Act*, RSC 1985, c C-36 (the **CCAA**).

2. Lithion specializes in the production of what is commonly known in the lithium-ion battery industry as black mass,[1] through the processing of end-of-life electric vehicle batteries and waste generated from the production thereof.

3. As further detailed below in subsection II.A, Lithion's business model initially included both the production of black mass and the subsequent extraction of the components found in black mass, including lithium, nickel, cobalt and other components, intermediates and battery cathode materials, with a view of using them in new batteries to create a circular supply chain for electric vehicle battery materials, thereby reducing the need for new mining.

4. Faced with pressing liquidity constraints, Lithion reduced funding for research and development related to the extraction of components from black mass. Additionally, challenges in raising capital led Lithion to halt its business expansion and focus on black mass production.

5. As further described below, Lithion is now insolvent and seeks creditor protection under the CCAA in order to, *inter alia*, pursue a SISP (as defined hereinafter), the whole for the benefit of the Debtors and their stakeholders.

6. More particularly, by the present *Application for the Issuance of an Initial Order, and Amended and Restated Initial Order and a SISP Approval Order* (this **Application**), the Debtors hereby seek the issuance of an initial order (the **Proposed Initial Order**) providing for, *inter alia*, the following relief:

   a) Application of the CCAA. A declaration that the Debtors are "debtor companies" to which the CCAA applies, as contemplated by Subsection 3(1) of the CCAA;

   b) Stay of Proceedings. A stay of all proceedings and remedies taken or that might be taken in respect of the Debtors and their respective directors and officers, or any of their property pursuant to, *inter alia*, Sections 11, 11.02 and 11.03 of the CCAA, for an initial period of ten days (as may be extended, the **Stay Period**);

   c) Debtor-in-possession. The authorization for the Debtors to continue to conduct their business activities and operations in order to preserve their

[1] Black mass refers to the concentrated components, or strategic materials, of end-of-life batteries.

assets and to make payments related to the conduct of their business activities and operations;

d) Proposed Monitor. The appointment of KPMG Inc. (**KPMG** or the **Proposed Monitor**) as monitor of the Debtors in these proceedings;

e) KERP. The approval of a Key Employee Retention Plan (**KERP**) for certain key employees and executives, who are essential to the implementation of the Proposed Restructuring (as defined hereinafter);

f) CCAA Charges. The granting of an Administration Charge, a D&O Charge, and a KERP Charge (as such terms are defined hereinafter) in amounts sufficient to cover the potential exposure of the beneficiaries of such charges for the initial Stay Period, and following the ranking set out in the Proposed Initial Order;

g) Administrative Consolidation. The administrative consolidation of the present CCAA proceedings with respect to the Debtors;

h) Sealing Order. A sealing order with regard to certain exhibits filed in support of this Application;

the whole in accordance with the Proposed Initial Order, communicated herewith as **Exhibit R-1**.

A copy of the redline document comparing the Proposed Initial Order to the model CCAA initial order is communicated herewith as **Exhibit R-2**.

7. Then, at the comeback hearing, the Debtors intend to seek the issuance of an Amended and Restated Initial Order (the **Proposed ARIO**), providing for, *inter alia*, the following additional relief:

a) Stay of Proceedings. The extension of the Stay Period until and including January 30, 2026;

b) CCAA Charges. The increase of the quantum of the Administration Charge, and the increase of the D&O Charge previously granted in the Initial Order in amounts sufficient to cover the potential exposure of the beneficiaries of such charges during the Stay Period;

c) SISP. Furthermore, at the comeback hearing, the Debtors also intend to seek the issuance of a separate order approving a Sale and Investment Solicitation Process (the **SISP**), the whole in accordance with the proposed SISP Approval Order (the **Proposed SISP Approval Order**) communicated herewith as **Exhibit R-3**.

the whole in accordance with the Proposed ARIO communicated herewith as **Exhibit R-4**.

A copy of the redline documents comparing the Proposed ARIO to the model CCAA Initial Order, as well as to the Proposed Initial Order are respectively communicated herewith as **Exhibits R-5 and R-6**.

8. In support of this Application and the relief sought herein, the Proposed Monitor has prepared a report entitled *Pre-Filing Report* (the **Proposed Monitor's Report**), a copy of which is communicated as **Exhibit R-7** (with Appendix A under seal).

9. It is respectfully submitted that issuing the requested orders is necessary and appropriate in the circumstances and is in the best interests of the Debtors and their stakeholders.

II. COMPANY OVERVIEW

A. Lithion's Business

10. Lithion processes end-of-life electric vehicle batteries to produce black mass, which Lithion can market to certain of its customers. Lithion's technology and facility also allows it to produce black mass from waste generated from the production of electric vehicle batteries. The production of black mass represents the first step in Lithion's business model, which is focused on providing a fulsome solution in the repurposing and revalorization of electric vehicle batteries materials.

11. Indeed, Lithion's business model was designed to further enable the subsequent extraction of chemical components in black mass for use in the production of new batteries, thereby creating a circular supply chain for battery materials. This second step is commonly referred to as hydrometallurgy extraction and purification[2].

12. A project of this scale requires a substantial infusion of capital, not only to construct the facilities needed to carry out the initiative but also to support ongoing research and development efforts. Significant investments are essential to ensure that both infrastructure and innovation can meet the demands of Lithion's business strategy. To date, over $100 million have been invested in the project, underscoring the magnitude of Lithion's commitment to advancing battery recycling technologies and building out its operational capabilities.

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[2] More generally, the process of extracting value from end-of-life batteries may be referred to as "urban mining", as opposed to obtaining strategic materials from a traditional mine. This approach seeks to recover and repurpose valuable components contained in used batteries, thereby contributing to a circular economy and reducing environmental impact.

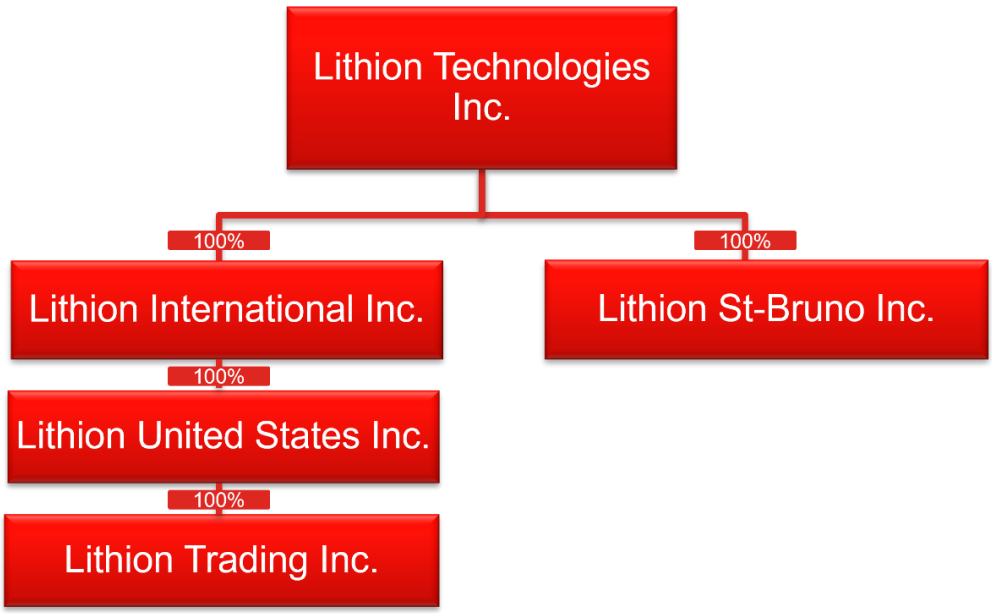
13. In this context and given the financial constraints Lithion faced while undertaking efforts to raise capital, Lithion had to scale back its research and development related to the extraction of chemical components in black mass and focus its efforts on black mass extraction.

14. Lithion began black mass extraction as recently as November 2024 upon completing construction on its first commercial extraction facility in Saint-Bruno-de-Montarville, Québec in June 2024 (the **Saint-Bruno Black Mass Facility**).

15. The construction of the Saint-Bruno Black Mass Facility alone cost approximately $ 40 million such that, as further detailed below in subsection III, Lithion is in a precarious financial state, notably given the challenges it faced in raising additional capital to support its ongoing operations and fund an expansion of its business.

B. Corporate Structure

16. The corporate structure of the Debtors is as follows:



i) <u>Lithion Technologies Inc.</u>

17. LTI is a privately held corporation incorporated under the *Canadian Business Corporations Act*, L.R.C. (1985), c. C-44 whose elected domicile is located in Saint-Bruno-de-Montarville, Québec, the whole as appears from an extract of the Québec Enterprise Register for LTI, **Exhibit R-8**.

18. LTI's operations include the research, development, laboratory services, commercialization and sale of technologies to recycle lithium-ion batteries.

19. LSB and LII are the sole Canadian wholly-owned subsidiaries of LTI.

ii) Lithion Saint-Bruno Inc.

20. In February 2022, LTI incorporated LSB under the *Canadian Business Corporations Act*, L.R.C. (1985), c. C-44, with its elected domicile located in Montréal, Québec, the whole as appears from an extract of the Québec Enterprise Register for LSB, **Exhibit R-9**.

21. LSB is the principal operating company of the Lithion group of companies. LSB's operations focus on the production of black mass from end-of-life lithium-ion batteries and providing support to the commercialization of technologies.

iii) Lithion International Inc.

22. In March 2024, LTI incorporated LII under the *Canadian Business Corporations Act*, L.R.C. (1985), c. C-44, with its elected domicile located in Montréal, Québec, the whole as appears from an extract of the Québec Enterprise Register for LSB, **Exhibit R-10**.

23. LII is the parent company for the U.S. subsidiaries described below.

iv) U.S. Subsidiaries

24. Lithion United States Inc. and Lithion Trading Inc. are the sole wholly owned Delaware subsidiaries of LII. These subsidiaries have no operations, no employees and no indebtedness such that the Debtors are not seeking from this Court a declaration that Lithion United States Inc. and Lithion Trading Inc. are debtor companies to which the CCAA applies.

C. Employees

25. As of October 20, 2025, following the lay-off of certain employees in previous months, Lithion employs an aggregate of 45 non-unionized employees, with 24 employees being employed by LTI and 21 by LSB.

26. As of the date hereof, the Debtors are current in their payroll obligations, including accrued and unpaid wages as well as statutory deductions at source, and the Debtors intend to continue to fulfill their payroll obligations as a going concern with respect to the current employees. In addition, there are no pension plans in place.

27. As appears from the cash flow projections communicated as Appendix B to the Proposed Monitor's Report (Appendix B, Exhibit R-7) (hereinafter the **Projections**), it is expected that key employees retained by the Debtors for services to be rendered after the issuance of the Initial Order would be paid in the normal course of business.

III. ASSETS AND INDEBTEDNESS

A. Assets

28. According to Lithion's unaudited interim condensed consolidated financial statements for the five-month period ended August 31, 2025, Lithion's principal assets were, as at August 31, 2025, the following (*all values hereinafter are stated for indication purposes only*):

Assets	Amounts
Accounts receivables	$ 673 244
Inventory	$ 1,350,519
Grants receivable	$ 14,510
Property, plant and equipment	$ 51,596,915
Intangibles assets	$ 109,339
Guarantee deposits	$ 335,766
Other assets (cash and cash equivalents, bank investments and prepaid expenses)	$ 7,827,992
Total	**$ 61,908,285**

the whole as appears from **Exhibit R-11**.

B. Indebtedness

29. According to Lithion's unaudited interim condensed consolidated financial statements for the five-month period ended August 31, 2025, as at August 31, 2025, the Debtors had outstanding liabilities, on a consolidated basis, of approximately $ 12.5 million (*all values hereinafter are stated for indication purposes only*):

Liabilities	Amounts
Accounts payable and accrued liabilities	$ 2,082,766
Short-term debt	$ 9,504,743

Total current liabilities	*$ 11,587,509*
Long-term debt	$ 232,426
Long-term debt – EDC	$ 86,452
Obligation under capital leases	$ 96,869
Lease inducement	$ 511,815
Total non-current liabilities	*$ 927,562*
Total liabilities	**$ 12,515,071**

C. The Debt Structure

i) Secured Liabilities

30. As at August 31, 2025, the outstanding secured liabilities of the Debtors could be summarized as follows (the creditors identified in the following chart are hereinafter collectively defined as **Secured Creditors**):

Lithion	
PME MTL Est-de-l'Île	61 806 $
IQ	$ 4,459,925
Seneca	$ 521,781
IMM	$ 2,137,963
General Motors	$ 2,137,963
Total	$ 9,566,390$

31. A summary report of the registrations in the *Register of Personal and Movable Real Rights* (**RPMRR**) relating to the abovementioned secured debt is communicated herewith for additional information as **Exhibit R-12**.

32. An independent review of the validity and enforceability of certain security interests listed in the table above has yet to be conducted by the Proposed Monitor's counsel.

33. The Debtors' secured debt is further described below.

a. PME MTL Est-de-l'Île

34. On December 15, 2020, PME MTL Est-de-l'Île (**PME**) executed a *Prêt à terme et subvention* (term loan and grant) with Lithion Recycling Inc. (predecessor of LTI), providing $ 125,000 as a term loan (as amended on December 9, 2021 and December 21, 2022, the **PME Term Loan**) and $ 25,000 as a grant to support LTI's operations, the whole as appears from a copy of the PME Term Loan, a copy of which is communicated herewith as **Exhibit R-13**.

35. The obligations of LTI under the PME Term Loan are secured by a movable hypothec on the universality of all movable property and assets of LTI, in a principal amount of $ 125,000 along with an additional hypothec of 20%.

b. Investissement Québec

36. On April 11, 2025, Investissement Québec (**IQ**) entered into a *Convention de prêt* (loan agreement) of $ 4.3 million to be distributed in two tranches with LTI and LSB (the **IQ Term Loan**), to be used for the recapitalization of Lithion to continue its mass production activities at its Saint-Bruno Black Mass Facility while continuing their efforts to raise capital and additional financing. The IQ Term Loan matured on September 30, 2025, the whole as appears from a copy of the IQ Term Loan, **Exhibit R-14**.

37. The obligations of LTI and LSB under the IQ Term Loan are secured by a movable hypothec on the universality of all movable property and assets of LTI and LSB, in a principal amount of $ 20,000,000 along with an additional hypothec of 25%.

38. On October 27, 2025, a notice of default, support, and forbearance was concluded between LTI, LSB, and IQ, in which the latter confirmed its support for the Proposed Restructuring (as defined below), subject to compliance with certain conditions.

c. Private Investors

39. On April 11, 2025, IMM Investment Hong Kong Holdings Limited (**IMM**), General Motors Ventures LLC (**GM**), Construction Seneca Inc. (**Seneca**) (collectively, the **Private Investors**) entered into a loan agreement with LTI and LSB (the **Private Investors Term Loan**). Under the Private Investors Term Loan, the Private Investors agreed to provide a loan, available in two tranches of respectively US$ 3.0 million and CAD$ 500,000.

40. The Private Investors Term Loan was designed to provide LTI and LSB with a bridge loan and additional liquidity and flexibility to manage their working capital and to maintain operations while negotiating financing opportunities. The Private Investors Term Loan matured on September 30, 2025, the whole as appears from a copy of the Private Investor Term Loan, **Exhibit R-15**.

41. The obligations of LTI and LSB under the Private Investor Term Loan are secured by movable hypothecs granted to each of the Private Investors on the universality of all movable property and assets of LTI and LSB, in the principal amount of $ 7,500,000 along with an additional hypothec of 25%.

42. Concurrently with the disbursement of the IQ Term Loan and the Private Investors Term Loan, LTI and LSB issued warrant certificates (the **Warrant Certificates**) to IQ and each of the Private Investors, thereby entitling them to purchase an aggregate number of shares in the capital of LTI equal to 50% of the principal amount of either tranches of the loans, as the case may be, divided by the exercise price of such warrants.

d. Other Secured Liabilities

43. With respect to LSB, in addition to the conventional hypothecs listed above, there are also registrations of rights resulting from equipment lease agreements in favor of, among others, Meridian OneCap Credit Corp., Meridian OneCap Limited Partnership and Crown Credit (Canada) Corporation.

ii) Unsecured Liabilities

a. Malex Immobilier Inc.

44. On October 21, 2022, Malex Immobilier Inc. (**Malex**), in its capacity as lessor, entered into a *Contrat de financement des travaux demandés par le locataire* (a financing agreement to finance work at the lessee's request) (the **Financing Agreement**) in the amount of $ 250,000 with 13681475 Canada Inc. (predecessor of LSB), in its capacity as lessee, to finance work contemplated therein, the whole as appears from a copy of the Financing Agreement, **Exhibit R-16**.

b. Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs

45. On April 21, 2023, the Royal Bank of Canada issued a *Lettre de crédit standby irrévocable* (irrevocable letter of guarantee) (the **Letter of Guarantee**) in favour of the *Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs* (the **MELCCFP**) in its capacity as beneficiary, in the amount of $ 150,000 for the account of LSB, in its capacity as applicant, the whole as appears from a copy of the Letter of Guarantee, **Exhibit R-17**.

c. Economic Development Agency of Canada

46. On February 19, 2025, the Economic Development Agency of Canada (**EDC**) entered into a Repayable Contribution Agreement (the **Contribution Agreement**) providing LSB with a contribution of $ 1.0 million to support its project contemplated therein, the whole as appears from a copy of the Contribution Agreement, **Exhibit R-18**. Only $ 86,452 was made available under this Contribution Agreement as of the date of this application.

iii) Tax and Statutory Liabilities

47. As of the date hereof, the Debtors are current in their source deductions and other GST/QST payable obligations.

48. As appears from the Projections, source deductions and other GST/QST obligations in connection with services rendered/products supplied after the issuance of the Initial Order shall be paid in the normal course of business (Appendix B, Exhibit R-7).

iv) Employee-related Liabilities

49. As of the date hereof, the amount of accrued vacation for the Debtors' employees is approximately $ 322,145 in the aggregate. As appears from the Projections, this outstanding amount will be paid during the contemplated CCAA proceedings.

v) Trade Liabilities

50. As of August 31, 2025, the Debtors' indebtedness to its suppliers and other unsecured creditors amounted to approximately $ 3.0 million (Exhibit R-11).

vi) Leases

51. On August 26, 2019, Lithion Recycling Inc. (predecessor of LTI), in its capacity as lessee, entered into a *Convention de bail* (lease agreement) (as extended on August 9, 2024, the **Anjou Lease Agreement I**) with 9131-4609 Québec Inc., in its capacity as lessor, for the leasing of premises situated at 9120 Golf boulevard in Anjou (Québec), H1J 3A1.

52. On April 6, 2022, Lithion Recycling Inc. (predecessor of LTI), in its capacity as lessee, entered into a *Convention de bail* (lease agreement) (as extended from time to time, the **Anjou Lease Agreement II**) with 9131-4609 Québec Inc., in its capacity as lessor, for the leasing of premises situated at 9332 and 9338 Golf boulevard in Anjou (Québec), H1J 3A1 (the **Anjou Leased Premises II**). The Anjou Lease Agreement will end on October 31, 2025. The lessor has registered four movable hypothecs at the RPMRR under numbers 19-1453087-0006, 22-0579061-0001, 24-12078641-0001 and 24-1207870-0001 (Exhibit R-12), each on all the movable property including the rolling stock and inventories situated at the Anjou Leased Premises II to guarantee the payment of the rent under the Anjou Lease Agreement II.

53. On October 21, 2022, 13681475 Canada Inc. (predecessor of LSB), in its capacity as lessee, entered into a *Bail commercial* (commercial lease) with Malex, in its capacity as lessor, for the leasing of five units situated at 960-962-964-966-968 Parent Street, Saint-Bruno-de-Montarville (Québec), J3V 6C9.

IV. FINANCIAL DIFFICULTIES AND PRE-FILING EFFORTS

A. Financial Difficulties

54. Given the significant capital needed to develop and grow its business, Lithion has incurred significant losses since its inception in 2018. In fact, as further detailed in subsection II.B, Lithion has only very recently completed the construction of the Saint-Bruno Black Mass Facility for which significant capital (over $100 million) had been raised in prior years.

55. According to Lithion's audited consolidated financial statements for the financial year ended March 31, 2024, Lithion has incurred material losses for two consecutive years. In 2024, the net loss and comprehensive loss was at $ 27,591,083, compared to a net loss and comprehensive loss of $ 10,230,667 in 2023, the whole as appears from **Exhibit R-19**.

56. For the five-month period ended on August 31, 2025, and as set out in Lithion's unaudited interim condensed consolidated financial statements, Lithion incurred a net loss and comprehensive loss of $ 7,990,506 (Exhibit R-11).

57. Absent any investment in its business, and even with a given investment, Lithion expects to continue to incur operating and net losses, and to use significant cash in its operations for the foreseeable future, if only until the Saint-Bruno Black Mass Facility becomes profitable.

58. Lithion's financial difficulties are attributable to a number of factors, including its difficulty raising significant capital as part of a second round of equity financing in the last two years and a general deceleration of the lithium-ion battery market, combined with the current political and economic context. Indeed, the accrued disincentive to invest in the EV market in the United States seems to have percolated same in Canada.

59. In addition to difficulties in raising capital, Lithion faces limited possibilities to finance through its assets beyond existing debt, due to the specialized nature of its equipment and facilities as well as the fact that a large portion of the company's value is intangible. This restricts the ability to leverage or liquidate assets for additional funding, further exacerbating Lithion's financial constraints and hindering its efforts to secure new sources of liquidity.

B. Pre-Filing Efforts

60. To address its liquidity challenges and avoid having to undergo formal restructuring proceedings, Lithion initiated and undertook several efforts constantly since the fall of 2023, namely through multiple attempted financing rounds as well as targeted cost-cutting measures.

61. These initiatives were undertaken alongside continuous monitoring of Lithion's cash flow and ongoing negotiations with key stakeholders to identify potential

sources of additional funding. Lithion also explored strategic alternatives, including possible asset sales or joint ventures, as part of its broader plan to stabilize its finances and ensure the continuity of its operations.

62. From fall 2023 to April 2025, these efforts included seeking equity or debt financing, reducing expenses wherever possible, and informally gauging interest in a buyout of Lithion. Lithion collaborated with Deutsche Bank and Ancoris Capital Partners to carry out pre-filing processes in order to search for capital investment or financing.

63. In addition to these initiatives, which proved unsuccessful, the Debtors also tested the market for potential acquirers through Deutsche Bank, although this did not constitute a formal sale process. Despite these exploratory efforts, no satisfactory acquisition offers materialized, further limiting Lithion's options to address its financial difficulties.

64. In April 2025, LTI and LSB obtained an "emergency financing" from IQ and the Private Investors to maintain operational continuity and pursue its financing efforts. These secured loans are further described in subsection I.A.i) herein. The first tranche of the emergency financing was disbursed at that moment.

65. Simultaneously, Lithion also conducted a series of workforce reductions resulting in the layoff of 16 employees. Following the layoff, Lithion experienced several resignations, most of which have not been subsequently filled.

66. In July 2025, the lenders under the "emergency financing" disbursed the second tranche of such financing.

67. Despite its sustained efforts, Lithion was unable to secure a long-term financing or redress its financial position sufficiently to avert the need for formal restructuring proceedings.

68. At this stage, to sustain its rapid growth and potentially pave the way to creating a circular supply chain for battery materials, thereby expanding its business, Lithion requires a large influx of cash.

V. RESTRUCTURING OBJECTIVES

69. As a result of the aforementioned challenges, the Debtors are now facing a severe liquidity crisis at their current utilization of cash in operating activities and will quickly run out of cash if the *status quo* is maintained.

70. The Debtors' management has therefore focused its efforts and intends to continue focusing its efforts on, *inter alia*, the following measures:

a) implementing an operational restructuring of its business and cost-cutting measures;

b) optimising the collection of outstanding accounts receivable; and

c) implementing and conducting the SISP in accordance with the SISP Procedures (as defined hereinafter);

(collectively, the **Proposed Restructuring**).

71. These efforts are intended to maximize the value of the Debtors' assets for the benefit of their creditors, and, if possible, preserve the Debtors' business as a going concern through new owners and/or investors. It is submitted that a change in ownership and/or new investors may allow an acquirer to remedy the cash flow pressure as well as Lithion's capital needs and to continue Lithion's operations as a going concern.

A. Operational Restructuring and Cost-cutting Measures

72. As noted above, Lithion's operations are cash-flow negative such that the only means of sustaining its operations in the short term is through additional debt or the monetization of its property.

73. In such circumstances and given Lithion's insolvency and the commencement of these CCAA proceedings, it is urgently necessary to further implement cost-cutting measures.

74. As reflected in the Proposed Monitor's Report (Exhibit R-7), the Proposed Restructuring contemplates the following operational adjustments and cost-cutting measures, while the Proposed Restructuring is being implemented:

a) Lithion will incrementally reduce its workforce, retaining only key personnel to complete required care and maintenance of equipment and to complete the SISP, as contemplated in the Proposed Restructuring; and

b) Lithion will cease all of its operations during the SISP while the Proposed Restructuring is being implemented.

B. The SISP

75. With the objective of finding an enduring solution to Lithion's insolvency, the Debtors, Ernst & Young Orenda (the **SISP Agent**) and the Proposed Monitor, in collaboration with IQ, subject to this Court's approval, intend to conduct a SISP in accordance with the procedures communicated as Schedule A to the Proposed SISP Approval Order (Exhibit R-3) (the **SISP Procedures**).

76. The SISP contemplates a two-phase bidding process according to the following timeline (subject to any extensions and modifications that may be made pursuant to the SISP Procedures, with the prior written approval of IQ):

Event	Date
<u>Phase 1</u>	
1. Distribution of solicitation letter to a reviewed list of interested parties	By no later than November 10, 2025, at 5:00 p.m. (prevailing Eastern Time)
2. Establishment of a virtual data room (**VDR**) for all parties having executed a non-disclosure agreement	By no later than November 10, 2025, at 5:00 p.m. (prevailing Eastern Time)
3. Phase 1 Bid Deadline (submission of non-binding letters of intent (**LOIs**))	By no later than December 8, 2025, at 5:00 p.m. (prevailing Eastern Time)
4. Identification of Qualified Phase 1 LOIs	By no later than December 12, 2025, at 5:00 p.m. (prevailing Eastern Time)
<u>Phase 2</u>	
5. Phase 2 Bid Deadline (submission of definitive offers)	By no later than January 16, 2026, at 5:00 p.m. (prevailing Eastern Time)
6. Selection of Successful Bid(s)	By no later than January 21, 2026, at 5:00 p.m. (prevailing Eastern Time)
7. Approval Hearing	By no later than January 30, 2026, at 5:00 p.m. (prevailing Eastern Time)
8. Closing	By no later than February 2, 2026, at 5:00 p.m. (prevailing Eastern Time)

77. As such, the Debtors, SISP Agent and the Proposed Monitor, in consultation with IQ, intend to diligently pursue the SISP with the objective of receiving Phase 1 non-biding LOIs by December 8, 2025, as reflected by the above SISP deadlines, as well as the SISP Procedures (Schedule A, Exhibit R-3).

78. The timeline and modalities for the SISP are established based on the most up-to-date information to ensure that the process is effectively tailored towards maximizing the value of the property and/or Lithion's business while preserving their core ongoing operations.

79. It is respectfully submitted that authorizing the Proposed Restructuring, for which the implementation of the SISP led by the SISP Agent, the Proposed Monitor and the Debtors, in consultation with IQ, is the cornerstone, is necessary and appropriate in order to achieve the rehabilitation of Lithion's business for the ultimate benefit of its stakeholders.

80. Moreover, the Proposed Monitor is of the view that the SISP Procedures are reasonable and appropriate in the circumstances, the whole as appears from the Proposed Monitor's Report (Exhibit R-7).

VI. APPLICATION OF THE CCAA AND RELIEF SOUGHT

A. Application of the CCAA

81. As described above in subsection III.B of this Application, and as is more fully described in the Proposed Monitor's Report (Exhibit R-7):

a) The Debtors are faced with a liquidity crisis and are insolvent; and

b) The aggregate amount of their outstanding indebtedness is far greater than the $5,000,000 threshold provided for in the CCAA.

82. As such, the Debtors meet the criteria set out at Subsection 3(1) of the CCAA and are "debtor companies" to which the CCAA applies.

B. Appointment of the Monitor

83. KPMG has been retained by the Debtors to act as Monitor in these CCAA proceedings, should the Court grant the present Application and issue an initial order substantially in the form of the Proposed Initial Order (Exhibit R-1).

84. KPMG is a licensed trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act* and is not subject to any of the restrictions on who may be appointed monitor as set out in Subsection 11.7(2) of the CCAA.

85. Indeed, at no time during the preceding two years has KPMG been:

a) a director, officer or employee of the Debtors;

b) related to the Debtors or to any former director or officer of the Debtors; or

c) the Debtors' auditor, accountant or legal counsel, or a partner or employee of the auditor, account or legal counsel of the Debtors.

86. Moreover, KPMG has agreed to act as Monitor in these CCAA proceedings and is in an ideal position to supervise the implementation of the Proposed Restructuring by Lithion given its experience in matters of this nature. KPMG is well-acquainted with the assets and operations of the Debtors, having assisted in their restructuring efforts since April 2025 as a consultant mandated by IQ.

87. Therefore, the Debtors respectfully submit that KPMG is qualified to act as Monitor and that it is appropriate in the circumstances to grant the Proposed Monitor the powers required to supervise in an appropriate manner Lithion's affairs and the implementation of the SISP, the whole during the Stay Period, in accordance with the Proposed Initial Order (Exhibit R-1) and the Proposed ARIO (Exhibit R-4).

C. Stay of Proceedings

88. Notwithstanding the significant efforts of management, the Debtors are currently insolvent, with limited and depleting cash resources to pay liabilities as they become due.

89. The Debtors are deeply concerned that unless a stay of proceedings is granted pursuant to the terms of the CCAA, certain suppliers, creditors and other stakeholders may attempt to take steps to try to improve their positions in comparison to other similarly situated stakeholders.

90. This would not only jeopardize and potentially deplete the value of the Debtors' estates to the detriment of all stakeholders, but it could also jeopardize the completion of the SISP.

91. The CCAA stay will preserve the *status quo* and permit the Debtors to continue operating, while completing and implementing any transaction resulting from the SISP for the ultimate benefit of their stakeholders.

92. The Debtors request that all proceedings against them as well as against their directors and officers and their property be stayed for an initial period of ten days in order to preserve the *status quo* during the initial Stay Period.

93. At the comeback hearing, the Debtors will request a further extension of the Stay Period until January 30, 2026, to allow for the completion of the SISP.

94. Based on the Projections, the Debtors expect to have sufficient funding and liquidity to cover anticipated post-filing costs and expenses during the Stay Period (Appendix B, Exhibit R-7).

95. Notwithstanding the foregoing, the Debtors agree that IQ, as key partner in the Proposed Restructuring and in its capacity as a secured creditor, shall remain and be treated at all times and in all circumstances as an unaffected creditor in the current CCAA proceedings, including with respect to the stay of proceedings.

D. KERP

96. As part of the Proposed Restructuring, Lithion will incrementally lay off a portion its workforce during the implementation of the restructuring process and the SISP.

97. During the Proposed Restructuring, Lithion will only retain key employees, specifically, those required to oversee the care and maintenance of the equipment and batteries located at the Saint-Bruno Black Mass Facility to ensure its preservation. Additionally, certain additional employees as well as Lithion's executive committee will be maintained to support the implementation of the SISP.

98. The Debtors are concerned that, without obtaining CCAA protection and implementing the KERP within a structured restructuring process, there is a risk of losing key employees whose continued presence is essential to ensure the proper safeguarding of critical equipment and other assets that must be secured for safety reasons.

99. After consulting with the Proposed Monitor, the Debtors have implemented a retention program for key employees and executives (the **KERP**) with a view of securing their essential contribution during the SISP and until completion of any transaction that may result therefrom.

100. Pursuant to the proposed KERP (Appendix A, under seal, Exhibit R-7), an incentive will be paid to the retained key employees in two different tranches.

E. CCAA Charges

i) Administration Charge

101. The Proposed Monitor, counsel for the Proposed Monitor, the SISP Agent, counsel for the Debtors and counsel for IQ are essential to the restructuring efforts contemplated in these CCAA proceedings.

102. They have each advised that they are prepared to provide or continue to provide professional services only if they are protected by a charge over the assets of the Debtors, in accordance with the Proposed Initial Order (the **Administration Charge**).

103. It is contemplated that the Debtors will be invoiced and pay fees and expenses of the beneficiaries of the Administration Charge on a weekly basis.

104. It is respectfully submitted that an Administration Charge in the aggregate amount of $ 200,000 is reasonable to cover the work that was done in the context of the preparation of the present procedures and the work required until the comeback hearing.

105. At the comeback hearing, the Debtors will request an increase in the Administration Charge to the aggregate amount of $ 300,000 to secure the

professional fees and disbursements to be incurred in connection with the Proposed Restructuring.

106. The amount of the Administration Charge has been determined not on the basis of the total fees payable to these professionals during the proceedings but on an assessment of what could be an amount outstanding to these professionals at any given time in the proceedings.

107. The Debtors believe that the amount of the Administration Charge is fair and reasonable in the circumstances.

ii) D&O Charge

108. The continued active implication of the directors and officers of the Debtors is essential to the restructuring efforts of the Debtors.

109. The Debtors' primary and excess directors' and officers' liability insurance policies for the directors and officers of its subsidiaries (together, the **D&O Insurance**) expires on March 12, 2026. Additionally, the Debtors have purchased a tail insurance policy to provide extended coverage for directors and officers. Moreover, the D&O Insurance contains limits and exclusions that could potentially affect the total amount of insurance available to the directors and officers of the Debtors.

110. In such circumstances, the directors and officers of the Debtors have expressed concern with respect to potential personal liability if they continue in their current capacities through the CCAA proceedings.

111. The Debtors therefore propose that a charge to guarantee the Debtors' indemnification obligations towards their directors and officers be granted over the assets of the Debtors, in accordance with the Proposed Orders, in the amount of $ 100,000 with the priority set out in the Proposed Initial Order (Exhibit R-1) to the extent such claims are not covered by the D&O Insurance, in order to provide a reasonable level of protection to the directors and officers (the **D&O Charge**).

112. At the comeback hearing, the Debtors will request an increase in the D&O Charge to an aggregate amount of $ 200,000 as a result of the restructuring.

113. The Debtors submit that the establishment of the D&O Charge is necessary, and that the amount of the D&O Charge is fair and reasonable in the circumstances.

iii) KERP Charge

114. As mentioned above under subsection D, in order to facilitate the Proposed Restructuring of the Debtors, and to maximize the business' value as a going concern, the Debtors have developed, in collaboration with the Proposed Monitor, a KERP, in order to ensure that key employees and executives are retained through the restructuring process, the whole as appears from Appendix A, under seal, of the Proposed Monitor's Report (Exhibit R-7).

115. The proposed KERP charge (the **KERP Charge**) would secure the obligations towards the beneficiaries of the KERP in the amount of $ 250,000.

116. The Debtors respectfully submit that the amount of the KERP Charge is fair and reasonable in the circumstances and insist on the importance of the KERP in order to ensure the continuity of operations and efficient implementation of the Proposed Restructuring.

117. The Administration Charge, the D&O Charge, and the KERP Charge each encumber the assets that are specifically identified in the Proposed Orders and shall rank in accordance with the terms of the Proposed Orders.

F. Administrative Consolidation

118. Considering that the Debtors operate their business as a corporate group, it is appropriate and necessary to order the consolidation of these CCAA proceedings, for administrative purposes only.

G. Sealing of Confidential Documents

119. Certain appendices of the Proposed Monitor's Report filed in support of this Application contain commercially sensitive information related to the affairs of the Debtors and the remuneration of their key employees. Disclosure of such information would be prejudicial to the Debtors, as their key employees would be susceptible to be hired away by competitors in the present day highly competitive labour market.

120. It is respectfully submitted that the confidentiality of such information should be preserved and that it should be ordered that Appendix A to the Proposed Monitor's Report (Exhibit R-7) be kept confidential and filed under seal until further order of this Court.

H. Execution Notwithstanding Appeal

121. Given the urgency and severity of the circumstances confronting the Debtors, it is essential that execution of the orders sought herein be granted notwithstanding appeal.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present *Application for the Issuance of a First Day Initial Order, an Amended and Restated Initial Oder and a SISP Approval Order*;

ISSUE an order substantially in the form of the Proposed Initial Order communicated in support of the Application as Exhibit R-1;

ISSUE an order substantially in the form of the Proposed SISP Approval Order communicated in support of the Application as Exhibit R-3;

ISSUE an order substantially in the form of the Proposed Amended and Restated Initial Order communicated in support of the Application as Exhibit R-4;

THE WHOLE WITHOUT COSTS, save and except in the event of contestation.

Montréal, October 27, 2025

Norton Rose Fulbright Canada LLP

NORTON ROSE FULBRIGHT CANADA LLP
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Notification:Notifications-mtl@nortonrosefulbright.com
Our reference: 1001259300

SWORN DECLARATION

I, the undersigned, Marc Chabot, Chief Financial Officer, domiciled for the purpose hereof at 1 Place Ville-Marie, Suite 2500, in the city and judicial district of Montreal, province of Quebec, solemnly declare the following:

1. I am the Chief Executive Officer and a duly authorized representative of the Debtors / Applicants for the purposes hereof.

2. I have taken cognizance of the attached *Application for the Issuance of a First Day Initial Order, an Amended and Restated Initial Order and a SISP Approval Order* (the **Application**).

3. All the facts alleged in the Application of which I have personal knowledge are true.

4. Where the facts alleged in the Application have been obtained from others, I believe them to be true.

AND I HAVE SIGNED:

Marc Chabot

SOLEMNLY DECLARED before me by technological means, this 27th day of October 2025. The Affiant is in the city of Saint-Bruno de Montarville and the Commissioner of Oaths is in the city of Montreal.

COMMISSAIRE À L'ASSERMENTATION POUR LE QUÉBEC
Josée Derépentigny
247647
COMMISSIONER FOR OATHS FOR QUÉBEC

Josée Derépentigny

Commissioner for Oaths for the
Province of Québec

NOTICE OF PRESENTATION

TO: SERVICE LIST

1. PRESENTATION OF THE PROCEEDINGS

TAKE NOTICE that the attached *Application for the Issuance of a First Day Initial Order, an Amended and Restated Initial Oder and a SISP Approval Order* will be presented for adjudication before the Honourable Justice Corriveau, siting in the Commercial Division of the Superior Court of Québec, at the Courthouse of Montreal located at 1 Notre-Dame Street East, Montreal, Province of Quebec, H2Y 1B6, **on October 28, 2025, in Room 16.07** at 9h15 a.m.

2. HOW TO JOIN THE VIRTUAL CALLING OF THE ROLL IN PRACTICE DIVISION

The coordinates to join the virtual calling of the roll in room 16.04 are as follows:

16.07	Rejoindre la réunion Microsoft Teams +1 581-319-2194 Canada, Québec (Numéro payant) (833) 450-1741 Canada (Numéro gratuit) ID de conférence : 648 463 187# Numéros locaux | Réinitialiser le code confidentiel | En savoir plus sur Teams | Options de réunion Rejoindre à l'aide d'un dispositif de vidéoconférence teams@teams.justice.gouv.qc.ca ID de la conférence VTC : 1154813145 Autres instructions relatives à la numérotation VTC

Montréal, October 27, 2025

Norton Rose Fulbright Canada LLP

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Our reference: 1001259300

C A N A D A
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

N°: 500-11-

Commercial Division
(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36)

IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF:

LITHION TECHNOLOGIES INC., a legal person having its elected domicile at 2500-1 Place Ville-Marie, in the city and judicial district of Montréal, H3B 1R1

-and-

LITHION ST-BRUNO INC., a legal person having its elected domicile at 2500-1 Place Ville-Marie, in the city and judicial district of Montréal, H3B 1R1

-and-

LITHION INTERNATIONAL INC., a legal person having a place of business at 9388 Golf Blvd., in the city and judicial district of Montréal, H1J 3A1

Debtors /
Applicants

-and-

KPMG INC., a legal person having a place of business at 600 De Maisonneuve Blvd. West, in the city and judicial district of Montreal, H3A 0A3

Proposed Monitor

LIST OF EXHIBITS

(In support of the *Application for the Issuance of a First Day Initial Order, an Amended and Restated Initial Order and a SISP Approval Order*)

EXHIBIT R-1 Proposed Initial Order;

EXHIBIT R-2 Copy of the Redline Document comparing the Proposed Initial Order to the Model CCAA Initial Order;

EXHIBIT R-3 Proposed SISP Approval Order;

EXHIBIT R-4 Proposed Amended and Restated Initial Order;

EXHIBIT R-5 Copy of the Redline Document comparing the Proposed ARIO to the Model CCAA Initial Order;

EXHIBIT R-6 Copy of the Redline Document comparing the Proposed ARIO to the Proposed Initial Order;

EXHIBIT R-7 *Pre-Filing Report* submitted by KPMG Inc. (Appendix A *under seal*);

EXHIBIT R-8 Extract of the Québec Enterprise Register for Lithion Technologies Inc.;

EXHIBIT R-9 Extract of the Québec Enterprise Register for Lithion St-Bruno Inc.;

EXHIBIT R-10 Extract of the Québec Enterprise Register for Lithion International Inc.;

EXHIBIT R-11 Interim condensed consolidated financial statements of Lithion Technologies Inc., Lithion Saint-Bruno Inc. and Lithion International Inc. for the five-month period ended on August 31, 2025;

EXHIBIT R-12 Summary report of the registrations in the *Register of Personal and Movable Real Rights*;

EXHIBIT R-13 *Prêt à terme et subvention* between PME MTL Est-de-l'Île and Lithion Recycling Inc. dated December 15, 2020;

EXHIBIT R-14 *Convention de prêt* between Investissement Québec and Lithion Technologies Inc. and Lithion Saint-Bruno Inc. dated April 11, 2025;

EXHIBIT R-15 Loan Agreement between IMM Investment Hong Kong Holdings Limited, General Motors Ventures LLC, Construction Seneca Inc., and Lithion Technologies Inc. and Lithion Saint-Bruno Inc. dated April 11, 2025;

EXHIBIT R-16 *Contrat de financement des travaux demandés par le locataire* between Malex Immobilier Inc. and Lithion Recycling Inc. dated October 21, 2022;

EXHIBIT R-17 *Lettre de crédit standby irrévocable* issued by the Royal Bank of Canada in favour of the *Ministère de l'Environnement, de la Lutte*

contre les changements climatiques, de la Faune et des Parcs for the account of Lithion Saint-Bruno Inc. dated April 21, 2023;

EXHIBIT R-18 Contribution Agreement between the Economic Development Agency of Canada and Lithion Saint-Bruno Inc. dated February 19, 2025;

EXHIBIT R-19 Audited consolidated financial statements of Lithion for the financial year ended March 31, 2024.

Montréal, October 27, 2025

Norton Rose Fulbright Canada LLP

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Our reference: 1001259300

NO:

SUPERIOR COURT
(COMMERCIAL DIVISION)
DISTRICT OF MONTREAL

IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF:

LITHION TECHNOLOGIES INC.

-and-

LITHION ST-BRUNO INC.

-and-

LITHION INTERNATIONAL INC.

Debtors / Applicants

-and-

KPMG INC.

Proposed Monitor

APPLICATION FOR THE ISSUANCE OF AN INITIAL ORDER, AN AMENDED AND RESTATED INITIAL ORDER AND A SISP APPROVAL ORDER
(Sections 4, 9, 10, 11, 11.02, 11.03, 11.51, 11.52, 11.7 and 23 of the Companies' Creditors Arrangement Act)

ORIGINAL

BO-0042 #1001259300

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