



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL SLIP/ENDORSEMENT

COURT FILE NO.: BK-23-02946534-0031 DATE: 16 June 2023

NO. ON LIST: 3

TITLE OF PROCEEDING: *Intention to Make a Proposal of Nanopay Corporation*

BEFORE JUSTICE: P. Osborne

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info
Kenneth Kraft	Counsel for the Debtor, Nanopay Corporation	Kenneth.kraft@dentons.com
Sara-Ann Wilson	Counsel for the Debtor, Nanopay Corporation	

For Defendant, Respondent, Responding Party, Defence:

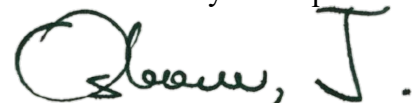
Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Rahn Dodick	The Proposal Trustee (Dodick Landau Inc.)	Rahn.dodick@dodick.ca
Shahrazad Hamraz	Counsel for the Proposal Trustee (Dodick Landau Inc.)	shamraz@loonix.com
Danish Afroz	DIP Lender	dafroz@chaitons.com

ENDORSEMENT OF JUSTICE P. OSBORNE:

1. The Company moves pursuant to section 50.4(9) of the BIA for an extension of the time to file a proposal to August 2, 2023, authority to borrow under a credit facility as described in the DIP Term Sheet, authority to engage a Chief Restructuring Officer and the granting of a DIP Lender's Charge up to the maximum amount of \$2 million plus interest, fees and costs pursuant to section 50.6 of the BIA.
2. A Notice of Intention to Make a Proposal was filed on May 19, 2023. The Company is a CBCA company involved in that provision of embedded payments solutions for businesses and banks. It is a startup and cash from operations is insufficient to fund liabilities as they come due, with the result that it relies on regular equity injections and loans from investors to fund the cash flow needs. The And OI was prompted by changes in market conditions resulting in a longer timeline being wired for the Company to reach profitability. The purpose of the Proceedings is the creation of a stabilized environment for the Company to consider and pursue restructuring options.
3. The Company relies upon the affidavit of Laurence Cooke sworn June 15, 2023 and exhibits thereto.
4. Motion materials have been served, although service was short. In particular, motion materials were delivered to the Government of Canada Department of Justice (Canada Revenue Agency in respect of HST remittances primarily) and the Province of Ontario Department of Finance (in respect of the HT obligations primarily), as well as the lender on a prior loan in respect of a facility of approximately \$37,500.
5. The DIP Loan Facility provided for in the DIP Term Sheet provides for a non-revolving demand credit facility up to an aggregate principal amount of \$2 million. Initial advances up to the aggregate amount of \$600,000 will be available to the Company upon satisfaction of the Conditions Precedent to the Initial Advances. Subsequent advances are in the Lender's discretion.
6. The cash flow forecast shows that the Company urgently requires the DIP Loan Facility to provide liquidity required to pay its employees, professional fees and continue operations during the Proceedings.
7. I am satisfied that the DIP Term Sheet should be, and is approved. It is fully supported and recommended by the Proposal Trustee.
8. However, I am directing that this matter be returnable before me next week on **Friday, June 23, 2023 at 10 AM via Zoom**. In the interim period until the return of this matter, advances under the DIP Loan Facility cannot exceed \$275,000 in the aggregate, which is the amount necessary to sustain operations in this interim period in satisfy obligations for payroll and source deductions.
9. I note the assurance of counsel for the Applicant that the lender in respect of the \$37,500 post filing loan facility referred to above is aware of, and does not oppose, any of the relief sought today.
10. I am also satisfied that Mr. David Kay should be appointed as Chief Restructuring Officer pursuant to the terms of the CRO Engagement Agreement. His involvement will enure to the benefit of the relevant economically affected stakeholders and maximize the efficiency of the operations of the Company during this restructuring period.
11. Finally, it is appropriate to extend to August 2, 2023 the time for the Company to file its proposal pursuant to section 50.4(9) of the BIA. The Company has acted, and is acting, in good faith and with due diligence, would likely be able to make a viable proposal if the extension were granted, and no creditor would be materially prejudiced.
12. Order to go in the form signed by me today, which is effective immediately and without the necessity of issuing and entering. This endorsement and the order should be served immediately on all parties.

Osborne, J.

