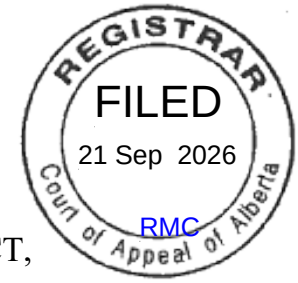
Action No.: B301-400059
E-File Name: EVK26ADVEN
Appeal No.: 2601-0256AC



IN THE COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE OF EDMONTON

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF ADVEN INC. and ADVEN INDUSTRIES INC.

P R O C E E D I N G S

Edmonton, Alberta
August 19, 2026

Transcript Management Services
Suite 1901-N, 601-5th Street SW
Calgary, Alberta, T2P 5P7
Phone: (403) 297-7392
Email: TMS.Calgary@just.gov.ab.ca

This transcript may be subject to a publication ban or other restriction on use, prohibiting the publication or disclosure of the transcript or certain information in the transcript such as the identity of a party, witness, or victim. Persons who order or use transcripts are responsible to know and comply with all publication bans and restrictions. Misuse of the contents of a transcript may result in civil or criminal liability.

TABLE OF CONTENTS

Description		Page
August 19, 2026	Afternoon Session	1
Submissions by Mr. Jacka (Adjournment Application)		3
Submissions by Mr. Saini (Adjournment Application)		6
Submissions by Ms. Gurofsky (Adjournment Application)		9
Submissions by Mr. Rejman (Adjournment Application)		11
Submissions by Mr. Jacka (Adjournment Application) (Reply)		11
Ruling (Adjournment Application)		13
Submissions by Ms. Jeffries (Interim Proposal Application)		14
Submissions by Ms. Gurofsky (Interim Proposal Application)		26
Submissions by Mr. Jacka (Interim Proposal Application)		27
Submissions by Ms. Jeffries (Interim Proposal Application) (Reply)		30
Submissions by Mr. Jacka (Interim Proposal Application) (Reply)		31
Decision (Interim Proposal Application)		31
Certificate of Record		36
Certificate of Transcript		37

Proceedings taken in the Court of King's Bench of Alberta, Courthouse, Edmonton, Alberta

---

August 19, 2026	Afternoon Session
The Honourable Justice G.S. Dunlop (remote appearance)	Court of King's Bench of Alberta
P. Saini (remote appearance)	For AdvEn Inc. and AdvEn Inturstries Inc.
T. Jeffries (remote appearance)	For AdvEn Inc. and AdvEn Inturstries Inc.
E. Dushenski (remote appearance)	For AdvEn Inc. and AdvEn Inturstries Inc.
R. Gurofsky (remote appearance)	For Alvarez & Marsal Canada Inc.
T. Bennett (remote appearance)	For Alvarez & Marsal Canada Inc.
M.D. Jacka (remote appearance) (Agent for S.C. Chimuk)	For Secure Property Development & Investment PLC and 2815793 Alberta Ltd.
C.R. Burton (remote appearance)	For Secure Property Development & Investment PLC and 2815793 Alberta Ltd.
M.M. Rejman (remote appearance)	For 2841034 Alberta Ltd.
S. Singh	Court Clerk

THE COURT: All right, good afternoon, mister clerk, it is Justice Dunlop speaking. Can you hear me?

THE COURT CLERK: Good afternoon, Justice. Yes, I can hear you.

THE COURT: Okay. So, we are here on the AdvEn Industries matter. I have an application filed by Mr. Saini on behalf of AdvEn Inc. and AdvEn Industries. Mr. Saini, I would like you to start by introducing the people who are present, and advising how they fit in, if you know.

MR. SAINI: Of course. Thank you, Justice Dunlop, and good afternoon. Just for the record it's Saini, first initial 'P', and my colleague Ms. Jeffries is joining here with me as well with the law firm McMillan. We're here on behalf of the applicants, and the other in attendance here we have my friend Ms. Gurofsky and Ms. Bennett from the Fasken law firm. We have Mr. Rejman from the Warren Kachur law firm; that's counsel for the proposed DIP lender. We have Ms. Burton and -- apologize, Mr. Jacka here for -- they're counsel for SPDI's Care Property Development & Investment PLC, and 2815793 Alberta Ltd.; I'll just refer to that company as 281 going forward.

I understand that they may wish to make a request for an adjournment which is being

opposed, but I'll -- maybe I'll just introduce the remaining parties, and then we can -- we can get there. The others -- apologize, there are others that have joined that I did not catch yet. It looks like there's somebody named Mr. Latem (phonetic) from HUB International Insurance Brokers, Mr. Baize (phonetic), a principal for 281, a creditor Ms. Stamper (phonetic), Victoria Stamper (phonetic), Amanda Coleman from Witten LLP counsel to DTS Advance Logistics; another creditor. We have Mr. Ryan Laity from the Borden Ladner Gervais BLG firm, counsel to another creditor, 1367054 Alberta Ltd., and Mr. Won (phonetic); and I believe that's everybody.

THE COURT: Okay. And what about service of your application, what can you say about that, Mr. Saini?

MR. SAINI: So, we -- we've provided the Court with an Affidavit of Service of Ms. Lily Ingram that was sworn today, Sir.

THE COURT: I have not seen it. When did you send it?

MR. SAINI: We -- so, it looks like we sent it at 2:41 PM, so that's probably why you don’t have it, Sir.

THE COURT: Okay, can you describe what was done to serve?

MR. SAINI: Yes. So, service was effected to parties on the -- that had email addresses on the service list last Monday on August 10th. And then on August 11th and 12th, Tuesday and Wednesday, physical copies were sent out by courier or registered mail. As of today's date, all secured creditors were served. Some of the mail to unsecured creditors, and different various (INDISCERNIBLE) was sent out but we did not receive confirmation of delivery on some of them, but all of that was sent at least early last week so between Monday and Wednesday. If you'd like further specifics my -- my colleague Ms. Dushenski's on the line, can speak to that, but subject to any other questions those are our submissions on service.

THE COURT: Does anybody present have any submissions that service was not effected? Okay, understanding that the affidavit has been submitted for filing, I find service is in order. Mr. Saini, I -- up until about noon today, I had no briefs, but you sent in a brief around noon which I can tell you I have skimmed, I have not tried to read the authorities, that is just impossible in the time available. I also got an affidavit of Mr. Demers (phonetic) which similarly -- it is brief, but I have skimmed it. And so, that is where I am at. I have got more time to read the first report of Alvarez & Marsal, and of course the application and affidavit of Mr. Mueller.

So, I heard you refer to an adjournment application so I would hear that first, understand that, Mr. Saini, your client is opposed to it. So, I have sort of lost track, I think it is somebody from Blue Rock might be applying for an adjournment so this is the time to -- I would hear that.

MR. JACKA: Okay, thank you, Justice Dunlop; can you hear me okay?

THE COURT: Yes.

Submissions by Mr. Jacka (Adjournment Application)

MR. JACKA: Perfect, so my name's Mark Jacka for the record, and from Blue Rock Law. We act for the respondents 2815793 Alberta Limited which I'm going to call 281, and Secure Property Development & Investment PLC which I'll call SPDI. I'm here on behalf of Mr. Scott Chimuk today who can't be here because he's currently on a plane; he lands in about 2 and a 1/2 hours and unfortunately, you're stuck with me. He was able to conduct the cross-examination of Mr. Mueller on his affidavit yesterday, and has otherwise been handling the litigation, but given the circumstances, you're stuck with me.

We request an adjournment with an interim stay to preserve the status quo. There has been a considerable amount of information that's come out in the last couple hours, we have not had the opportunity to properly address it, but with your permission just a bit of background. One of the biggest things we're concerned about is that 281 and SPDI are both secured creditors who will be prejudicially affected by the proposed interim financing which will have the effect of priming their priority. So, ultimately the basis of our request is that we'd simply like about a 7-to-10-day adjournment to properly ensure that we've considered the proposals. We have some serious concerns with the proposal put forward by my friend as regards to, you know, good faith.

We'd been in negotiations with AdvEn for months, and months, and months last week, the phones went dead and then we found out the parties had negotiated this other deal with this newly created entity 284. Now the interim financing's being proposed by two former directors of 281 who incorporated and informed their own legal entity at the behest of the affiant at a time when they were still fiduciaries of 281. Like I say, as you can imagine, we have serious concerns regarding compliance with the good faith provisions of the *BIA*.

We also appear to be operating under this false creation of urgency the -- you know, our clients advised the proposal trustee through counsel that 281's in a position to provide a superior interim financing arrangement; we did that on Monday. We put forward that the

materials contained in that by way of letter, and it's before the Court by the affidavit of Amanda Irwin (phonetic).

THE COURT: Which I have not -- woah, woah, I have not got Amanda Irwin's affidavit. When was it filed?

MR. JACKA: August the 17th. I can double check on that, Sir. But like I said, I'll just speak to if -- unless you want to wait?

THE COURT: Well, just let me see what -- I mean, I thought I pulled up everything here. No, no, wait a minute, what is this? No. Did -- was it sent to the commercial coordinator?

MR. JACKA: That's my understanding, but let me --

THE COURT: Okay.

MR. JACKA: -- check with my assistant or with Ms. Irwin.

MR. SAINI: Justice Dunlop, I'll let my friend finish his submissions. I think it's just -- the terms of these competing interim financing agreements are -- are very similar aside from I think the interest rate and the -- the date that they're repayable. So --

THE COURT: Okay.

MR. SAINI: Yeah, if you have --

THE COURT: Yes.

MR. SAINI: -- one of them available, yes.

THE COURT: Okay.

MR. SAINI: So, sorry, maybe I'll let my friend finish his submissions.

THE COURT: Please, yes.

MR. JACKA: Yeah, thank you. So, well if you don’t, because you don’t have the materials in front of you, I apologize for that, Sir. I've asked that we

rectify that as quickly as possible. Ultimately, Mr. Saini is -- is -- is -- his description is not inaccurate, but we would -- 281 is offering it approximately $150,000 more in interim financing, or about a 15 percent difference which is insignificant at a more attractive interest rate, about 1/2 a percentage interest rate, and with a longer maturity, and we did submit that -- or an executed version of our interim -- Interim Financing Agreement to the proposal trustee.

So, we think our proposed interim financing is better for the estate, but ultimately, we aren't confident that all the parties had the opportunity to properly evaluate the various proposals. I understand there may in fact be a third interim proposal forthcoming, but we haven't seen any materials from that.

Like I say, there'd been a significant number of filings by my friend, none of which alleviate our genuine concerns with respect to the interim financing which, if approved, would have the prejudicial effect of priming our first priority with respect to the intellectual property as well as our priority with respect to the company property. So, we did have the opportunity to cross-examine Mr. Mueller yesterday, we have a number of concerns that came up with respect to his involvement in the negotiations. You know, having the effect of concealing, either intentionally or by omission, some of the fact of his involvement with 284 from some of the other individuals involved in 281. We, you know, think that that questions the good faith actions.

And so, ultimately what we'd like is to take a little more time to put forward a response and digest some of the materials. You know, I note that we've got the transcript from the cross-examination of Mr. Mueller back this morning, and we got the undertaking responses a couple hours ago. My friend objects to a number of those that we think are relevant, and we would like the opportunity to argue that. Like I say, ultimately this comes down to a manufactured sense of urgency to try to ram through an 11th hour proposal, and it's not clear why this needs to go through today, you know, particularly considering a prejudicial effect. So, that's ultimately what we would say with respect to an adjournment.

THE COURT: So, as I understand the chronology, the Notice of Intention was filed on July 20th, and it was mailed to creditors on July 24th. That would trigger the deadline of today for an extension application. When was your client advised, Mr. Jacka, that the application would be heard today?

MR. JACKA: So, with respect to the comeback from the 20th?

THE COURT: Yes.

MR. JACKA: So, we knew about coming back this day. We

were under the impression that we were trying to come back on July the 14th. We had attempted to engage with AdvEn on multiple occasions, and for months, and months, and months, and then like I say, last week the phones went dead, and we were served with notice of this application for the interim proposal today.

THE COURT: You said the July 14th, did you mean August 14th?

MR. JACKA: I did mean August 14th, I apologize.

THE COURT: Okay, and what happened to that date?

MR. JACKA: I'm --

THE COURT: (INDISCERNIBLE) --

MR. JACKA: So, I understand that AdvEn requested more time, my friends requested some more time in order to put forward some materials. Again, I -- I'm -- I'm not -- I wasn't party to those discussions, I'm here because Mr. Chimuk couldn't be, and so there -- there have likely been a couple things that I honestly cannot speak to. So, I'm -- I'm relaying some of the background here, my understanding of it.

THE COURT: Okay.

MR. JACKA: Yeah.

THE COURT: All right, anyone else wish to speak in favour of an adjournment? All right, then I will go to Mr. Saini who is opposed.

Submissions by Mr. Saini (Adjournment Application)

MR. SAINI: Thank you, Justice Dunlop. So, what I'll do is I'll first speak to the chronology just because that was the last point that we just discussed in terms of when Blue Rock received our application materials and what happened after that, and then I'll just speak to some of the other points that Mr. Jacka made.

With respect to service, and I'm not completely aware if Blue Rock knew of the August 19th date. Even prior to service, I believe they may have. But we served them at least by email with our application materials on Monday last week, so it's been a week and a half since they had our materials. On Thursday morning we received a request for cross-examination on Mr. Mueller's affidavit. I understood from the commercial coordinator

Poppy Dusson (phonetic) on an email string that from that I -- from that I -- I notice that an extension had been given to my -- to Blue Rock to file materials on this past Monday at 4 PM.

So, when we received that request for cross-examination, and we took note of the extension to Monday at 4 PM, we immediately offered Mr. Mueller on Friday for cross-examination. Blue Rock said that nobody was available to cross-examine him on that date. We then said look, Mr. Mueller had a medical appointment on Monday, he -- he wasn't available but we -- he -- he then rescheduled that appointment to make himself available on Monday. My friends did not proceed on Monday, they chose to examine him on Tuesday morning, and they said that they would file responding materials by 4 PM on Tuesday, yesterday. That was said both to McMillan and also in a letter to the Court sent on Friday directed to -- to you, Sir.

So, we -- we reached out yesterday after the cross-examination, and we understood from Blue Rock that no materials would be filed. So, in our view just procedure alone they've had a week and a half to respond, and they have not filed anything aside from a secretarial affidavit that contains a term sheet for interim financing. I should note at -- at this stage that there was a competing Interim Financing Agreement submitted by the proposed interim lender 284 Alberta Ltd.; that was sent to the Court just this afternoon. And again, it's the same sort of form of agreement but it contains different commercial terms that has a 6.5 percent interest rate, and a repayment deadline of December 31st of this year. So, there is a -- you -- you likely don't have that affidavit yet, but that -- that's from their proposed interim lender.

So, that's how we -- we got here today, and there's these two competing offers. We understand that both Mr. Rejman's clients, the proposed interim lender, and Blue Rock's clients intend to make up a bed in these proceedings for -- for the company's assets as a going concern. The urgency here, obviously as you noted, is that the stay expires today, and there are liquidity constraints, and the proposal trustee might be able to speak to this as well, but there -- that the cash is going to run out looks like next week based on the current cash flow. So, you know, at that -- and at which point a bankruptcy would result.

So, you know, if -- if the adjournment is to -- for my friends at Blue Rock to review the competing interim financing and file responding materials, we would say first of all that the -- the difference between the -- the two competing interim financing offers yields, we calculated this, 7.5 percent versus 6.5 percent over the proposed stay period results in an $1100 interest difference. So, to us our fees to come back after having given Blue Rock additional time, which we already think they had enough time, to come back and try to argue which DIP facility should be preferred is -- is -- is not even worth the legal cost on our end, and -- and in addition, obviously, there's -- there's many other parties that would

be required to attend.

Second, the proposal that we did receive from Blue Rock's client on more of an interim financing term sheet is contingent on their getting certain concessions that -- that they have not specified in the sale and investment process. So, we don't know what those are yet, but you know, we think their -- their -- their proposal's not sufficiently clear. Ms. Jeffries is going to make the submissions assuming that the application proceeds today. She can speak to the sale and investment process in more detail, but in our view the -- the current form of sale and investment process is -- has sufficient guardrails in place to ensure that it's conducted fairly, and the proposal trustee has the requisite control and -- and ability to run the process in a fair and transparent manner, and in consultation with the companies.

But Ms. Jeffries can speak to that assuming that the application -- sorry, the adjournment request is refused. And regardless, I'll make one last point, it doesn't really matter if both -- if both Blue Rock's clients and Mr. Rejman's clients are intending to make an offer to purchase the assets at some point in this process, it doesn't really matter who funds the restructuring cost now because at the end of the day presumably if both will make offers they -- either one party will find that the restructuring cost now and then the other party will pay that cost out later, or vice versa as part of their -- their offers.

So, those are my submissions, Sir, unless you have any other questions for me.

THE COURT: Well, where is the evidence that the will run out of cash next week?

MR. SAINI: That's in the cash flow attached to the proposal trustee's report, and I'll just take you there.

THE COURT: Updated cash flow on the Appendix D as in Delta?

MS. GUROFSKY: It is Appendix D, Sir, and it's on page 71 of the PDF if that helps.

THE COURT: Yes. Okay, week 1, week ended. So, we are in week 3. Week 4.

MS. GUROFSKY: Sir, if it helps, I can walk you through it. You're exactly right, and for the record it's Gurofsky, first initial R., counsel to the proposal trustee. If you look on week 4 which is the week ending August 28th, you'll see that the ending period is $897,000, but that is after the infusion of interim financing cash of $910,000. So,

if that 910 interim financing was not -- is not made next week with all of the anticipated outflows the company is expected to go into negative value, and would essentially be out of cash which would result in a material adverse event in the --

THE COURT: Thank you.

MS. GUROFSKY: In the proceedings, thank you.

THE COURT: Okay, I followed that. Okay, any one else speaking against the adjournment request?

Submissions by Ms. Gurofsky (Adjournment Application)

MS. GUROFSKY: Sir, if I may? And as counsel to the proposal trustee, I want to say we're not against or in favour of the adjournment request, but there are a few points I want to make to assist the Court.

You've seen the cash flow forecast. I would say it's always desirable to have parties who are in a dispute resolve that dispute to avoid litigation, and that's particularly -- particularly the case in an insolvency proceeding where litigation just evaporates value. But here we have to be mindful of the company's liquidity constraints.

We also want to point out this appears to be a situation where we have two secured creditors who are disputing amongst themselves as to who will be the DIP lender to essentially give themselves an -- I think in their view, an enhanced position in respect of the SISP. We have a clear DIP from one party with the proposed SISP, that was advanced by the company. We have a second proposed DIP by Blue Rock's client; they've said they want an enhanced SISP. We've engaged with them to try and figure out what that would look like to understand the totality of their proposal, and while they haven’t been in a position to provide us with those terms, they have indicated the desire is to have a stalking horse process.

We don’t know what those stalking horse terms are, and so the proposal trustee can't really weigh in as to whose overall proposal is better if you look at the DIP and the SISP together. I will say though that if there is a stalking horse with a credit bed, the proposal trustee is currently reviewing the security of all of the secured lenders. The secured -- the secured debt is owed to multiple parties with complex arrangements, and they're secured over different assets. So, that review will take some time, and -- and it is under way but we're doing our best.

I don’t think the proposal trustee will be in a position to evaluate and support a stalking

horse with -- that involves a credit bid in which the underlying secured debt is bid until that security review is complete, and I don't think that will be done in a week to 10 days. We can hope, but -- but we're working on it. So, that adds another level of consideration.

I would also say that the proposal trustee is not convinced that a stalking horse process makes sense here. Sometimes it does, but here we have multiple parties who have already expressed an interest. So, there is some concern that -- that a stalking horse could chill the -- the market. So, I would point that out as well.

There were two other concerns raised by Blue Rock's client about the SISP to the proposal trustee; we think we've addressed those today. The SISP already contains clauses that address those concerns, one of which was concerns about intellectual property that's proprietary to the company being conveyed to parties who participate in the SISP who may not necessarily be using it for noble purposes, who may use it for other to take advantage of the company.

We've addressed that by paragraph 12 of the proposed SISP which says that the proposal trustee does not need to provide every piece of information to bidders in the SISP, and that practically speaking the proposal trustee does not need to include the proprietary intellectual property in phase 1 of the SISP, and may only provide it to parties who it deems later on to be real purchasers on enhanced NDA terms. So, that issue we believe has been addressed.

The second issue that was expressed was concerns regarding management's participation with potential bidders. That was always sort of contemplated, even when all of the DIP parties were at the table, and so we built provisions into the SISP to address that as well. I'm sure Ms. Jeffries will take you there if -- if we get there, but just for the record it begins at paragraph 43, and provides that if management is participating with bidders in the SISP, they are essentially walled from anything to do with the SISP vis-à-vis the company. So, they don't -- they're not involved in the due diligence process for other bidders. They receive no information in the SISP with respect to other bidders, the number of parties bidding, et cetera.

So, from the proposal trustee's perspective there is an urgency given the liquidity constraints, the company needs to run a SISP in order to be able to advance through these proceedings to a transaction, and -- and the proposal trustee has been heavily consulted in the SISP that is before the Court, and -- and we believe the only SISP before the Court right now that makes sense in -- in the circumstances. Subject to any questions, those are my submissions on the adjournment.

THE COURT: Okay, thank you. Anyone else wish to speak

against the adjournment?

Submissions by Mr. Rejman (Adjournment Application)

MR. REJMAN: Yes, Your Honour. It's Mr. Rejman, R-E-J-M-A-N, first initial M., and I'm counsel for 2841034 Alberta Limited, the DIP lender.

THE COURT: Yes.

MR. REJMAN: We -- we are -- you have my client's affidavit. We have a second affidavit that I don't think got before you. It has an updated amended interim financing commercial terms that Mr. -- my friend Mr. Saini spoke about. We object to the adjournment, we echo my friend Ms. Gurofsky's notion that there is a liquidity issue at risk, and my clients are ready to provide the -- the financing. They were previously the -- the directors of 281, and whether one characterizes as a dispute or however they characterize the issues that occurred with 281, there was no terms sheet, there was no agreement in terms that were agreed upon by the directors, there was no consent between 281 and AdvEn, and it appears that AdvEn lost -- lost confidence in -- in that group.

Mr. Mueller reached out to Mr. Korosani (phonetic) and Mr. Demers who are the two directors that -- of 284, and they were previously directors of 281 because he -- it appears he's had the confidence in that. And that confidence has translated into 284, and therefore that is why we object the adjournment, and (INDISCERNIBLE) propose that we move forward with the restructuring. And that's what -- what this whole application is about. The -- any kind of disputes are -- are secondary or outside, they're -- they're a distraction to the process, and it is my humble submission that we just proceed with the application. Thank you.

THE COURT: Okay, anyone else wish to speak against the adjournment? And then back to you for a reply if you wish, Mr. Jacka, on the adjournment.

Submissions by Mr. Jacka (Adjournment Application) (Reply)

MR. JACKA: Yeah, thank you, Sir, I'll keep it -- I'll keep it relatively short. So, I'll just note that the benefit of the adjournment would be to allow the competing creditors to continue to try to resolve their dispute. I understand that some of those discussions have taken place in the last week, I think there would still be some benefit to allowing those discussions to come back. As well as and if not then, you know, we're back in -- in a few days anyways to -- to properly argue that, you know, whose interim financing proposal is superior.

I'll note as well that Mr. Saini has characterized the difference between the two proposals as insignificant, but in the context of less than a million dollars, I wouldn't suggest that a $150,000 is insignificant. As I'd indicated, it's about a 15 percent difference for our proposal in terms of its superiority in that front.

With respect to timing, I appreciate Mr. Saini's comments about our ability to cross-examine Mr. Mueller. Like I say, we've been largely out in the cold on some of these financial details with respect to the company. This process was supposed to -- my understanding is the NOI was supposed to be filed some time in May, but it was ultimately filed in July, and, you know, with the comeback for today. And then now suddenly there's emergency to ram it through ostensibly on -- on cash flow proceedings, and I'm an accountant -- I'm a lawyer, not an accountant, and so, you know, I welcome the trustee's conversation on this.

But it appears to me that a lot of the fees that are forthcoming in weeks 4 and 5, or debtor's counsel fees, proposal trustee fees, and other counsel fees, all of which can be deferred for at least a couple days. So, if there's a liquidity concern about next week then my understanding is that some of those fees can be deferred, then perhaps lessening some of the urgency there. And again, we're not talking about a multi-month adjournment here, we're talking about approximately 10 days so that we can get our ducks in a row here. And -- and as I say, avoid getting our secured position primed by a bid that came at the last minute, and we submit was done through some back-end conversations involving Mr. Mueller.

With respect to stalking horse or enhanced SISP, I'll just note that the enhanced SISP conversation formed part of the letter on August the 17th that we sent to the other side. We didn't intend it as a term of art as -- as my friend from Fasken who, I'll acknowledge, we had a conversation with earlier today, and we got some comfort from that conversation in terms of the discussions that we were able to have. And we aren't insistent on any significant provisions or modifying the SISP process, or even insistent on a stalking horse process.

We simply would like the time to properly consider some of the options that we have which we've been largely unable to do due to lack of some of the information, or at least not having the full picture, and we'd like to do that in the coming days and not at the 11th hour through some examination and scanning of materials that have been filed in the last kind of 3 and a 1/2 hours.

So, subject to any questions from you, Sir, those would be our submissions on adjournment.

THE COURT: Okay, thank you for your submissions on the

adjournment. I will make a decision on the adjournment.

Ruling (Adjournment Application)

THE COURT: Mr. Jacka's client or clients, SPDI and 281, seek an adjournment, a short adjournment for additional material to be provided. The counsel have briefly reviewed the chronology, the general context of this is Notice of Intention under the *Bankruptcy and Insolvency Act*, and that, the Act itself has some speedy or short time frames involved. There is a Notice of Intention that gives you a 30-day stay, then you go to apply for an extension, then you can keep on applying for extensions for a while. But that, the 30-day ticking clock began running as everyone knew at least when the Notice of Intention was mailed, and maybe when it was filed. So, that is July, end of July, and anybody can do the math and figure out that the initial stay is going to expire today.

So, everybody -- all the creditors including Mr. Jacka's clients should have understood that there would be an application, if not today then yesterday or a couple days ago, but that the deadline is coming. So, that is part of it, that is been a very important part of the contest. Mr. Jacka suggests well, grant a stay -- sorry. Grant an adjournment with a stay as part of the package, and I might be inclined to do that or consider it if there were not this cash flow crisis/wall coming up next week.

And if I were going to consider doing that, I would have to ask myself whether in granting the stay inside the adjournment, I still have to satisfy myself of the test for the extension. But a part of me thinks I do, but even if I can grant a stay without being satisfied the test for extension and that, but that it will be many extension built in. The problem is here there is this cash flow problem. So, I get -- I am sympathetic to counsel being unavailable and witnesses having medical appointments, but that is just the way it is with these kind of applications. Everybody has to either drop what they are doing and focus on this, or find someone else to do it.

It is not reasonable to grant a short adjournment. I have briefly looked at the commercial list, there is a little bit of time in one of the Justice's lists next week at the end of the week. But the company here would be in a financial crunch at that point, and everybody knew this application was coming, as I said, around now, and it was up to them, to the parties, to get their material together for this by now. So, I am dismissing the application for an adjournment.

I am going to hear the application. I will start with Mr. Saini, and then I will hear from anyone who is completely in agreement with the relief Mr. Saini is seeking on behalf of his clients, then I will hear from anyone who is all opposed to it, and then I will give Mr. Saini an opportunity for a brief reply. Mr. Saini mentioned he was going to divide up some

of his clients' submissions between himself and Ms. Jeffries, and that is just fine. So, over to you, Mr. Saini.

MR. SAINI: Sorry, thank you, Justice Dunlop. Yes, Ms. Jeffries will be making I think the bulk or all of our submissions, so I'll pass it over to her.

THE COURT: Okay.

MR. SAINI: Thank you.

THE COURT: Good.

Submissions by Ms. Jeffries (Interim Proposal Application)

MS. JEFFRIES: Thank you, Justice, and thank you for indulging me. This is my first appearance in the Court of King's Bench; I usually practice in British Columbia. So, I've looked up all of the practice directives, and I will do my best to acquit myself properly for -- for this form so I appreciate you allowing me to speak today.

I -- a high level just to start off the introduction, this is an application for an order approving an extension of stay of proceedings. We are also seeking procedural consolidation of two -- two NOI proceedings, and as you'll see it's because one business sort of with a HoldCo and an OpCo, approval of an administration charge, director and officer charge, interim financing as we've already been discussing, a charge associated with that, and approval of a sale process.

I am a bit in your hands in terms of how much detail you'd like me to go through in terms of the story of how we got here. I do know you had mentioned you'd reviewed the application, and -- and Mr. Mueller's affidavit, however I'm happy to kind of go through and touch on some of those high points, but I also don’t want to waste the Court's time if -- if that would be repetitive for you.

THE COURT: Yes, you should not focus on the facts except as they inform the legal arguments. I am particularly concerned about the test for granting the extension in 50.4(9) of the Act, and then you -- the other aspects of the relief flow from there, but if you do not get through that date you are not really talking about anything else.

MS. JEFFRIES: Yes. Well, agreed although at the same time I would say the work that the petitioner companies have been doing towards the sale process and securing funding to complete that sales process are precisely why in -- in our submission the stay should be extended to enable that process to flow. So, I'll -- I'll touch

on a few points, and then -- and then can move on from there just to go through a bit more of the -- of the law and the more disputed sections.

So, this is again sort of high level, just a pre-revenue business. They're working on developing IP, that's why you heard in the context of the adjournment application there's been a back and forth on the SISP to ensure that the IP is protected in that process. The anticipated exit strategy that has been -- parties have been quite open about throughout is a sale process that would enable both current lenders, current secured lenders, and third parties who may be interested to bid on the companies as a going concern business.

The companies' CEO Mr. Mueller has been engaged with creditors trying to bring them to the table to essentially, you know, before it necessarily was an insolvency proceeding, but essentially to fund capital expenditures that are required on their facility, and move it through from the phase it is now, which is this sort of pre-revenue what they call commercial demonstration phase to get it to a producing, revenue generating business. And when Mr. Jacka mentioned that his clients had been involved, SPDI is an existing creditor, secured creditor of the company. They have security against one of the entities excluding IP. That's how their involvement started, and there's also other secured creditors, and I'll -- I'll bring into -- this in the record in a moment, that were also being brought to the table.

And -- and their associated with a company called Excelsior which is also a secured creditor, they have security against the companies. And that's part of some of the associations with the existing proposed interim lender and Mr. Rejman's client.

So, it's been known since the start that this is essentially the -- the process, and because everyone has known since the start that the -- certain members of management, Mr. Mueller in particular, would be trying to bring parties together for a bid in the process to kind of have that exit. The companies clearly from the start have said that the first step needs to be we need to fund the process or we're out of cash, and the sales process needs to be run by the proposal trustee with appropriate protections.

And so, I'll -- I'll just go to a couple points in -- in the Mueller affidavit just to put some specificity to -- to that, but when I, you know, make submissions later saying that the -- that petitioners have been operating in good faither, they're trying to achieve this outcome, this has been the -- the expectation from the start, and the intention from the start. A proposal trustee runs this with appropriate protections to ensure the parties can come to this in a -- in a fair way, and -- and I said, there needs to be funding.

So, I will not go through in detail the -- the early parts of Mr. Mueller's affidavit that discuss the specifics of the facility, the specifics of the IP that they have except to say that it does have IP. One thing that I do however want to make sure to point out for the record, at

paragraph 19 of Mr. Mueller's affidavit, and paragraph 20, there's a detailing of certain government grants, and I did want to make sure that the Court was aware. So, these grants, paragraph 20 on page 8 of -- of his affidavit is where the amounts are set out. These grants are subject to funding agreements, these agreements are part of the different government divisions, economic and employment objectives here in Alberta and in Canada.

And so, these grants were funded alongside obligations to commercialize this technology for the benefit of Canadians and Albertans, and to maintain and create skilled jobs in Canada. And I just wanted to point out that in those paragraphs, 21 through 23, we do detail efforts to keep them apprised of the financial situation of the company in this process as well.

THE COURT: So --

MS. JEFFRIES: I know --

THE COURT: -- I guess it is implied that they were served with this application?

MS. JEFFRIES: Yes.

THE COURT: Okay.

MS. JEFFRIES: And they aren't necessarily, you know, secured creditors per se because they're not -- you know, they don't necessarily have like a registered security or anything of that nature, but it is very important for the ongoing going concern nature of the business that these agencies are engaged and are, you know, properly apprised of everything, and -- and that lines of communication remain open. So, I did want to make sure that the Court was aware of -- of their involvement.

After that in the affidavit, the affidavit starts to speak to the financial position, and that starts to identify with, you know, the different parties at play here. So, just at paragraph 25 there are total consolidated assets, and this is kind of a book value of 11 million, and liabilities of almost 30 million Canadian. In 26 it's where the -- the -- Mr. Mueller starts to speak to the financial challenges, but down here at 30 is where we get into the identity of the different secured creditor, and I think that becomes relevant for the different parties here and their positions on this application.

So, at paragraph 30(a) there's a description of SPDI and the notes there. They -- the notes started in mid-year, it's been about a year, mid-year last year in 2025, and this section details, there's a security over AdvEn Industries, so that's the Opco level, excluding

intellectual property, and the approximate outstanding amount is $847,000. At (b), Excelsior Management Limited. So, that is another secured creditor, and as it says here: (as read)

> Excelsior has the security interest over all the present and after part personal property of both applicants.

However, you'll see by the date on the P Note and the date of the registration they are subordinate, it appears just on the date of registration point 2SPDI with respect to industries, but they would be first on -- on these dates with respect to AdvEn Inc, the HoldCo. And there a security also excludes intellectual property, the amount outstanding to them is 858,000 approximately.

You'll see at (c) there is reference to Mr. Jacka's other client 281 Alberta, we're calling them 281. You'll see there is not an amount here detailing the -- the -- the expected amount due to that client. There -- there was a security agreement executed and registered, but part of the -- the challenge here is initially that entity was brought together to have the -- have certain investors associated with both SPDI and Excelsior kind of coming together. And Mr. Jacka mentioned months of negotiation, and ultimately there was not an agreement, there was not a -- you know, a meeting of the minds, and -- and they were unable to come to an agreement.

And as you noted with -- with the timelines, with the deadline to serve application materials for this hearing itself looming, there was a -- an agreement entered into with 284 Alberta or the -- the proposed DIP lender which has been brought up before, comprised investors more associated with Excelsior. So, it's -- it's kind of turned into an Excelsior versus SPDI kind of face off with the company a little bit in the middle, and having to proceed knowing the company's liquidity challenges, and knowing the cash flow, and knowing the filing deadlines, and having to do its best to put the company in a position to implement the SISP to get as good an outcome as possible for its stakeholders.

There are other creditors mentioned here, I won't take the Court through them because I don't think they're, you know, specifically impacted in terms of what we're -- we're looking at and the particular disputes that we have today. But I did want to raise briefly at paragraph 38 of Mr. Mueller's affidavit. As phrased here: (as read)

> The applicants expect to be able to meet their payroll obligations that are coming due and payable over the requested stay period should the interim facility be approved and the interim lender's charge be granted.

So, I did just want to raise it, it's not -- I think Mr. Jacka mentioned that the cash crunch was because of professional fees, and that I do want to mention, you know, there's -- there are -- it is pre-revenue, it's -- it's not, you know, a huge operating facility with loads of employees, but there -- there are other expenses here that we are concerned.

THE COURT: In paragraph 38 when they talk about payroll obligations, too, I assume that does not include the arrears that are referred to in paragraph 37?

MS. JEFFRIES: That's correct.

THE COURT: So, the arrears are -- it says roughly 800, just about $800,000 of accrued -- of wages and arrears, and accrued vacation pay would stay unpaid in the --

MS. JEFFRIES: Exactly.

THE COURT: -- SISP?

MS. JEFFRIES: Yes, that's exactly --

THE COURT: I got it. Okay.

MS. JEFFRIES: So, again jumping ahead as I do want to be mindful of -- of following -- highlighting what needs to be highlighted for the purposes of the tests. The other point I just wanted to make sure was on the record if we fast forward to page -- well, it's actually page 15 but it's paragraph 45, and it's kind of 45, the -- the top of page 15A and into B. As I mentioned, the -- the companies are at a demonstration stage. There's a point here at B, the Nisku Facility, which is really the need for about 8 million USD in additional capital improvements, and leasehold improvements, my apologies, required to address some deficiencies in the design and operation of the plant.

And so, that's -- that's the position the companies need to be in on exit, is they need to be in a position to get that additional 8 million in -- in capital, and put that into the plant to get them to a sustainable production volume, so you reach that level of operation they need to be profitable. There's some description of the effort that had been made previously in the historical ability of the companies to raise capital, and how that's essentially stopped now because of the -- the accumulation of existing indebtedness becoming due of much of the companies' indebtedness raised to develop up to this point. And at 47, the -- Mr. Mueller states that in his belief: (as read)

> The companies and their IP do have significant going concern value that would be preserved through a successful restructuring, and that would be destroyed or substantially diminished in more of a liquidation scenario.

So, those capital improvements, that plant, and the IP kind of don't necessarily go together, or aren't necessarily able to be monetized in the same way if it's not a going concern.

So, from here we did already look at the cash flow, I was going to go to the cash flow because of the concerns over the -- the liquidity crunch. So, I will -- I guess I've addressed that somewhat already, so instead I would like to go to the SISP because I think it a critical part of what I'm going to say is the -- the applicants' good faith in advancing this as quickly as it can is ensuring that it has developed a SISP that reserves a -- an equal playing field for all the parties, and gets to, you know, the most advantageous outcome for stakeholders as possible in this circumstance, and that's a large part of essentially the support for the stay extension application is -- is the work towards a SISP.

So, that is attached to the report at Appendix F. And if you're there, I'll start at paragraph 4. (INDISCERNIBLE) --

THE COURT: I am there.

MS. JEFFRIES: -- want to highlight a few of the -- and so, it starts off essentially that the SISP is conducted by the proposal trustee. And you'll see a bit down that paragraph there's a discussion about the -- the proposal trustee's ability to extend or abridge. You'll see second from the bottom there's a line there that says, In its sole discretion. You'll see a lot of in its sole discretion throughout this SISP, that's a critical piece of making sure that the SISP can be run fairly in the interests of all stakeholders.

Over the page there's some detail about the SISP, including timelines. And of note is at -- at paragraph 7, I do want to note if there is only one viable phase 1 bid there is an ability to truncate the SISP, and move forward with a phase 1 bid or declared a phase 1 bid to be the -- the successful bid if there's only one. Not -- not unusual.

The timeline here, you'll see extends further than the requested stay extension. That is to make sure that there is sufficient time to properly canvass the market, and that parties that may wish to -- to put in a bid are not getting crunched or otherwise harmed by a process that doesn't give them time to come to the table. There is a submission of phase 1 bid by September 25th, so assuming we get the stay extension we have requested by that time, by the hearing date, we will have some clarity on what has come out of phase 1. We may have a successful bid by that date, or we may have several parties potentially including both Mr.

Rejman and Mr. Jacka's clients with bids on the table.

There's then a period of a few more weeks after to conduct phase 2 and negotiate with any qualified bidders. And there is an effort to have a -- or a deadline to have a definitive agreement by the 21st of October, and essentially a hearing in early November to approve the bid. And -- and that's the goal here for -- for all the parties, again keeping in mind the cash needs of the company, and trying to move this forward fairly but with some speed.

The next paragraph, Sir, sort of solicitation of interest and the like. The -- the next section that I want to highlight specifically, at paragraph 11. That's when we start to get into the requirement to execute a nondisclosure agreement, and some of the protections that my friend Ms. Gurofsky spoke to regarding the ability to -- to limit access to confidential information in the SISP if necessary to protect the company's business, and competitive information to the extent such information is proprietary or sensitive competitive information.

And then at 13 there is a -- I guess this is more standard, this section, but you know, essentially if there's going to be conversations between bidders and contract counterparties, secured creditors, there's approvals required by the proposal trustee, and unless there's been some sort of consent the communications have to happen in the presence of the proposal trustee. So again, just trying to make sure that the process is safe, and fair.

The SISP then goes into requirements for a sale proposal, and I wanted to note there is a requirement to identify ability to financially perform the bid. So, sources of financing and the like, and there is a requirement at (h) here that no break or termination fee be part of a bid, and just trying to keep it bare and open for all parties, not chill the market. And then at paragraph 18, this is a -- I guess the -- the one benefit, I would say, of becoming the interim lender. I don’t know of another one, but the one benefit or I guess this is an additional requirement but associated with the benefit which is the interim lender, if they're going to bid in the process in phase 1, they're going to have to be binding.

So, phase 1, you can submit a nonbinding bid if you're not the -- the DIP lender. You can engage in further due diligence and refine the bid. If you're the DIP lender your phase 1 is that has to be binding, you have to make up your mind. And you'll see later that the interim lender is a qualified -- would be deemed a qualified bidder if they did. And so, that I say is sort of the -- the one benefit to being in that -- in that position.

Fast forward again because a lot of this is kind of a bit repetitive in terms of what needs to be in the phase 2 bid, but again just wanting to highlight the protections that we've built in on purpose to make sure that this is a fair process. At paragraph 40 is where we start to look at the participation of secured creditors, including the interim lender. So, at paragraph 40 is

where essentially it is clear that if the interim lender is going to bid they are re-fenced from the process. They do not get consultation rights; they don't get any information regarding any party in the SISP. They are a bidder and they are treated as such.

At 42 -- 41 and 42, I say just basically restates the laws, but -- but at 42 anyway it's clear that any secured creditor of the company has a right to -- to credit bid. It's secured debt so that would apply to all of the parties that we've discussed, and -- and who have made submissions so far today. They would have a right to credit bid their -- their debt.

And then over at 43 we start to talk about insider participation, and this was particularly important that this be included in the SISP again because everyone has known from the start that part of this is going to be management trying to bring -- or I should say Mr. Mueller trying to bring parties together to, you know, get a really good bid in for the parties to -- or for the companies to exit. And so, here at 43: (as read)

> The proposal trustee shall not furnish any information to any officer, director, employee, or other non-arm's length party where such insiders receipt might create an unfair advantage or jeopardize the integrity of the SISP.

And to the extent here at 44, any officer or director is, you know related to a potential bidder, again that -- that employee does not receive any information that might create an unfair advantage or jeopardize the integrity of the SISP. There is a -- an ability at paragraph 46 for an insider with the written consent of the proposal trustee to engage in discussions with secured creditors of the company provided that before those discussions, after approval of this SISP assuming we get there, before continuing or advancing those discussion there is certain information that has to be provided to the proposal trustee so that the proposal trustee knows who the insider is talking to, and the scope and purpose of that engagement.

The proposal trustee may impose conditions or other safeguards on that, that secured creditors must still sign an NDA, and at (d): (as read)

> Any bid resulting in whole or in part from a secured creditor engagement shall include full written disclosure of the insider's involvement and the identity of all parties engaged in connection then.

So, there's a requirement in the SISP if we're coming to you in, you know, a month and a half or so, with a proposed bid, and any insider who's been involved, that that is fully disclosed, any benefit they may receive, anything like that, is fully disclosed in writing. So, that's built in, and that's intentional. And at 47: (as read)

> Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally (INDISCERNIBLE).

Trying to make sure that this is on a really level playing field, and again this is the companies trying to make sure, and we say that's indicative of their good faith in -- in progressing these proceedings. So, there are some other sort of more usual provisions, but the proposal trustee having the ability to terminate the SISP and the like that I won't go through in detail there, in most and many SISPs that I see. So again, you know, when we speak to the test for stay the companies are trying to advance this matter to make sure that the SISP is implemented as fairly as possible.

So, I'll take a moment and turn the -- the interim financing. As you've been told, or as you saw, I suppose, in -- in the materials there was a term sheet or an agreement. It was executed with the proposed interim lender 284 on the weekend prior to the filing deadline of Monday, August 10th. After that date, and I'll say there have been discussions with creditors all along, after that date there was a letter to the proposal trustee with an alternative DIP proposal, and that was on the 17th. And I don't know if you have ultimately received the affidavit that that was attached to, but I did want to take a moment to point out -- I know my friend said there was -- there was no, you know, specific term of art in terms of what an enhanced SISP would be.

I do want though to -- to bring to the Court's attention that the cover letter sending that proposed interim financing does specifically say that the willingness of 281 Alberta to advance under the alternative facility is conditional on its having input into a revised SISP. And so, in my submission before the Court today there is one DIP, there is not a sort of an alternative DIP from another party, that's not necessarily that situation of competing DIPs because one of the DIPs is contingent on further discussions for a SISP which means the SISP doesn't get started this week. The other party with the -- with the agreement before the Court does not have that requirement. So, with that facility the SISP can get started this week, and the proposal trustee will have full conduct and authority over that SISP.

Now I know that the revised term sheet that was put forward by the proposed DIP lender is -- I don't know if it's -- it's made its way to you while I've been talking, but -- but I -- it was filed this afternoon admittedly. The key terms, the number is the same in terms of the -- the funding to be provided; it's $650,000 USD. So, it's the same as what was in the materials that you've already seen. I know my friend says theirs is -- is higher which, you know, may well be so, but the cash flows incorporate the number that you would get with the exchange rate now using the 650, and we get to the end of the stay period, and arguably further than that with the amount provided in the DIP that is up for approval today.

The interest rate in the revised term sheet is 6.5 percent, calculated daily, compounded monthly. And the maturity date is December 31st, that's well after the SISP should be wrapped up even with significant but hopefully any extensions won't be required. So, that is, you know, capable of -- of closing if you will as -- as soon as the charge is granted.

The other terms are the same as what is before you already which is at I think --

THE COURT: It is Appendix E as in elephant.

MS. JEFFRIES: It's Appendix E, exactly.

THE COURT: And so, I think you are telling me that the only difference between this new one and the -- the one I have got in front of me is the interest rate in paragraph 2 and the date to pay in paragraph 3?

MS. JEFFRIES: There is one additional sentence. So, if you look at what you do have before you in Appendix E, in the promise to pay you'll see there is the -- just after the definition of indebtedness there's a new sentence that has been added. It says: (as read)

> The lender shall be obligated to fund the principal sum in such amounts as requested by the borrower in writing and the borrower's sole discretion.

So, it's ensuring there is an obligation to fund. That was -- that was raised by -- by Blue Rock as a -- as a concern about the -- the DIP that was before you. In our view we thought it was there, but in any …

THE COURT: So, what you are seeking me to approve is what I have got in front of me with those three changes?

MS. JEFFRIES: Yes.

THE COURT: Got it.

MS. JEFFRIES: So, with that I'd like to go to our bench brief. I may have to refer to additional facts if I -- if I inadvertently glossed over something that I do intend to rely on, but I think I've covered sort of the -- the main points that I think are critical for the applications and -- and those requirements.

So, I will start on page 3 of the brief at paragraph 5. So, it lays out the requirements, the --

the -- that the company has been acting in good faith and with due diligence, the ability to make a viable proposal if the -- the extension is granted, and if a creditor will be materially prejudiced. And then also, so I'll say it's our submission the applicants have been working diligently and in good faith, and -- and I should've brought you to the report where the trustee opines on that as well. And it at -- at the very least the last paragraph of the body of the report does recommend that this Court grant the relief sought.

But in our submission aside from stating a concern there -- there's no other evidence other than efforts made by the company to implement a -- or to seek approval of a fair, transparent SISP, and seek enough funding to -- to implement that SISP. In our submission given the timing in the SISP, while we may not be here with a transaction to close at our next hearing date, we certainly will be here with what I would call a viable proposal that may require a little bit more time to implement.

And on the point of material prejudice, I'll say the book value of the company is significantly more than the DIP that is being proposed, the potential going concern value of the company is significantly more than the DIP that is being proposed, and the different creditor groups that are a little bit facing off in this -- in this opposition to moving forward with the proposed interim financing in the proposed SISP, given the intention to bid, I think my friend Mr. Saini spoke to this earlier, you know, whether parties fund a DIP now or paid in the credit in the -- in the SISP later, it's not that different in terms of their overall economic, you know, cost of acquiring the asset.

So, I would say even without that given the book value of the company no creditor is materially prejudiced by the relief being sought generally, but also certainly not by the stay extension given the (INDISCERNIBLE) a going concern action. But in any event, certainly --

THE COURT: Yes, just a second, though. I mean, they are -- the stay extension does not --

MS. JEFFRIES: Yeah.

THE COURT: It does not impact --

MS. JEFFRIES: Yeah.

THE COURT: -- a secured creditor, but the prime charges might. But I hear what you are saying about the book value, but that is -- expands in the face of the proposal trustee's report that they are, you know, on page 19 of the report: (as read)

> A bankruptcy could result of little or no recoveries to creditors due to the unspecialized nature of the --

Basically, if you tried to liquidate this stuff you would not get very much for it. In which case --

MS. JEFFRIES: Yeah, and I -- and I -- to be clear, it's the going concern outcome is what I would say protects and benefits creditors, and -- and gets us to a situation where no creditor is -- is materially prejudiced. I -- I will say that based on that -- that exact paragraph of the report I'm not sure there's that much of a difference between whether there's a DIP charge or not just based on essentially, you know, the value of the company being in IP that doesn't have, you know, a facility appended to it that can be commercially viable, and whatever the value that you can get for the scrap metal at the least with improvements. I think they're kind of in the same position on the liquidation with or without the charges and everything else as well which is not a good position.

So, the only -- the only good outcome for parties is there's a going concern now out of all of this. Now, I'm mindful of the time. I do have more in -- in the bench brief, really just bringing the Court to some of the law.

THE COURT: Yes.

MS. JEFFRIES: Under some of these different --

THE COURT: So, you know, in future it would be good to not send a bench brief at noon for an application at 3. So, the fact is I have not read it, I skimmed it.

MS. JEFFRIES: Yes.

THE COURT: I have also got to give people -- other people a chance to speak.

MS. JEFFRIES: Yes.

THE COURT: And then once we are done, we may be talking about the form of order. So, we are supposed to be done in 15 minutes but we will probably not going to be. I think I should cut you off, Ms. Jeffries, unless there is something you are dying -- else you are dying to say?

MS. JEFFRIES: No, I think -- as I mentioned, I think my submissions on sort of the facts underlying what we're seeking today really speaks to the various heads of relief that we're asking. So, I would rather have parties have the opportunity to speak.

THE COURT: Okay, thanks. Anyone else wish to speak in favour of everything that the -- that is being applied for a stay?

Submissions by Ms. Gurofsky (Interim Proposal Application)

MS. GUROFSKY: Good afternoon, Sir. It's Gurofsky, first initial R. again for the proposal trustee. I will be very brief, and I understand you have read the proposal trustee's report which sets out its position. It is supportive of the relief sought today, and just briefly going through the various categories of relief.

The consolidation is reasonable and appropriate, you'll have seen from the materials the businesses operate and are performed on a consolidated basis, including the finance, human resources, and day-to-day functions. So, that is appropriate in the circumstances.

The stay extension is also supported; you've got the test under Section 50.4(9). Good faith and due diligence are key aspects of that test. Blue Rock's clients have raised concerns about a lack of good faith, but we can say on the record that there's nothing the proposal trustee has seen by way of evidence to suggest that there is anything but good faith on behalf of the companies. Of course, if the evidence changes we may reassess, but what is before the Court today and what is before the proposal trustee, there's nothing to suggest that there is a lack of good faith here. Although there is a dispute that does not mean there is bad faith.

In terms of prejudice, I want to point out on the stay extension the test -- the Court has to consider whether there is any material prejudice to parties. I think you've already pointed out page 19 or paragraph 43(c) of the proposal trustee's report. If there's no interim financing, if there is no stay extension today, today or tomorrow, pardon me, there will be a deemed bankruptcy if the stay is not extended, and if company runs out of money that will also lead to a bankruptcy which in the proposal trustee's view does not benefit any of the creditors. Maintaining the status quo and the ongoing operations is really what will help the company through the SISP process.

On the SISP my friend has taken you through the details, we've touched on it. It was drafted with considerable input by the proposal trustee who is running it as an arm's length third party, and -- and a court officer. The overall structure is flexible and allows the proposal trustee to maneuver through circumstances as they present themselves on the ground. So, for example, if after phase 1 there are -- the nature of the bids is such that it doesn't make

sense to move towards a phase 2, the proposal trustee has the flexibility to advance one bid, advance two bids on their own without a formalized phase 2 process.

In terms of the charges proposed. The admin charge is outlined at paragraph 76 of the proposal trustee's report. The proposal trustee is of course supportive of that, and the charges reflective of similar charges previously granted. The D&O charge is similarly supported, it's outlined at paragraph 79 of the first report. Also from the proposal trustee's perspective appropriate in the circumstances given the need for support through the process where appropriate depending on the parties involved.

Finally, on the interim financing it is clear that the -- the company runs into a wall next week. Interim financing is required. There are two term sheets before the Court, but one appears to be tied to a -- to SISP terms that we have not yet been able to determine, and on that basis the certainty that's provided with the other term sheet that the company presented together with the SISP allows the company to move forward in a way that it needs to to facilitate a transaction. Do you have any questions, Sir, for the proposal trustee otherwise?

THE COURT: No, no, thank you.

MS. GUROFSKY: Thank you, those are my submissions.

THE COURT: Anyone else wish to speak entirely in favour of the application? Okay, I am going to start then with -- well let me -- I know Mr. -- I think Mr. Jacka is going to speak against it at least in part, and I will come to you, Mr. Jacka. Is there anyone else who wishes to speak against any aspect of the application before I get to Mr. Jacka? Okay, you are on, Mr. Jacka.

Submissions by Mr. Jacka (Interim Proposal Application)

MR. JACKA: Thank you, Sir, very much. So, I'll -- I'll make this relatively quick. The first thing I'll address is this continued discussion about the SISP. So, during my friend's submissions we were able to get instructions to match the interest and maturity rate, any revised interest and maturity rate preferred by 284, but we also have instructions to proceed with the SISP as presented. As I mentioned earlier in my submissions, our primary concerns were about ensuring that there were safeguards with respect to the bidding process, and ensuring that there were guardrails in place given as we think legitimate concerns with management.

As I mentioned, we had a conversation with Ms. Gurofsky earlier today as with the -- on behalf of the trustee, and we're -- we're comfortable with -- with the proposal. So, we -- we actually are prepared to proceed with the SISP as presented, so if that's a continually

referenced concern about the SISP being contingent or 281's interim financing bid being contingent, that's off the table, we're prepared to accept the SISP as it is.

Again, our main concern here is about the -- this sudden bid priming our secured position. 281's invested approximately a little under $600,000 US into AdvEn, that's been advanced over the last several months, and they're -- the approval of 284's bid will have the -- the natural effect of priming them. So, we do have some concerns about that.

We have some serious concerns about the lack of transparency as well. Ms. Gurofsky mentioned good faith, so I'll briefly address that now arising out of our cross-examination of Mr. Mueller yesterday, and I promise I'll be quick. But Mr. Mueller admitted that AdvEn continued to have talks with 281 with respect to being the sole DIP lender, and gave it no indication that anything was happening to the contrary until they served 281 with their application materials.

Mr. Mueller admitted that unbeknownst to 281 he was having undisclosed discussions with the principals of 284 in early August while they were still directors of 281, and it was in fact Mr. Mueller who facilitated the introduction of his lawyer to 284 on behalf of his principals. All done behind the back without any disclosure to 281 whatsoever, who is the current secured creditor that is attempting to be primed.

I'll note one specific thing with an issue with Mr. Mueller's affidavit amongst others. Exhibit J to his affidavit attaches the grid promissory note for 281, and Schedule A to the grid note is a list of monies advanced showing that $552,445 was advanced to AdvEn from 281 in eight payments. The language of the grid note provides that the notations on Schedule A are "absent of manifest mathematical error, prima facie evidence of the advances of the outstanding balance." So, in other words, we're talking about numbers from a grid note in Mr. Mueller's own affidavit, but despite that his evidence corroborated by my friend's bench brief at paragraph 30 is that there's a dispute whether 281 has actually in fact advanced any funds to the applicants.

And that was Ms. -- Mr. Mueller's evidence is that the payments did not come from 281, but rather individual contributors. So, not only is this legally wrong, but it's factually absurd, and Mr. Mueller was asked several times if it was his signature on the grid promissory note, and he demurred, and only confirming -- you know, indicating that well, it's an electronic signature and I don’t remember signing it back in May. We got his undertaking at noon today confirming that it was in fact him who signed the promissory note. So, effectively there's some discussion or dispute about evidence here as to whether 281 has in fact advanced the money. We submit that it has, and that Mr. Mueller's testimony yesterday was -- was an attempt to mislead or obfuscate the nature which is evidence of bad faith.

So, Mr. Mueller's evidence was that -- further Mr. Mueller's evidence was that the 284 DIP was the only one available, however he -- he admitted negotiating and continuing negotiations with 281 up until August the 10th, again notwithstanding the fact that he did not disclose his ongoing discussions with 284. His evidence was that he knew that Mr. Demers and Mr. Korosani were directors of 281. He approached Mr. Demers and suggested that he do the deal outside of 281, again going so far as to facilitate the introduction. He was scant on any of these details; we requested several undertakings of any communications that took place between the party. All of those undertakings were refused.

So, as the secured creditors, you get primed if this proposal goes -- goes through. We're quite concerned, particularly considering the -- in our respectful submission lack of good faith actions on behalf of Mr. Mueller. But in any event, we are prepared to match the interest and the maturity provisions, anything put forward by my friends. I under -- in the last, you know, hour and a half or 2 hours, or whatever it's been, I understand that 281's interim financing proposal remains $150,000 higher, but I, like you, Sir, have not had the benefit of reviewing any of these affidavits that have come in in the last couple hours.

But I understand that our -- our -- or 281's bid remains significantly higher, so therefore we'd ask that the 284 -- and -- and we're prepared to proceed with the SISP as presented which should alleviate the concerns of the trustee. So, therefore we respectfully ask that if you're prepared to proceed today that we go with 281's proposal.

THE COURT: So, I think I understand that you -- what you are saying is that your client -- at first your client wanted an adjournment and did not get it, and so you are stuck arguing this thing. And I appreciate the position that you are in, but that is water under the bridge. I think your client's position is that it is in agreement with all of the relief with one caveat. And so, in agreement with the extension of the stay, in agreement with the consolidation of the two proceedings, in agreement with --

MR. JACKA: (INDISCERNIBLE), yeah.

THE COURT: Sorry. In agreement with the charges, in agreement with the sale process. The one tweak which may be a too diminutive term for it, but the one change you want to have is instead of approving the 284 interim lending, you want me to approve one by 281 which I have heard described but have not seen, right?

MR. JACKA: More or less. I checked with our assistant, she filed our affidavit with KB filing and not -- didn’t send it to the commercial coordinator which is why it's not in front of you. So --

THE COURT: Okay.

MR. JACKA: Yeah, that would be why you haven't seen it. I don't think there's any dispute that we've made that offer, though. And further, like I said, I can advise through the last hour and a half that I was able to obtain instructions from my client to agree to the remaining terms that we discussed.

THE COURT: Okay.

MR. JACKA: Yeah.

THE COURT: Anything else? Okay. Any -- a brief reply, Ms. Jeffries, if you would like?

Submissions by Ms. Jeffries (Interim Proposal Application) (Reply)

MS. JEFFRIES: Thank you, Justice. I will be brief, and I want to make sure I stick with as much as possible with what's on the record. I think what's -- what's been raised prior to now is that there have been months of discussion with Mr. Jacka's client, and with the impending deadline of this hearing. No agreement had been reached. And so, when there's sort of a discussion well, you know, maybe discussions with someone else was somehow bad faith, I think what is -- what is before the Court is that a discussion was capable of being reached with other parties and not -- not with Mr. Jacka's client until this application was filed.

And it's only then that we have a sort of competing DIP, and I know you haven't had the opportunity to review our bench brief, but we -- we do cite some -- some case law that will be well known to the Court. In particular *Great Basin Gold*, *Quest University*, and to court resources just about that sort of competing DIP analysis and the factors that the Court looks at. And the sort of overarching consideration is what -- which proposal is the most appropriate, and which will best serve the interests of the debtor stakeholders as a whole, not one creditor or another. But the creditors as -- or stakeholders as a whole by enhancing the prospect of a successful restructuring.

And it is our submission here that we have essentially one secured creditor, existing secured creditor, pre-filing secured creditor, in favour of proceeding with the existing transaction, and the existing DIP that -- that I went through. And it -- from what's on the record that agreement and that term sheet was able to be finalized very quickly. And as we all know in these proceedings, that needs to happen at that quickness. It is really critical to being able to get to a good result.

And so, in our submission the existing proposal put forward by 284 should be the one that

is approved as essentially being more beneficial to the restructuring as a whole given the facility of working with that --

THE COURT CLERK: (INDISCERNIBLE) the one in there.

MR. JACKA: Sir, can I just address one thing my friend said on timing? I think it's important for your consideration.

THE COURT: Sure.

Submissions by Mr. Jacka (Interim Proposal Application) (Reply)

MR. JACKA: Yeah, well so, it -- I'll just say it's hard to reach an agreement if the party that we're negotiating with is engaging with other conversations with individuals who are in our submission slowing down the process. So, yes, I concede that there was no agreement that was able to be reached until this application was filed, but considering the individuals involved in Mr. Mueller's evidence in his cross-examination yesterday it's relatively easy to see why.

THE COURT: Okay. I think I have given everybody the opportunity to be heard. If somebody is present and feels like I have not because there is quite a few people here, I just want to give you that opportunity now. Okay, I am going to make a decision.

Decision (Interim Proposal Application)

THE COURT: So, I have got an application before me by AdvEn Inc. and AdvEn Industries which I will just call AdvEn or the applicants. And as outlined in the applicants' submissions there is, you know, four big headings here of relief. One is an extension of this stay under the *Bankruptcy and Insolvency Act*, two is consolidation of these two proceedings because there is two companies but they really operate as one, approval of charges, administration charge, et cetera, the financing charge which is the biggest of them, and approval of the sales -- can never remember what SISP stands for, Sales and Investment Solicitation Process, I think. And so, four buckets of things, and nobody opposes everything.

In fact, nobody opposes anything except SPDI and 281 oppose the particular interim financing which is being thought to be approved that is being provided by 284, and instead 281 submits that I should grant all the relief sought by AdvEn with one modification which is at 281's proposed interim financing approved rather than 284's as set out in an affidavit which I do not think I have seen, I have not seen. 284's though, you know, if you compare,

make comparables, 284's proposal is actually a little bit changed from what was in the trustee's report. Changed the interest rate, changed the due date, changed the -- added a sentence about an obligation to advance. So, to a certain extent I have got financing proposals that were crystalized, modified, during oral argument. So, that is something to consider.

Let me go back to the beginning. The extension, just for the extension, is in Section 50.4(9) of the *Bankruptcy and Insolvency Act*. I can only grant an extension if I am satisfied that the insolvent person has acted and is acting in good faith, and with due diligence. The insolvent person would be likely to be able to make a viable proposal if the extension being applied for were granted, and no creditor will be materially prejudiced if the extension being applied for were granted. These are all things that it is the applicants' onus to establish.

In this case the -- and the evidence on this point comes from Mr. Mueller's affidavit and from the proposal trustee's report, and I have heard described -- certainly in Mr. Mueller's affidavit. I have also heard described what he said in cross-examination yesterday, and I am sure that it was accurately described to me what he said. I have to take all of that evidence in assessing these issues, and the thing that some emphasis was put on by Mr. Jacka is that there is some evidence of bad faith here in terms of how Mr. Mueller dealt with 281 versus 284, and their each wanting to put forward a proposal for interim financing.

There might be something to that, I hear what Mr. Jacka says about, you know, officers -- characters or officers of one company switching horses, and advancing interim financing proposal on behalf of another company, that suggests some perhaps improper behaviour by those directors, but they are not the insolvent company exactly, and moreover I have to look at that in the context of everything else that is going on, and in the context to the fact that Mr. Jacka's clients do not oppose the granting of the extension. So, if I were to find that I am not satisfied that it is all in person, in this case two persons, the two AdvEn companies, if I were to find they had not acted in good faith, boom, I cannot grant the extension.

So, I agree with Mr. Jacka, there may be some reason for suspicion, but it does not overcome in my view the evidence in Mr. Mueller's affidavit and in the proposal trustee's report, that the insolvent persons here are on the whole acting in good faith.

Number (b), the insolvent person would be likely to make a viable proposal if an extension being applied for were granted. Nobody has argued they would not be, and I have got the proposal trustee's report which describes how there are lenders, and I now understand them to be 284 and 281, as well as possibly others who would be interested in bidding. And so, this likely to be able to is not certain to be able to, it is just likely to be able to, that is the test. I am satisfied it is met.

No creditor would be materially prejudiced if the extension being applied for were granted. I am persuaded by the submissions Ms. Jeffries made that while there is a priming here the priming of an interim lender in the case of a successful bid will be one thing where there is another going concern value applied, and given the size of the book value of the assets, and the operation, that does not appear on the fit high level to be a situation when the priming would actually maturely prejudice creditors. On the other hand in the case of a go through the SISP, nobody bids, has to be liquidated, the -- we are talking about, according to the proposal trustee's report, we are talking about some specialized equipment for this new -- couple of new operations, or systems, or processes. That equipment is likely not to have value to anybody who does not have the IP herein.

And so, this is specifically on page 19 of the report, if you had to have actually liquidate the physical assets the proceeds would be minimal, and it would not matter if one party was primed through, nobody is getting anything or almost nothing. So, I am satisfied that part of the test is met, and in finding that the test in Section 50.4(9) is met, I am given -- I am supported by the fact that none of the parties who were served with this application attended and argued that that test is not met. So, I will grant the extension.

The next aspect of the -- is the consolidation of the two proceedings. Nobody argued against it, it makes obvious sense. These two companies operate as one entity so that is granted.

The charges, there I heard no arguments against the admin charge or the director's charge, and I am satisfied those are reasonable. I see them all the time in these SISPs, you have to be able to keep going through the proposal period or sale period. I am not going to -- nobody argued against it, I am satisfied the test for that is met.

The one point of contention is the interim financing, and so that is where Mr. Jeffries' (sic) client says I should approve the -- his client's interim financing which I have had described to me as being basically the same as 284's interim financing with the different total amount glancing it, and I have -- or versus 284's interim financing which I have seen but I have also had described to me, a couple tweaks to it. I am not prepared on the record before me to pick an interim financing this different from the one in the proposal trustee's materials other than the few changes counsel described. If the -- if 284 wanted to have a battle about interim financing proposals, I needed to see that, not just hear it described, and not in an -- maybe it was filed this afternoon, I needed to see that before we got in.

In the absence of agreement by the parties, and I know that sometimes you get to the -- you might get to the 11th hour, and everybody works together, and they agree on something new, but when you are trying to have an argument to get the judge to pick one, I need -- I, the judge, needs more than this at this point. And remember, this is in the context of what I said about the adjournment application. Everybody knew when the Notice of Intention was

filed in July that this application was going to happen, and it was going to happen around now. And so, it was incumbent on all the parties to get their ducks in a row.

I appreciate what Mr. Jacka says about it was not able to reach an agreement on financing prior to because of the way it was being dealt with by Mr. Mueller and AdvEn, but that did not stop it from putting forward a financing term sheet. And so, for those reasons, I am not going to make the modification that Mr. Jacka argued for, I will approve the interim financing by 284 -- yes, 284, with those three changes that Ms. Jeffries described on the record.

And that leaves -- maybe not, no, the sales process, of course. So, the sales process is not opposed. I have had it described to me. I have just had a funny thing happen in my headphones; can you still hear me, everybody? Okay. I have had the sales investment solicitation process is in the evidence, in the proposal trustee's report. Ms. Jeffries is very helpful in taking me through some key aspects of it. The proposal is not opposed by anybody, and I am satisfied that it is a reasonable one in the circumstances with this unique business, and its unique assets including an intellectual property. So, I am prepared to approve it as well.

So, now I want to come to the form of order of Ms. Jeffries. I am just not sure if I have one. Do I?

MS. JEFFRIES: You have to ask my friend Mr. Saini to -- to speak to that, and how it was delivered.

THE COURT: So, what I think I had is an unfiled application that has a form of order. Is that what I should be looking at, Mr. Saini? If you are speaking, I cannot hear you.

MR. SAINI: I apologize. I'm just checking now, Sir. There should’ve been a standalone order delivered to you, but if not we can send it to you through the commercial coordinator tomorrow as well if you don’t have it there.

THE COURT: Standalone was it, okay, just a second. Wait a moment, you are right, here it is. Okay, I have got it in front of me now. So, is there anything in it that you wish to draw my attention to or to change, and maybe you would change it, I am not sure given those three changes to the -- 284's financing. So, is it you, Mr. Saini, who is going to speak to the order? Or is it Ms. Jeffries?

MR. SAINI: Yes, yes. I can speak to it, Justice Dunlop. I think the only change and, Ms. Jeffries, correct me if I'm wrong here, but I think the only change

will be there's a reference to the interim financing agreement dated August 7th, 2026. With 1 -- 284 we just need to revise that date to say August 19th, 2026, because the amended agreement was signed today.

THE COURT: Okay, any other changes? Yes, there is, it is in paragraph 13, right?

MR. SAINI: Yes. Yes, Sir.

THE COURT: Any other changes?

MR. SAINI: I don’t believe so.

THE COURT: Anyone else wish to speak to the form of order? Okay so, Mr. Saini, if you can -- that is you, this is -- you are not going to get this signed today but it is effective today. So, if you could make that change, submit it to the commercial coordinator. They will send it to me, I will give it back to them, they will give it back to you. Hopefully all of that can happen tomorrow.

MR. SAINI: Yes, Sir, we'll do that.

THE COURT: Okay, anyone else have anything else they want to address today? All right so, okay. So, before we adjourn, I will just thank mister clerk for staying late, I try to get these things done by 4:30 but it does not always work. I will now adjourn.

MR. SAINI: Thank you, Justice Dunlop.

MR. JACKA: Thank you, Justice.

MS. JEFFRIES: Thank you, Justice.

THE COURT CLERK: Thank you, Justice, good afternoon.

PROCEEDINGS CONCLUDED

Certificate of Record

I, Simar Singh, certify that this recording is the record made of the evidence in the proceedings in the Court of King's Bench, held in courtroom 516 at Edmonton, Alberta, on the 19th day of August, 2026, and I was the court official in charge of the sound recording machine during the proceedings.

Certificate of Transcript

I, Tanner Zaherie, certify that

(a) I transcribed the record, which was recorded by a sound recording machine, to the best of my skill and ability and the foregoing pages are a complete and accurate transcript of the contents of the record and

(b) the Certificate of Record for these proceedings was included orally on the record and is transcribed in this transcript.

TEZZ TRANSCRIPTION. Transcriber
Order Number: TDS-1118274
Dated: September 1st, 2026