

VES-Artex Systems Canada, ULC
(the “Company”)

Answers to Frequently Asked Questions

1. What type of proceedings are underway?

The Company filed a Notice of Intention to Make a Proposal (“NOI”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* (the “BIA”) on February 17, 2022 (the “Filing Date”). MNP Ltd. (“MNP”) acts as proposal trustee (the “Trustee”).

2. What is the impact of the NOI on the Company’s creditors?

Once a NOI is filed, the Company benefits from an automatic 30-day stay of proceedings (the “Initial Stay”) and service to the Company cannot be discontinued. The Company must file its proposal within the Initial stay period or within any further extension of that period granted by the Supreme Court of British Columbia (the “Court”).

3. What is a NOI?

A process available under the BIA that allows a company in financial distress the opportunity to restructure their affairs by presenting a formal proposal to their creditors.

4. Does this mean the Company is bankrupt?

No, by filing a proposal to its creditors, the Company hopes to avoid bankruptcy and continue as a going concern. Having said that, if certain filing deadlines are not met, if a proposal is not filed or if a proposal is filed but is not approved by a required majority of the Company’s creditors or the Court, the Company may be deemed to have made an assignment in bankruptcy.

5. Who can I talk to about these proceedings?

If you have questions about the proceedings, please contact Seamus Boyle of MNP at 778-372-5384.

6. What is the role of the Trustee?

A proposal trustee is an independent third party who is appointed by the Official Receiver to assist the Company in filing its NOI and/or proposal and to monitor the Company's operations during the stay or proceedings.

7. What is a proposal?

A proposal is a formal agreement that the Company presents to its creditors setting out how it intends to compromise and/or repay the debt owing on the Filing Date. Terms vary but may include the payment of a percentage of a creditor's claim either as a lump sum or over time. Terms may also include payment in cash or through the issuance of shares.

8. What is the objective of filing a proposal?

The objective of filing a proposal is to allow a company to restructure its obligations and business operations. Generally, the intention is that the company will continue as a going concern with the proposal providing creditors and shareholders with a greater recovery than would be available to them in a bankruptcy scenario.

9. When can I expect to receive additional information?

Publicly available information will be posted on the MNP Website as it becomes available. The website related to these proceedings can be found at:

- a. <https://mnpdebt.ca/en/corporate/corporate-engagements/ves-artex-systems-canada>

10. What are the anticipated next steps?

The Company is now required to do the following:

- a. File a proposal within the Initial Stay or seek an extension of time to file a proposal from the Court; and
- b. Once a proposal has been filed, the Trustee will convene a meeting of creditors (the "Meeting") to be held within 21 days.

11. How can I make sure that my claim is recognized in the proposal proceedings?

The NOI includes a listing of the Company's creditors. If a creditor is not reflected in that listing, they should contact MNP. Once a proposal is filed, creditors can anticipate receiving a proof of claim and a voting letter, which they can complete and file with the Trustee. The proof of claim sets out what is owed to the creditors and is reviewed by the Company and the Trustee. Where the proof of claim is disputed, creditors will be notified about the process to resolve the dispute. The voting letter provides the Trustee with the creditor's vote in relation to accepting or rejecting the Company's proposal.

12. When and how will my claim be paid?

The timing, nature, and quantum of any payment to creditors will be outlined in any future proposal that is filed by the Company. Depending on what is set out in a proposal, terms may include the payment of a percentage of a creditor's claim either as a lump sum or over time and payments may include cash payments or through the issuance of shares. A claims process will only be undertaken at such time as a proposal is filed.