

District of Ontario  
Division No. 9 - Toronto  
Court File No.: BK-23-2946534-0031  
Estate File No.: 31-2946534

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF NANOPAY CORPORATION**

**MOTION RECORD  
(Returnable August 1, 2023)**

July 31, 2023

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**SERVICE LIST**  
**(as at June 22, 2023)**

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## INDEX

<b>Tab</b>	<b>Document</b>	<b>Page No.</b>
1	Notice of Motion dated July 31, 2023	7
2	Affidavit of Laurence Cooke sworn July 31, 2023	13
A	Exhibit “A”: Affidavit of Laurence Cooke sworn June 15, 2023 (without exhibits)	18
B	Exhibit “B”: Order of Justice Osborne, dated June 16, 2023	33
C	Exhibit “C”: Cash Flow Forecast	45
3	Draft Order	50

# Tab 1

District of Ontario  
 Division No. 9 - Toronto  
 Court File No.: BK-23-2946534-0031  
 Estate File No.: 31-2946534

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
**(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
 R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION  
 TO MAKE A PROPOSAL OF NANOPAY CORPORATION**

**NOTICE OF MOTION**  
**(returnable August 1, 2023)**

Nanopay Corporation (the “**Company**”), will make a motion before a Judge of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), on August 1, 2023 at 10:30 a.m., or as soon after that time as the motion can be heard.

**THE PROPOSED METHOD OF HEARING:** The motion is to be heard

- ☐ In writing under subrule 37.12.1 (1) because it is (*insert one of* on consent, unopposed *or* made without notice);
- ☐ In writing as an opposed motion under subrule 37.12.1 (4);
- ☐ In person;
- ☐ By telephone conference;
- ☒ By video conference.

at the following location

330 University Ave, Toronto, Ontario, via Zoom (the details of which will be provided by the Court at a later date).

**THE MOTION IS FOR:**

1. An Order, substantially in the form attached at **Tab 3** of the Motion Record:

- (a) abridging the time for service of this Notice of Motion and the Motion Record so that the motion is properly returnable on August 1, 2023, and dispensing with service on any persons other than those served;
- (b) pursuant to Section 50.4(9) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), extending the time for the Company to file a proposal to August 21, 2023; and
- (c) such other and further relief as counsel may request and this Honourable Court may allow.

### **THE GROUNDS FOR THE MOTION ARE:**

#### **Background**

- 2. On May 19, 2023, the Company filed a Notice of Intention to Make a Proposal pursuant to Section 50.4 of the BIA (the “**NOI**”) and appointed Dodick Landau Inc. as proposal trustee (the “**Proposal Trustee**”) in respect of its proposal proceedings (the “**NOI Proceedings**”).
- 3. The Company is incorporated pursuant to the *Canada Business Corporations Act*. It recently vacated its office space located at 905 King Street, Suite 300, Toronto, Ontario. The Company’s 21 employees and sole contractor work remotely.
- 4. The Company offers embedded payments solutions for businesses and banks. This technology allows the Company’s clients to collect payments from customers more easily.
- 5. The Company’s principal assets consist of payments industry know-how, a software platform for digital payments, contractual and commercial relationships to provide payment and liquidity management products, the hardware and software to provide such products and related intellectual property.
- 6. Pursuant to the Order of the Honourable Justice Osborne, dated June 16, 2023 (the “**June 16 Order**”), the Court:

- (a) extended the deadline for the Company to file a proposal under the BIA to August 2, 2023;
- (b) authorized and empowered the Company to obtain and borrow under a credit facility (the “**DIP Loan Facility**”) from Nephesh Partners, LLC and/or its affiliate (the “**DIP Lender**”) and approved the form of term sheet, dated June 15, 2023 (the “**DIP Term Sheet**”); and
- (c) approved the engagement of David Kay, in his capacity as chief executive officer of Ao8 Strategic Advisors, LLC, to act as Chief Restructuring Officer (“**CRO**”) of the Company.

#### **Extension of Time to File a Proposal**

- 7. The Company is seeking a further extension of the deadline to file a proposal to August 21, 2023.
- 8. None of the Company’s creditors will be materially prejudiced if the extension is granted.
- 9. The Company has acted and continues to act in good faith and with due diligence and it will likely be able to make a viable proposal if the extension is granted.
- 10. The Company’s Cash Flow Forecast shows the Company will have sufficient liquidity to meet its obligations during the extension period.
- 11. The Proposal Trustee supports the extension.

#### **Other Grounds**

- 12. Rules 1.04, 1.05, 2.01, 2.03, 16.04 and 37 of the *Rules of Civil Procedure* (Ontario).
- 13. Section 50.4(9) the BIA.

14. Such further and other grounds as counsel may advise and this Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING  
OF THE MOTION:**

15. The Affidavit of Laurence Cooke, sworn July 31, 2023.
16. The Second Report of the Proposal Trustee, to be filed.
17. Such further and other material as counsel may advise and this Honourable Court may allow.

July 31, 2023

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*Lawyers for Nanopay Corporation*

**TO: SERVICE LIST**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF NANOPAY CORPORATION**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
(IN BANKRUPTCY AND INSOLVENCY)**

PROCEEDING COMMENCED AT TORONTO

**NOTICE OF MOTION**

**DENTONS CANADA LLP**  
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*Lawyers for Nanopay Corporation*

# Tab 2

District of Ontario  
Division No. 9 - Toronto  
Court File No.: BK-23-2946534-0031  
Estate File No.: 31-2946534

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
**(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,**  
**R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL**  
**OF NANOPAY CORPORATION**

**AFFIDAVIT OF LAURENCE COOKE**  
**(Sworn July 31, 2023)**

I, Laurence Cooke, of the City of Toronto, in the Province of Ontario, MAKE OATH AND  
SAY:

1. I am the sole director, Founder and Chief Executive Officer of the Nanopay Corporation (the “**Company**” or “**Nanopay**”). As such I have personal knowledge of the Company and the matters to which I depose in this affidavit. Where I have relied on other sources for information, I have so stated and I believe them to be true.
2. I swear this affidavit in support of the Company’s motion for an order extending the time for the Company to file a proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) to August 21, 2023.
3. All references to currency in this affidavit are in Canadian dollars unless noted otherwise.

-2-

4. The background to the filing is set out in my affidavit sworn June 15, 2023, a copy of which is attached hereto as **Exhibit “A”** (without exhibits).

5. Pursuant to the Order of the Honourable Justice Osborne, dated June 16, 2023 (the “**June 16 Order**”), the Court:

- (a) extended the deadline for the Company to file a proposal under the BIA to August 2, 2023;
- (b) authorized and empowered the Company to obtain and borrow under a credit facility (the “**DIP Loan Facility**”) from Nephesh Partners, LLC and/or its affiliate (the “**DIP Lender**”) and approved the form of term sheet, dated June 15, 2023 (the “**DIP Term Sheet**”); and
- (c) approved the engagement of David Kay, in his capacity as chief executive officer of Ao8 Strategic Advisors, LLC, to act as Chief Restructuring Officer (“**CRO**”) of the Company.

6. A copy of the June 16 Order is attached hereto as **Exhibit “B”**.

## **BACKGROUND**

7. A copy of the Company’s cash flow forecast for the period from July 24, 2023 to August 21, 2023, is attached hereto as **Exhibit “C”** (the “**Cash Flow Forecast**”). Further funding under the DIP Loan Facility is necessary for the Company to meet its obligations, pay payroll and continue its operations.

-3-

8. I have been advised by the CRO that the DIP Lender has committed to providing the Subsequent Advances in accordance with the Cash Flow Forecast and pursuant to the terms of the DIP Term Sheet that will cover the requested extension period and the Company expects to be in a position to file a proposal on or before August 21<sup>st</sup>.

#### **EXTENSION OF TIME TO FILE A PROPOSAL**

9. Pursuant to the June 16 Order, the deadline for the Company to file a proposal under the BIA is August 2, 2023.

10. The Company is seeking an extension of the deadline to file a proposal to August 21, 2023.

11. The Company requires additional time to continue its negotiations with stakeholders and restructure its affairs so that it will be in a position to file a proposal later this month.

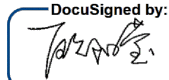
12. None of the Company's creditors will be materially prejudiced if the extension is granted.

13. The Company has acted and continues to act in good faith and with due diligence and it will likely be able to make a viable proposal if the extension is granted.

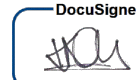
14. The Company's Cash Flow Forecast shows the Company will have sufficient liquidity to meet its obligations during the extension period.

-4-

**SWORN** by Laurence Cooke of the City of Toronto in the Province of Ontario, before Ying Ouyang at the City of Toronto in the Province of Ontario on July 31, 2023, in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

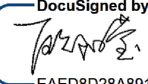
DocuSigned by:  
  
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Commissioner for Taking Affidavits  
**Ying Ouyang (LSO # P11287)**

DocuSigned by:  
  
3819396A23D34AE...

**LAURENCE COOKE**

THIS IS EXHIBIT "A" REFERRED TO IN THE  
AFFIDAVIT OF LAURENCE COOKE SWORN  
BEFORE ME THIS 31st DAY OF JULY, 2023.

DocuSigned by:  
  
EAED8D28A89144A...

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A Commissioner for Taking Affidavits, etc.

District of Ontario  
Division No. 9 - Toronto  
Court File No.: BK-23-2946534-0031  
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**ONTARIO**  
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**OF NANOPAY CORPORATION**

**AFFIDAVIT OF LAURENCE COOKE**  
**(Sworn June 15, 2023)**

I, Laurence Cooke, of the City of Toronto, in the Province of Ontario, MAKE OATH AND  
SAY:

1. This affidavit is made in support of the motion by Nanopay Corporation (the “**Company**”) returnable June 16, 2023.

2. I am the sole director of the Company. As such I have personal knowledge of the Company and the matters to which I depose in this affidavit. Where I have relied on other sources for information, I have so stated and I believe them to be true.

3. All references to currency in this affidavit are in Canadian dollars unless noted otherwise.

**I. RELIEF REQUESTED**

4. I swear this affidavit in support of the motion by the Company for an Order:

-2-

- (a) pursuant to Section 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), extending the time for the Company to file a proposal to August 2, 2023;
- (b) authorizing the Company to borrow under a credit facility from Nephesh Partners, LLC and/or its affiliate (the “**DIP Lender**”) to finance the Company’s working capital and professional fees;
- (c) pursuant to Section 50.6 of the BIA, granting the DIP Lender’s Charge (as defined below) in favour of the DIP Lender; and
- (d) authorizing the Company to engage David Kay, in his capacity as CEO of Ao8 Strategic Advisors, LLC, as Chief Restructuring Officer (“**CRO**”).

## II. BACKGROUND

5. On May 19, 2023, the Company filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the BIA. A copy of the NOI filed by the Company and the certificate of filing is attached hereto as **Exhibit “A”**. Dodick Landau Inc. was appointed as proposal trustee (the “**Proposal Trustee**”) in respect of the Company’s proposal proceedings (the “**NOI Proceedings**”).

6. The NOI filing was prompted due to the Company’s ongoing liquidity challenges and inability to meet its liabilities as they fall due.

7. The purpose of the NOI Proceedings is to create a stabilized environment for the Company to consider and pursue its restructuring options.

### **The Company's Business and Liquidity Issues**

8. The Company was incorporated on December 12, 2015 pursuant to the *Canada Business Corporations Act*. A copy of the federal corporate profile for the Company is attached hereto as **Exhibit "B"**. The Company is wholly-owned by Nanopay Holdings Inc. ("**NHI**").

9. The Company operates out of leased premises at 905 King Street, Suite 300, Toronto, Ontario, however most of its employees work remotely. The Company does not own any real property.

10. The Company offers embedded payments solutions for businesses and banks that allows its clients to: (i) set up accounts; (ii) link those accounts to verified bank accounts; (iii) send and receive invoices to the customers of its clients; and (iv) receive and make payments against those invoices. This technology allows the Company's clients to collect payments from customers more easily.

11. The Company currently has 24 employees and 1 contractor. Most of the Company's employees are located in Ontario, and two are located in British Columbia. The contractor is temporarily located in Ukraine.

12. The Company does not provide any company funded pension plans for its employees.

13. Company's principal assets consist of payments industry know-how, a software platform for digital payments, contractual and commercial relationships to provide payment and liquidity management products, the hardware and software to provide such products and related intellectual property.

14. The Company is a start up. Its cash from operations is insufficient to fund its liabilities as they fall due. Accordingly, it relies on regular equity injections and loans from its investors to fund its cash flow needs.

15. The NOI filing was prompted by changes in market conditions which resulted in a longer timeline required for the Company to reach profitability.

### **III. FINANCIAL POSITION OF THE COMPANIES**

#### **(A) Secured Obligations and Taxes**

16. As of the date of filing the NOI, the Company was in arrears of pre-filing source deductions with approximately \$192,000 owing. The Company's most recent HST refund was applied against all outstanding source deductions. According to a CRA statement of account issued to the Company on June 5, 2023, there are amounts owing of \$3,584.17 representing late remittance penalties for the remittance period ended May 30, 2023. There are no pre-filing unremitted source deductions payable to CRA. To date, all post-filing source deductions have been remitted when due.

17. The Company remains in a refund position with respect to HST. Once the Company files its 2023 HST returns which it expects will result in a further refund, consistent with all previous quarters, it estimates the pre-filing HST refund will offset the late remittance penalties owing to CRA in full.

18. A copy of the PPSA search in Ontario against the Company with a file currency date of June 5, 2023 is attached hereto as **Exhibit "C"**. There is only one registration against the Company which is in favour of Her Majesty in Right of Ontario as represented by the Minister of Finance,

dated July 15, 2021, over all collateral classifications except “consumer goods” and “motor vehicles”. The registration in respect of unpaid employer health taxes. The Company did not remit employer health tax for a number of years as it was not aware of its obligation to do so and an audit assessed amounts owing. The Company currently owes approximately \$760,322 in respect of employer health tax arrears, of which approximately \$375,000 is secured.

**(B) Employee Liabilities**

19. The Company is current in respect of employee wages and source deductions for its current employees. The Company owes approximately \$80,000 in wages and vacation pay to former employees, plus amounts for termination and severance. The Company’s payroll is paid twice a month. The Company provides employee benefits, including a health plan.

**(C) Rent Arrears**

20. The Company is in arrears of rent for the 905 King Street premises. It owes an estimated \$2.4 million to the landlord, Allied Properties in respect of rent arrears.

**(D) Amounts owing to NHI**

21. Over a period of 8 years, shareholder investments have been made in NHI totaling approximately \$35.8 million. NHI has no operations of its own and no bank account. As such, the shareholder investments were deposited into the bank account of the Company to fund the operations of the Company, which was the intended use of the funds. The Company’s external accountant recorded a year-end related party adjustment on the balance sheets of the Company and NHI to reflect a payable from the Company to NHI totaling the cumulative shareholder investments of \$35 million.

**(E) Other Loans**

22. The Company owes unsecured loans to certain investors totaling approximately \$1,308,000.

**III. PROPOSED DIP FINANCING AND CHARGE****(A) DIP Term Sheet**

23. The Company and the DIP Lender negotiated a term sheet (the “**DIP Term Sheet**”) setting out the terms of funding for the Company’s within NOI Proceedings. A copy of the DIP Term Sheet, which is not executed, is attached hereto as **Exhibit “D”**.

24. The DIP Term Sheet provides for a non-revolving loan up to an aggregate principal amount of \$2,000,000 (the “**DIP Loan Facility**”), available by way of advances in the minimum amount of \$250,000. In accordance with the DIP Term Sheet, the DIP Loan Facility is to be used during these NOI Proceedings to fund the Company’s working capital needs and professional fees, including fees incurred by the DIP Lender.

25. Initial advances in the aggregate maximum amount of \$600,000 (the “**Initial Advance**”), will be available to the Company in two advances upon satisfaction of the Conditions Precedent to the Initial Advance (as defined in the DIP Term Sheet). Any subsequent advances are at the Lender’s sole discretion and will depend on, among other things, whether there is a reasonable prospect of a viable restructuring or a viable proposal in respect of the Company.

26. The Conditions Precedent to the Initial Advance include, among other things, the filing by the Company of the Scientific Research and Experimental Development (“**SR&ED**”) claim for

the taxation year ending December 31, 2022. The Company is in the process of finalizing the necessary documentation and expects to file its claim today or tomorrow.

27. Pursuant to the DIP Term Sheet, the Proposal Trustee shall, upon receipt of the funds from the DIP Lender, administer the DIP Loan Facility by making the Initial Advance and all other advances to the Lender, upon receipt of written instructions from the CRO, and in accordance with all of the terms and conditions of the DIP Term Sheet.

28. The amounts drawn and outstanding under the DIP Loan Facility will bear interest at a rate per annum equal to 15%.

29. The DIP Term Sheet requires a mandatory prepayment of the Initial Advance, interest and fees (including fees of the CRO) in the event of receipt of, (a) the SR&ED refund due from the Government of Canada and the Government of Ontario for the taxation year ending December 31, 2022, and/or (b) the net cash proceeds of any asset sale by the Company out of the ordinary course of business.

30. A facility fee equal to 5% of the total DIP Loan Facility is payable on the earlier of the Mandatory Prepayment Date and Maturity Date (each as defined in the DIP Term Sheet).

31. I understand that the DIP Lender is an investment vehicle used as an aggregator for the funds that are to be advanced by various lenders participating in the DIP Loan Facility. According to the DIP Lender, it is in the process of completing the administrative steps of aggregating the individual commitments to fund the DIP Loan Facility and this process is expected to be completed by Tuesday, June 20, 2023, at which time it will be in a position to sign the DIP Term Sheet and

fund. The DIP Term Sheet provides for an execution deadline of June 20, 2023 and that the first advance will be made within two business days following execution.

32. With the assistance of the Proposed Trustee, the Company has undertaken a cash flow analysis to determine the quantum of funding required to finance its operations, over the 13-week period from the week ending June 25, 2023, to the week ending September 17, 2023 (the “**Cash Flow Forecast**”). A copy of the Company’s Cash Flow Forecast is attached hereto as **Exhibit “E”**.

33. The Company is unable to generate sufficient cash from its operations to meet its liabilities as they fall due. The Cash Flow Forecast indicates that the Company urgently requires the DIP Loan Facility to ensure that it has the liquidity required to pay its employees, pay professional fees and continue its business operations during the NOI Proceedings.

34. The Company’s immediate payments that are critical to the ongoing business operations and must be paid over the period from today to July 3, 2023, total \$230,513 and include payroll, source deductions, employee benefits and Amex subscriptions. The Company’s next source deduction remittance must be made by June 23, 2023.

35. There is currently no other viable financing option available to the Company. Without the funding to be provided by the DIP Loan Facility the Company will cease operations and be forced into bankruptcy. While the Company did seek out other proposals none were forthcoming.

#### **(B) DIP Lender’s Charge**

36. The DIP Term Sheet provides, among other things, that the DIP Loan Facility is contingent on the granting of a charge in favour of the DIP Lender over all of the assets, properties and

undertaking of the Company, including the Company's intellectual property, the SR&ED refund, and other tax refunds.

37. The DIP Lender's Charge, up to the maximum amount of \$2,000,000, plus interest, fees, and costs is proposed to rank in priority to all existing security interests and will secure all amounts advanced under the DIP Loan Facility. The DIP Lender's Charge will not secure obligations incurred prior to issuance of the Order approving the DIP Lender's Charge.

#### **IV. CRO**

38. The DIP Term Sheet requires, as one of the Conditions Precedent to the Initial Advance, the engagement of David Kay, in his capacity as CEO of Ao8 Strategic Advisors, LLC, as CRO of the Company and Court approval of such engagement.

39. The terms of engagement of the CRO by the Company are set out in the engagement agreement (the "**CRO Engagement Agreement**"), a copy of which is attached hereto as **Exhibit "F"**. The CRO Engagement Agreement has not been executed.

40. Pursuant to the CRO Engagement Agreement, the responsibilities of the CRO will include, among other things:

- (a) working with the Company's management to conduct and control the financial affairs and operations of the Company;
- (b) monitoring the Company's cash flow and approving all disbursements of the Company in amounts greater than \$1000;

-10-

- (c) together with the Proposal Trustee and the officers of the Company, developing, evaluating, and subject to Board approval, implementing a strategic plan to address the strategic, financial, and operational issues facing the Company, including a potential sale and investor solicitation process and obtaining further interim financing to execute a strategic plan and other business improvement and restructuring initiatives;
- (d) providing advice to the Company's board, and management on the strategic, financial and operational issues and options of the Company; and
- (e) assisting the Company's board and management in managing the Company's relations, and where appropriate, leading and representing the Company in discussions and negotiations with the Company's commercial counterparties, stakeholders and potential purchasers or investors.

41. The CRO will be compensated at a rate of \$27,500 per month for a minimum of three (3) months. The Company will pay reasonable out of pocket expenses incurred by the CRO in conjunction with the provision of services. Pursuant to the DIP Term Sheet, the fees of the CRO will be accrued and paid on the earlier of the Maturity Date and the Mandatory Prepayment Date.

42. The CRO Engagement Agreement discloses that the DIP Lender is an investment vehicle that is managed by David Kay and wholly-owned by a party related to David Kay. It also states that David Kay does not have a monetary interest in the DIP Facility, and the function of the DIP Lender is to be used as an aggregator of funds that are to be advanced in connection with the DIP Loan Facility.

-11-

43. In the event that the DIP Lender under the DIP Term Sheet enforces any of its rights and remedies against the Company or the Company's property, pursuant to the CRO Engagement Agreement, the CRO shall forthwith resign as CRO of the Company and the Engagement Agreement shall be terminated.

44. A copy of Mr. Kay's curriculum vitae ("CV") is attached hereto as **Exhibit "G"**. Based on my review of Mr. Kay's CV and his correspondence to my counsel, I understand that Mr. Kay has significant experience as a restructuring lawyer, restructuring banker, principal in major restructuring situations, board advisor and CRO. I understand and have been advised that his experience includes the following:

- (a) he was a bankruptcy attorney at Akin Gump in the U.S. and a restructuring banker at Jefferies Group LLC, a large U.S. bank;
- (b) he ran a private equity firm that led a number of companies through the restructuring process, both in the United States and Canada. This included a material role in Nortel Networks and Crystallex proceedings in Canada;
- (c) most recently he completed a CRO mandate during a Chapter 11 proceeding that included a successful DIP financing, exit financing and plan confirmation process in the United States for a company called Hoyos Integrity; and
- (d) he has significant operational experience with technology and payments companies.

45. Immediate action items that Mr. Kay will assist with include helping the Company, which is materially understaffed, to quickly identify which businesses/contracts to retain and which to

potentially sell and/or abandon, create a medium and long-term plan for reorganization, assist with negotiations with creditors and seek additional financing.

46. Mr. Kay has advised that he has familiarity with the Company and its current issues and need for financing as he was recently put up for appointment to the board of directors of NHI by one of its shareholders. He has been working with the Company and its shareholders to try to organize financing to ensure the survival of the Company and the jobs it provides.

47. Mr. Kay has advised that it is his intention to either resign and/or not serve as a board member of NHI upon Court approval of his engagement.

48. The Company requests authorization to execute the CRO Engagement Agreement, and it will only enter into such agreement in the event the DIP Term Sheet is executed.

## **V. STAY EXTENSION**

49. The current deadline by which the Company must file a proposal with the Official Receiver under the BIA is June 18, 2023.

50. The Company is seeking an extension of the deadline to file a proposal to August 2, 2023. The Cash Flow Forecast, which assumes the DIP Loan Facility is approved and the Initial Advance is funded, shows the Company will have sufficient liquidity to meet its obligations during the extension period.

51. The Company requires additional time to consider its options to restructure its affairs.

52. None of the Company's creditors will be materially prejudiced if the extension is granted.

53. The Company has acted and continues to act in good faith and with due diligence.

-13-

**SWORN** by Laurence Cooke of the City of Toronto in the Province of Ontario, before Sara-Ann Wilson at the Town of Oakville in the Province of Ontario on June 15, 2023, in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:  
*Sara-Ann Wilson*  
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Commissioner for Taking Affidavits  
**SARA-ANN WILSON (LSO # 56016C)**

DocuSigned by:  
*Laurence Cooke*  
3819396A23D34AE...

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**LAURENCE COOKE**

District of Ontario  
Division No. 9 - Toronto  
Court File No.: BK-23-2946534-0031  
Estate File No.: 31-2946534

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF NANOPAY CORPORATION**

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
**(IN BANKRUPTCY AND INSOLVENCY)**

PROCEEDING COMMENCED AT TORONTO

**AFFIDAVIT OF LAURENCE COOKE**  
**(sworn June 15, 2023)**

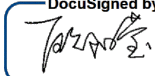
**DENTONS CANADA LLP**  
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Toronto, ON M5K 0A1

**Kenneth Kraft** (LSO #31919P)  
Tel: 416-863-4374  
[kenneth.kraft@dentons.com](mailto:kenneth.kraft@dentons.com)

**Sara-Ann Wilson** (LSO #56016C)  
Tel: 416-863-4402  
[sara.wilson@dentons.com](mailto:sara.wilson@dentons.com)

*Lawyers for Nanopay Corporation*

THIS IS EXHIBIT "B" REFERRED TO IN THE  
AFFIDAVIT OF LAURENCE COOKE SWORN  
BEFORE ME THIS 31st DAY OF JULY, 2023.

DocuSigned by:  
  
EAED8D28A89144A...

A Commissioner for Taking Affidavits, etc.



District of Ontario  
 Division No. 9 - Toronto  
 Court File No.: BK-23-2946534-0031  
 Estate File No.: 31-2946534

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
**(IN BANKRUPTCY AND INSOLVENCY)**

THE HONOURABLE	)	FRIDAY, THE 16TH
	)	
JUSTICE OSBORNE	)	DAY OF JUNE, 2023

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
 R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
 OF NANOPAY CORPORATION**

**ORDER**

**THIS MOTION**, made by Nanopay Corporation (the “**Company**”) pursuant to Sections 50.4(9) and 50.6 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), for an order extending the time for the Company to file a proposal, approving the DIP Term Sheet (as defined herein), granting the DIP Lender’s Charge (as defined herein and pursuant to the terms hereof), and authorizing the Company to engage David Kay as Chief Restructuring Officer of the Company, and granting certain other relief, was heard this day at 330 University Avenue, Toronto, Ontario by video conference.

**ON READING** the Affidavit of Laurence Cooke, sworn June 15, 2023 (the “**Cooke Affidavit**”), the First Report of Dodick Landau Inc., in its capacity as proposal trustee of the Company (the “**Proposal Trustee**”), dated June 15, 2023 (the “**First Report**”), and on hearing the submissions of counsel for the Company, the Proposal Trustee, the DIP Lender (as defined herein)

and such other counsel as were present, no one else appearing for any other person although duly served as appears from the Affidavit of Service of Amanda Campbell sworn June 15, 2023, filed.

### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

### **EXTENSION OF TIME TO FILE PROPOSAL**

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Company to file its proposal be and is hereby extended to August 2, 2023.

### **DIP FINANCING**

3. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to obtain and borrow under a credit facility (the “**DIP Loan Facility**”) from Nephesh Partners, LLC and/or its affiliate (the “**DIP Lender**”), provided that borrowings under the DIP Loan Facility shall not exceed \$2,000,000 unless permitted by further Order of this Court.

4. **THIS COURT ORDERS** that the DIP Loan Facility shall be on the terms and subject to the conditions set forth in the term sheet between the Company and the DIP Lender, substantially in the form attached as Exhibit “D” to the Cooke Affidavit (the “**DIP Term Sheet**”). The DIP Term Sheet, subject to such minor amendments as may be acceptable to the Company and the DIP Lender, and approved by the Proposal Trustee, be and is hereby approved.

5. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Company is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, costs, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents (the “**Obligations**”) as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

#### **PROPOSAL TRUSTEE TO ADMINISTER DIP LOAN ADVANCES**

6. **THE COURTS ORDERS** that, as contemplated by the DIP Term Sheet, the Proposal Trustee be and is hereby authorized to administer the advances under the DIP Loan Facility, for the benefit of the Company and the DIP Lender by: (a) receiving funds advanced under the DIP Loan Facility into a separate account maintained by the Proposal Trustee solely for such purpose; and (b) disbursing such funds in accordance with the directions of the Company, as evidenced by written directions of the CRO (as defined below).

7. **THIS COURT ORDERS** that in carrying out the administrative functions set out in paragraph 6 hereof, the Proposal Trustee shall not have or incur any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person (as defined below) from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the Proposal Trustee.

**DIP LENDER'S CHARGE**

8. **THIS COURT ORDERS** that, upon execution of the DIP Term Sheet, the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on all of the Company’s current and future, real and personal, tangible and intangible assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, including the Company’s intellectual property, the refund due from the Government of Canada and the Government of Ontario with respect to Scientific Research and Experimental Development for the taxation year ending December 31, 2022, and other tax refunds (the “**Property**”) as security for the Obligations. The DIP Lender’s Charge shall not exceed an aggregate amount of \$2,000,000, plus interest, fees, and costs and shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraph 12 hereof.

9. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, or Section 69 of the BIA:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender’s Charge, the DIP Lender, upon 3 Business Days’ (as defined in the DIP Term Sheet) notice to the Company and the Proposal Trustee, may exercise any and all of its rights and remedies against the Company or the Property under or pursuant to the DIP Term Sheet, Definitive Documents and the DIP Lender’s

Charge, and any additional rights and remedies available to it, at law or in equity, including without limitation, to cease making advances to the Company and set off and/or consolidate any amounts owing by the DIP Lender to the Company against the obligations of the Company to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Company and for the appointment of a trustee in bankruptcy of the Company; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Company or the Property.

10. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any proposal filed by the Company under the BIA or any plan of arrangement or compromise filed by the Company under the *Companies' Creditors Arrangement Act*, with respect to any advances made under the Definitive Documents or the DIP Term Sheet.

#### **VALIDITY OF CHARGE CREATED BY THIS ORDER**

11. **THIS COURT ORDERS** that the filing, registration or perfection of the DIP Lender's Charge shall not be required, and that, upon execution of the DIP Term Sheet, the DIP Lender's Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the DIP Lender's Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

12. **THIS COURT ORDERS** that, upon execution of the DIP Term Sheet, the DIP Lender's Charge shall constitute a charge on the Property and the DIP Lender's Charge shall rank in priority to all other security interests, mortgages, deemed trusts (statutory or otherwise), trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any individual, firm, corporation, governmental agency, or any other entities (each and any, a "**Person**").

13. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the DIP Lender's Charge, unless the Company obtains the prior written consent of the Proposal Trustee, the DIP Lender or further Order of this Court.

14. **THIS COURT ORDERS** that the DIP Term Sheet, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the DIP Lender thereunder shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Company, and notwithstanding any provision to the contrary in any Agreement:

-7-

- (a) neither the creation of the DIP Lender's Charge nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Company of any Agreement to which it is a party;
- (b) the DIP Lender shall not have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Company entering into the DIP Term Sheet, the creation of the DIP Lender's Charge, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Company pursuant to this Order, the DIP Term Sheet or the Definitive Documents (including any and all fees and interest), and the granting of the DIP Lender's Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

15. **THIS COURT ORDERS** that the DIP Lender's Charge created by this Order, insofar as it is a charge over leases of real property in Canada, shall only be a charge in the Company's interest in such real property leases.

**CHIEF RESTRUCTURING OFFICER**

16. **THIS COURT ORDERS** that the engagement agreement, attached as Exhibit "F" to the Cooke Affidavit (the "**CRO Engagement Agreement**"), providing for the engagement of David Kay, in his capacity as chief executive officer of Ao8 Strategic Advisors, LLC and not in his personal capacity, to act as Chief Restructuring Officer ("**CRO**") of the Company, and the payment

of the fees and expenses contemplated thereby be and is hereby approved. The Company be and is hereby authorized to execute the CRO Engagement Agreement, with such minor amendments as may be agreed to by the Company and the CRO and approved by the Proposal Trustee.

17. **THIS COURT ORDERS** that the CRO shall not be or be deemed to be a director, *de facto* director or employee of the Company.

18. **THIS COURT ORDERS** that, upon the execution of the CRO Engagement Agreement, the CRO is hereby directed and empowered to exercise and perform all of the powers, responsibilities and duties described in the CRO Engagement Agreement, as well as all other ancillary powers, responsibilities or duties as may be necessary or useful in order to give full and proper effect to the terms and conditions of the CRO Engagement Agreement or this Order.

19. **THIS COURT ORDERS** that, upon the execution of the CRO Engagement Agreement, the Company and its shareholders, directors, officers, employees, agents and representatives shall co-operate fully with the CRO in the exercise of his powers and the discharge of his obligations, including providing the CRO with access to the Company's books, records, assets and premises as the CRO requires.

20. **THIS COURT ORDERS** that the CRO shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the CRO.

21. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, or otherwise, against or in respect of the CRO, and all rights and

remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the CRO or with leave of this Court on notice to the Company, the Proposal Trustee and the CRO. Notice of any such motion seeking leave shall be served upon the Company, the Proposal Trustee and the CRO at least seven (7) days prior to the presentation date of any such motion for leave.

22. **THIS COURT ORDERS** that the obligations of the Company to the CRO pursuant to the CRO Engagement Agreement, the DIP Term Sheet, and this Order, including, without limitation, the CRO Fee (as defined in the DIP Term Sheet), shall be treated as unaffected and may not be compromised in any plan of arrangement or proposal under the BIA, or any other restructuring and no such plan or arrangement, proposal or restructuring shall be approved that does not provide for the payment in full of all amounts due to the CRO pursuant to the terms of the CRO Engagement Agreement, the DIP Term Sheet, and this Order.

## **SERVICE**

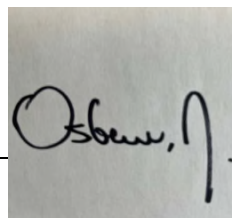
23. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a

Case Website shall be established in accordance with the Protocol with the following URL  
['https://dodick.ca/public\\_documents/nanopay-corporation/'](https://dodick.ca/public_documents/nanopay-corporation/).

## GENERAL

24. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or elsewhere to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Company and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Company and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

25. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing.



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District of Ontario  
Division No. 9 - Toronto  
Court File No.: BK-23-2946534-0031  
Estate File No.: 31-2946534

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF NANOPAY CORPORATION

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
(IN BANKRUPTCY AND INSOLVENCY)

PROCEEDING COMMENCED AT TORONTO

ORDER

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[sara.wilson@dentons.com](mailto:sara.wilson@dentons.com)

Lawyers for Nanopay Corporation

THIS IS EXHIBIT "C" REFERRED TO IN THE  
AFFIDAVIT OF LAURENCE COOKE SWORN  
BEFORE ME THIS 31st DAY OF JULY, 2023.

DocuSigned by:  


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A Commissioner for Taking Affidavits, etc.

**Nanopay Corporation**  
**Cash Flow Forecast**  
**For the period from July 24, 2023 to August 21, 2023**  
**\$Cdn**

<b>Weeks Ending</b>	<b>Notes</b>	<b>1 30-Jul-23</b>	<b>2 06-Aug-23</b>	<b>3 13-Aug-23</b>	<b>4 21-Aug-23</b>	<b>Total</b>
<b>Receipts</b>						
Customer Receipts	<b>2</b>	4,729	5,054	5,399	5,895	21,076
Other	<b>3</b>	-	820,426	-	-	820,426
<b>Total Receipts</b>		<b>4,729</b>	<b>825,480</b>	<b>5,399</b>	<b>5,895</b>	<b>841,502</b>
<b>Disbursements</b>						
Payroll	<b>4</b>	(96,349)	(48,751)	(84,349)	(48,751)	(278,200)
Direct Costs	<b>5</b>	(13,000)	-	(24,000)	(35,913)	(72,913)
<b>Total Disbursements</b>		<b>(109,349)</b>	<b>(48,751)</b>	<b>(108,349)</b>	<b>(84,665)</b>	<b>(351,113)</b>
<b>Cash Flow from Operations</b>		<b>(104,620)</b>	<b>776,728</b>	<b>(102,949)</b>	<b>(78,770)</b>	<b>490,389</b>
Deduct: Professional Fees and Expenses	<b>6</b>	(62,679)	-	-	(40,000)	(102,679)
Deduct: CRO Fees and Expenses	<b>7</b>	-	(81,000)	-	-	(81,000)
Add/(Deduct): DIP Loan Advances/(Repayments)	<b>8</b>	-	(709,254)	250,000	-	(459,254)
<b>Net Cash Flow</b>		<b>(167,299)</b>	<b>(13,526)</b>	<b>147,051</b>	<b>(118,770)</b>	<b>(152,543)</b>
Opening Bank Balance		236,778	69,480	55,954	203,005	236,778
Add: Net Cash Flow		(167,299)	(13,526)	147,051	(118,770)	(152,543)
<b>Closing Bank Balance</b>		<b>69,480</b>	<b>55,954</b>	<b>203,005</b>	<b>84,235</b>	<b>84,235</b>

**Nanopay Corporation (“nanopay” or the “Company”)**  
**Major Assumptions**  
**Cash Flow Forecast**  
**For the Period July 24, 2023, to August 21, 2023 (the “Period”)**

1. Nanopay’s financial projections have been prepared for the purpose of meeting the requirements of the Bankruptcy and Insolvency Act. The Projection is based on the hypotheses that nanopay will continue operations in the normal course, will generate cash flow to meet its ongoing operational needs and where there is a cash flow deficiency such deficiency will be funded by way of external financing.

### Receipts:

2. Customer receipts are projected based on existing customers as well as certain new customers that are anticipated to begin doing business with nanopay in the period.
3. Other receipts are in respect of SR&ED credits relating to the 2022 fiscal year which application is in the process of being prepared by the Company’s advisors. The 2022 SR&ED credits are estimated to total approximately \$820,000.

### Disbursements:

4. Payroll includes amounts for approximately twenty-one salaried employees and one independent contractor. Other payroll costs include source deduction remittances and employee benefits payable in the Period.
5. Direct costs include infrastructure costs such as network, data center, VPN and security, as well as subscription expenses for Amazon Web Services, Google, certain developer tools, marketing costs and bank fees. A portion of these expenses are paid through a corporate American Express credit card.
6. Professional fees include fees for the Proposal Trustee, the Company’s legal counsel and counsel to the Proposal Trustee for the Period.
7. Chief Restructuring Officer (“**CRO**”) fees and expenses include \$27,000 per month. The CRO is a requirement of the Debtor in Possession (“**DIP**”) lender. According to the DIP loan agreement, the CRO fees and expenses for the first three months (June to August 2023) are accrued and are required to be paid when the SR&ED credits are received.
8. The DIP loan agreement provides for an initial advance of \$600,000 (“**Initial Advance**”) which was reduced by the DIP lender’s legal fees estimated to be approximately \$25,000 resulting in a net advance of approximately \$575,000 which was advanced in June 2023 following approval of the DIP loan charge by the Court.

According to the DIP loan agreement, the Initial Advance, including accrued interest, DIP lender facility fee and CRO accrued fees for three months, must be repaid when the 2022 SR&ED credits are forecast to be received in the week-ending August 6, 2023. The

repayment is estimated to be approximately \$790,000 and will deplete almost all of the SR&ED credits received. As a result, the Company will require a further DIP loan advance to be made immediately in the following week-ending August 13, 2023.

During the four-week cash flow forecast period, it is estimated that the Company will receive DIP loan advances, and make repayments, totaling approximately \$250,000 and \$710,000, respectively. The DIP Lender advised it will fund the Company's working capital needs through the proposed extension period.

District of Ontario  
Division No. 9 - Toronto  
Court File No.: BK-23-2946534-0031  
Estate File No.: 31-2946534

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF NANOPAY CORPORATION**

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
**(IN BANKRUPTCY AND INSOLVENCY)**

PROCEEDING COMMENCED AT TORONTO

**AFFIDAVIT OF LAURENCE COOKE**  
**(sworn July 31, 2023)**

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# Tab 3

District of Ontario  
 Division No. 9 - Toronto  
 Court File No.: BK-23-2946534-0031  
 Estate File No.: 31-2946534

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
**(IN BANKRUPTCY AND INSOLVENCY)**

THE HONOURABLE	)	TUESDAY, THE 1ST
	)	
JUSTICE PENNY	)	DAY OF AUGUST, 2023

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
 R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
 OF NANOPAY CORPORATION**

**ORDER**

**THIS MOTION**, made by Nanopay Corporation (the “**Company**”) pursuant to Section 50.4(9) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), for an Order extending the time for the Company to file a proposal pursuant to the BIA, and granting certain other relief, was heard this day at 330 University Avenue, Toronto, Ontario by video conference.

**ON READING** the Affidavit of Laurence Cooke, sworn July 31, 2023 (the “**Cooke Affidavit**”), the Second Report of Dodick Landau Inc., in its capacity as proposal trustee (the “**Proposal Trustee**”), dated July 31, 2023 (the “**Second Report**”), and on hearing the submissions of counsel for the Company, the Proposal Trustee, and such other counsel as were present, no one else appearing for any other person although duly served as appears from the Affidavit of Service of Amanda Campbell sworn July 31, 2023, filed.

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

**EXTENSION OF TIME TO FILE PROPOSAL**

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Company to file a proposal is hereby extended to August 21, 2023.

**GENERAL**

3. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or elsewhere to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Company and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Company and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

4. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing.

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**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF NANOPAY CORPORATION**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
(IN BANKRUPTCY AND INSOLVENCY)**

PROCEEDING COMMENCED AT TORONTO

**ORDER**

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**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF NANOPAY CORPORATION**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
(IN BANKRUPTCY AND INSOLVENCY)**

PROCEEDING COMMENCED AT TORONTO

**MOTION RECORD**  
(returnable August 1, 2023)

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