

No. S-267306
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF 1035638 B.C. LTD. and KAINOS BUILDING GROUP LTD.

AND

NATIONAL BANK OF CANADA

Petitioner

NOTICE OF APPLICATION

Name of applicant National Bank of Canada

To: The Service List attached as **Schedule "A"**

TAKE NOTICE that an application will be made by the applicant to the presiding judge or associate judge at the courthouse at the Vancouver Law Courts, 800 Smithe Street, Vancouver, British Columbia V6Z 2E1 on a date to be set by notice of hearing of application for the orders set out in Part 1 below.

The applicant estimates that the application will take half a day.The applicant proposes that the matter will be heard on November 19, 2026.

☐ This matter is within the jurisdiction of an associate judge.

☒ This matter is not within the jurisdiction of an associate judge. The application is set to be heard by Justice Blake.

PART 1: ORDERS SOUGHT

1. An amended and restated initial order (the "**ARIO**") substantially in the form attached hereto as **Schedule "B"** pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "***CCAA***") for, among other things:

    a) abridging the time for and validating service of this application and supporting materials and dispensing with further service thereof;

    b) approving an extension of the Stay Period (as defined below) up to and including February 5, 2027; and

    c) increasing the quantum of the Interim Lender's Charge (as defined below) up to a maximum amount of $1,200,000.

2. Such further and other relief as counsel may advise and the court deems to be just and appropriate.

PART 2: FACTUAL BASIS

Background

1. 1035638 B.C. Ltd. ("**103**") and Kainos Building Group Ltd. ("**Kainos Building**", and together with 103, the "**Borrowers**") are part of a real estate development group called "Kainos Development", which has projects throughout British Columbia.

2. 103 is the registered owner of the lands and premises located at 38044 Second Avenue in Squamish, BC (the "**Amaji Lands**"). 103 is constructing a mixed-use development on the Amaji Lands known as Amaji 2 (the "**Project**"). The Project consists of a 7-storey steel frame building with 38 residential units and 2 commercial units.

3. Kainos Building is the registered owner of the lands and premises located at 1358, 1362, and 1366 Main Street in Squamish, BC (the "**Main Street Lands**"). The Main Street Lands are approximately 300 metres from the Amaji Lands and are being used as a staging area for the Project.

4. The petitioner, National Bank of Canada ("**National Bank**"), is the senior secured creditor of the Borrowers.

5. National Bank advanced a construction loan of up to a maximum principal amount of $19,900,000, together with related credit facilities, to 103 to finance the construction of the Project. National Bank also advanced a mortgage loan to Kainos Building in relation to the Main Street Lands.

6. As of September 15, 2026, the total indebtedness owed by the Borrowers was $20,667,171.40, exclusive of legal costs.

7. The Project experienced delays and cost overruns from the outset. National Bank suspended further funding under the construction loan after the December 2025 progress draw due to 103's defaults. Construction has since largely stalled due to non-payment of construction participants, and trades have demobilized. National Bank was advised that neither the Borrowers nor their principals have any further capital to contribute to the completion of the Project. Despite the stoppage, the Project is well advanced. As of National Bank's site visit in late May 2026, the building appeared to have reached the "lock-up" stage and to be ready to transition to interior finishes. Based on the latest quantity survey report for the period ended May 31, 2026, the Project is 76% complete on a cost-to-complete basis.

8. Of the Project's 38 residential units and 2 commercial units, 22 residential units and 1 commercial unit are subject to existing pre-sale contracts representing approximately $18.1 million, excluding GST. The remaining 16 residential units and 1 commercial unit are available for sale.

9. National Bank understands that the Borrowers also owe:

    a) approximately $3,449,000 as of June 17, 2026 to Bancorp Balanced Mortgage Fund II Ltd., Bancorp Growth Mortgage Fund II Ltd., and Bancorp Financial Services Inc. (collectively, "**Bancorp**");

b) $61,552.60 for property taxes for the Amaji Lands, and $41,233.33 for property taxes for the Main Street Lands;

c) approximately $2 million to the Project's general contractor, VPAC Construction Group Ltd. ("**VPAC**");

d) $62,000 to various Project consultants; and

e) $98,000 to BC Hydro.

Procedural History

10. On October 1, 2026, National Bank commenced these proceedings under the *CCAA*, seeking an initial order in respect of the Borrowers and the appointment of FTI Consulting Canada Inc. ("**FTI**") as Monitor with enhanced powers.

11. On November 9, 2026, Justice Blake granted the initial order (the "**Initial Order**") as sought by National Bank. Among other things, the Initial Order:

a) established a stay of proceedings against the Borrowers for an initial period of 10 days (the "**Stay Period**");

b) appointed FTI as Monitor of the assets, business and financial affairs of the Borrowers with enhanced powers (FTI in such capacity, the "**Monitor**");

c) approved the Borrowers' borrowing under a debtor-in-possession interim financing facility (the "**Interim Financing Facility**") from National Bank (in such capacity, the "**Interim Lender**") in accordance with a debtor-in-possession financing agreement (the "**Term Sheet**") to fund the Borrowers' critically required operating expenses related to the Project and the general costs of the Monitor, limited to $250,000 to be advanced during the initial Stay Period; and

d) granted the following charges, with their relative priorities set out in the Initial Order, over the property of the Borrowers as security for the obligations of the Borrowers to the beneficiaries of the charges:

i) the "**Administration Charge**" in favour of the Monitor, counsel to the Monitor, and counsel to the Interim Lender, up to a maximum amount of $300,000; and

ii) the "**Interim Lender's Charge**" in favour of the Interim Lender.

Proposed Relief

12. The Initial Order was intended to provide the stability and financing needed to fund the Borrowers' critically required operating expenses related to the Project during the initial Stay Period.

13. National Bank now seeks the ARIO to advance the purposes of these *CCAA* proceedings. The relief sought is in the best interests of the Borrowers and all stakeholders, and the material terms of the proposed ARIO are discussed below.

Stay Period

14. National Bank seeks an extension of the Stay Period up to and including February 5, 2027.

15. The continuation of these *CCAA* proceedings is the best means of stabilizing the Project, addressing immediate site and construction requirements, maintaining continuity with Project participants where appropriate, and protecting the existing pre-sale contracts, thereby preserving value for the benefit of all stakeholders. The Borrowers admittedly have no other source of funding. Without further advances from National Bank, they cannot preserve or advance the Project or realize on the value of the work already completed, and National Bank is not prepared to advance funds other than through the Interim Financing Facility under the Term Sheet within these *CCAA* proceedings.

16. During the proposed extension, the Monitor intends to, among other things:

a) solicit construction proposals for the completion of the Project;

b) solicit brokerage proposals for the Main Street Lands;

c) preserve and winterize the Project;

d) engage with National Bank with respect to the potential for an increased debtor-in-possession facility to fund completion costs for the Project, if the Monitor determines that doing so is in the best interests of stakeholders; and

e) instruct its legal counsel to review the pre-sale contracts and disclosure statement in respect of the Project and file an updated or amended disclosure statement, as appropriate.

17. A continued stay of proceedings is necessary to maintain the status quo while the Monitor undertakes that work, and to avoid the value erosion and disruption that a bankruptcy or receivership would cause to the Project, the pre-sale contracts, and the Borrowers' stakeholders.

18. The Monitor is of the view that the proposed extension of the Stay Period will allow the Borrowers, under the Monitor's oversight pursuant to its enhanced powers, to preserve the Project and the Main Street Lands and to solicit proposals for the completion of the Project and the marketing of the Main Street Lands, while determining the optimal realization strategy in consultation with key stakeholders. The Monitor is further of the view that the Interim Financing Facility will provide the Borrowers with sufficient liquidity to operate during the proposed extension, and that the extension of the Stay Period will enhance the Borrowers' overall prospects of effecting a viable restructuring.

Interim Financing Facility and Charge

19. As noted above, the Initial Order limited borrowing under the Interim Financing Facility to $250,000 to be advanced during the initial Stay Period.

20. National Bank now seeks approval for the Borrowers to access the full $1,200,000 available under the Interim Financing Facility, together with a corresponding increase in the Interim Lender's Charge.

21. The Borrowers require funding to meet critical expenses, continue operations, and advance the Project as appropriate, and they appear to have no source of funding other

than the Interim Financing Facility. The increased Interim Financing Facility, and the corresponding increase in the Interim Lender's Charge, are necessary to fund the Monitor's activities during the proposed extended Stay Period. Without access to this funding, the Borrowers' insolvency creates a serious risk of continued defaults under their construction agreements and their obligations to other stakeholders, and of the loss of the present value tied up in the Project and the pre-sale contracts.

22. Under the Term Sheet, the Interim Financing Facility may only be used to fund the Project, including ongoing business expenses and carrying costs related to the Project, the Amaji Lands, and the Main Street Lands, construction costs of the Project, and the general costs of the Monitor in these proceedings.

23. National Bank is prepared to advance further financing only within this court-supervised framework, where the use of funds and the steps taken in respect of the Project will be subject to the Monitor's oversight.

24. It is in the interest of all stakeholders that the Borrowers undertake a coordinated restructuring under the *CCAA* to protect and maximize value. Absent the stay of proceedings and the associated financing, the Borrowers will be unable to meet critical expenses, continue operations, or advance the Project.

25. The Monitor is of the view that the costs and terms of the Term Sheet are reasonable and consistent with those in comparable proceedings, and that the proposed increase to the Interim Financing Facility and the Interim Lender's Charge will allow the Borrowers, under the Monitor's oversight, to preserve the Project, the Amaji Lands, and the Main Street Lands while the optimal realization strategy is determined.

PART 3: LEGAL BASIS

Extension of Stay Period

26. Subsection 11.02(2) of the *CCAA* permits the court, on an application other than an initial application, to extend the stay of proceedings for any period that it considers necessary

and on any terms that it may impose. Under subsection 11.02(3) of the *CCAA*, the court shall not make such an order unless:

a) the applicant satisfies the court that circumstances exist that make the order appropriate; and

b) in the case of an order under subsection (2), the applicant also satisfies the court that the applicant has acted, and is acting, in good faith and with due diligence.

Worldspan Marine Inc. (Re), 2011 BCSC 1758 at para. 12

27. In assessing whether an extension of the Stay Period is appropriate, the court should consider whether the extension advances the remedial purpose of the *CCAA*.

28. The Supreme Court of Canada has held that the purpose of the *CCAA* is to facilitate the survival of going concerns by permitting the debtor to continue to carry on business and, where possible, to avoid the social and economic costs of liquidating its assets.

Century Services Inc. v. Canada (Attorney General), 2010 SCC 60 at para. 15 [*Century Services*]
Canada v. Canada North Group Inc., 2021 SCC 30 at para. 21 [*Canada North*]

29. Moreover, courts have held that a sale of a debtor's business as a going concern to new owners satisfies the purposes of the *CCAA*.

In the Matter of The Body Shop Canada Limited, 2024 ONSC 3882 at para. 14
Clothing for Modern Times Ltd. (Re), 2011 ONSC 7522 at para. 12

30. The *CCAA* is a flexible instrument, and debtor companies are entitled to seek protection in the context of a wide range of restructuring options.

Canada North at para. 138
Century Services at para. 57

31. A stay of proceedings is necessary and appropriate to preserve the status quo, protect the Borrowers' property, including the Amaji Lands, the Main Street Lands, and the Project, and allow the Project to be stabilized while the appropriate recovery strategy is assessed. VPAC's builders' lien and the Borrowers' other outstanding construction and creditor

obligations create a risk that individual creditors may take enforcement steps that undermine these *CCAA* proceedings. Without a stay, uncoordinated enforcement could impair the stabilization of the Project, diminish the value of the work already completed, and prejudice an orderly build-out, sale, or other realization strategy under the supervision of the Monitor.

32. In the Monitor's view, extending the Stay Period will permit the Borrowers, with the Monitor exercising its enhanced powers, to protect the Project and the Main Street Lands and to seek proposals to complete the Project and market the Main Street Lands, while the optimal realization strategy is developed in consultation with key stakeholders. The Monitor also considers that the Interim Financing Facility will give the Borrowers sufficient liquidity throughout the extension, and that the extension will enhance the Borrowers' overall prospects of a viable restructuring.

33. Furthermore, the Monitor is of the view that National Bank is acting in good faith and with due diligence, and that the proposed extension of the Stay Period will not materially prejudice the Borrowers' creditors or other stakeholders.

Interim Financing Facility

34. Section 11.2 of the *CCAA* gives the court authority to approve debtor-in-possession financing and grant a corresponding charge, and to approve an increase in the authorized borrowing amount with a corresponding increase to the interim lender's charge.

Lydian International Limited (Re), 2020 ONSC 4006 at para. 66

35. In doing so, the court must consider, among other things, the factors set out in subsection 11.2(4) of the *CCAA*:

a) the period during which the company is expected to be subject to proceedings under the *CCAA*;

b) how the company's business and financial affairs are to be managed during the proceedings;

c) whether the company's management has the confidence of its major creditors;

d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;

e) the nature and value of the company's property;

f) whether any creditor would be materially prejudiced as a result of the security or charge; and

g) the monitor's report, if any.

36. The factors that supported the approval of the Interim Financing Facility and the granting of the Interim Lender's Charge under the Initial Order remain applicable. The Borrowers require financing to stabilize and preserve the Project, pay operating and construction-related expenses, and fund the professional costs of these *CCAA* proceedings.

37. The Interim Financing Facility will allow the Project to be protected and stabilized pending a fuller assessment of the available completion and realization strategies, and will fund the costs of the Monitor in exercising its oversight and enhanced powers. This funding is necessary to preserve the value of the Project and to maintain the flexibility to pursue the recovery strategy ultimately determined to be in the best interests of stakeholders.

38. The Monitor considers the costs and terms of the Term Sheet to be reasonable and in line with those in comparable proceedings. In the Monitor's view, increasing the Interim Financing Facility and the Interim Lender's Charge will enable the Borrowers, subject to the Monitor's oversight, to preserve the Project, the Amaji Lands, and the Main Street Lands pending determination of the optimal realization strategy.

PART 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Cory Stark filed October 1, 2026

2. Pre-Filing Report of the Proposed Monitor filed October 15, 2026

3. Initial Order of Justice Blake made November 9, 2026

4. First Report of the Monitor

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 21 days after service of this notice of application, serve the following on the applicant and on every other party of record:

a) a copy of your unfiled application response;

b) a copy of the affidavits or other evidence that you intend to refer to at the hearing of this application and that has not already been served on that person;

c) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: November 16, 2026

Signature of lawyer for filing party
Lily Y. Zhang

To be completed by the court only:

Order made

☐ in the terms requested in paragraphs _____ of Part 1 of this notice of application

☐ with the following variations and additional terms:

_____

_____

_____

Date: _____ _____

Signature of ☐ Judge ☐ Associate Judge

APPENDIX

[The following information is provided for data collection purposes only and is of no legal effect.]

THIS APPLICATION INVOLVES THE FOLLOWING:

☐ discovery: comply with demand for documents

☐ discovery: production of additional documents

☐ other matters concerning document discovery

☐ extend oral discovery

☐ other matter concerning oral discovery

☐ amend pleadings

☐ add/change parties

☐ summary judgment

☐ summary trial

☐ service

☐ mediation

☐ adjournments

☐ proceedings at trial

☐ case plan orders: amend

☐ case plan orders: other

☐ experts

☒ none of the above

Schedule "A"

1035638 B.C. Ltd.
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Surrey, BC V3W 3N5

Kainos Building Group Ltd.
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Surrey, BC V3W 3N5

Kainos Development by Design Ltd.
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Viceroy Management Ltd.
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Attention: Tom Power and Longmai Yan
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Attention: Lisa Hiebert
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VPAC Construction Group Ltd.
c/o Suite 2600
1090 West Pender Street
Vancouver, BC V6E 0E3

Intact Insurance Company
c/o 1600 - 200 Granville Street
Vancouver, BC V6B 1S4
Attention: Michelle Taylor

His Majesty the King in Right of British Columbia
Ministry of Attorney General
Legal Services Branch
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Attention: Duty Counsel

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Schedule "B"

No. S-267306
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36

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AND

NATIONAL BANK OF CANADA

Petitioner

ORDER MADE AFTER APPLICATION

AMENDED AND RESTATED INITIAL ORDER

BEFORE THE HONOURABLE JUSTICE BLAKE	)))	19/NOV/2026

THE APPLICATION of the petitioner coming on for hearing at Vancouver, British Columbia, on November 9, 2026; AND ON HEARING Lily Y. Zhang, counsel for the petitioner and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed herein, including the First Report of FTI Consulting Canada Inc. in its capacity as monitor of 1035638 B.C. Ltd. and Kainos Building Group Ltd. (in such capacity the "**Monitor**"); AND UPON BEING ADVISED that the secured creditors who are likely to be affected by the charges created herein were given notice; AND PURSUANT TO the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), the *British Columbia Supreme Court Civil Rules* and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

1. This amended and restated initial order (the "**ARIO**") amends and restates the order of this Court made in these proceedings on November 9, 2026 (the "**Initial Order Date**").

2. The time for service of the notice of application dated November 16, 2026 and supporting materials is hereby abridged such that service is deemed to be timely and sufficient and the matter is properly returnable today.

JURISDICTION

3. 1035638 B.C. Ltd. and Kainos Building Group Ltd. (together, the "**Debtors**") are companies to which the CCAA applies.

APPOINTMENT OF MONITOR

4. FTI Consulting Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Debtors with the powers and obligations set out in the CCAA or set forth herein, and that the Debtors and their shareholders, officers, directors, and Assistants (as defined below) shall advise the Monitor of all material steps taken by the Debtors pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary or requested by the Monitor to enable the Monitor to carry out the Monitor's functions. The Debtors and their shareholders, officers, directors and Assistants shall not be liable for any actions taken by them in accordance with a direction of the Monitor.

5. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

   (a) monitor the Debtors' receipts and disbursements;

   (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Debtors' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), the Debtors' business (the "**Business**"), and such other matters as may be relevant to the proceedings herein;

   (c) assist the Debtors in their dissemination to the petitioner and its counsel of the financial and other information as agreed to between the Debtors and the petitioner, which may be used in these proceedings including reporting on a basis to be agreed with the petitioner;

   (d) advise the Debtors in the preparation of their cash flow statements and reporting required by the petitioner, which information shall be reviewed with the Monitor and delivered to the petitioner and its counsel as agreed to with the petitioner;

   (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Debtors, to the extent that is necessary to adequately assess the Debtors' business and financial affairs or to perform its duties arising under this Order;

(f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(g) in the name of and on behalf of the Debtors, as the Monitor, in its sole discretion, deems necessary or appropriate:

(i) terminate the services of any officer, employee, consultant representative, advisor, or other persons; and

(ii) in accordance with the CCAA and this Order, disclaim any contracts to which either of the Debtors is a party; and

(h) perform such other duties as are required by this Order or by this Court from time to time.

6. In addition to the powers set out in paragraph 5 above, the Monitor is granted further powers and authorized, but not obligated, to exercise any powers the Monitor deems appropriate which may be properly exercised by a board of directors or any officers of the Debtors, on behalf of and in the name of the Debtors, including without limitation the power to:

(a) cause the Debtors to take any action permitted to be taken by the Debtors generally and pursuant to the CCAA, this Order or any other order made in these proceedings, including, but not limited to, continuing or winding down the Business related to the Property, liquidating the Property, and such other activities as may, in the Monitor's sole discretion, be necessary or appropriate;

(b) take possession of and exercise control over the Property and any and all receipts and disbursements arising out of or from the Property;

(c) receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, changing locks and security codes, relocation of the Property, engaging independent security personnel, taking physical inventories, and placing insurance coverage;

(d) manage, operate, and carry on the Business and the Property, including the power to execute all agreements, documents and writings, on behalf of, and in the name of, the Debtors, including execution of the Term Sheet (as defined below) and any ancillary documents, as well as the powers to incur any obligations in the ordinary course of business, cease to carry on all or any part of the Business, or cease to perform any contracts of the Debtors relating thereto;

(e) engage, retain or terminate the services of, or cause the Debtors to engage, retain or terminate the services of, any officer, employee, consultant, representative, advisor or other persons, all under the supervision and direction of the Monitor, as

the Monitor, in its sole discretion, deems necessary or appropriate to assist with the exercise of its powers and duties under this paragraph 6;

(f) prepare or assist in the preparation of the Debtors' statutory tax and financial requirements, including employee related remittances, T4 statements, and records of employment, in each case based solely upon the information available from the Debtors' books and records on the basis that the Monitor shall incur no liability or obligation to any person with respect of such reporting remittances, statements and records;

(g) deal with any regulatory authority, including to execute any appointment or authorization form on behalf of the Debtors that any regulatory authority may require to confirm the Monitor's appointment as an authorized representative of the Debtors for such purposes;

(h) purchase or lease such machinery, equipment, inventories, supplies, premises, or other assets to continue the Business of the Debtors and the Property or any part or parts thereof;

(i) receive and collect all monies and accounts now owed or hereafter owing to the Debtors in respect of the Property and to exercise all remedies of the Debtors in collecting these amounts, including, without limitation enforcement of any security held by the Debtors;

(j) settle, extend, or compromise any indebtedness owing to the Debtors in relation to the Property;

(k) execute, assign, issue, and endorse documents of whatever nature in respect of any of the Property for any purpose pursuant to the CCAA, this Order and any other order made in these proceedings;

(l) undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors relating thereto;

(m) initiate, manage, and direct all legal proceedings now pending or hereafter pending (including appeals or applications for judicial review) in respect of the Debtors, the Business or the Property, including initiating, prosecuting, continuing, defending, settling, or compromising the proceedings;

(n) market any or all of the Property, including advertising and soliciting offers and negotiating such terms and conditions of sale as the Monitor considers appropriate;

(o) sell, convey, transfer, lease, or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of this Court, including to execute any conveyance or other closing documents in relation to such a transaction;

(p) apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers, free and clear of any liens or encumbrances;

(q) apply for any permits, licences, approvals, or permissions as may be required by any governmental authority relating to the Property, and any renewals thereof;

(r) enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtors; and

(s) exercise any shareholder, partnership, joint venture, or other rights which the Debtors may have in relation to the Property.

7. For greater certainty, where the Monitor takes actions or steps authorized by paragraph 6, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors and their past or present directors, officers and shareholders, and without interference from any other Person. The power and authority granted to the Monitor in paragraph 6 shall be paramount to the power and authority of the Debtors or any other Person.

8. The Monitor is authorized, but not required, to open one or more new accounts in its own name (the "**Monitor's Accounts**") and receive third party funds into the Monitor's Accounts or transfer into the Monitor's Accounts such funds of the Debtors arising from the Property as the Monitor, in its sole discretion, considers necessary or appropriate to assist with the exercise of the Monitor's powers and duties under the CCAA and this Order. Monies standing to the credit of the Monitor's Accounts from time to time shall be held by the Monitor to be dealt with as permitted by this Order or further order of this Court, including to make disbursements and pay obligations of the Debtors in the ordinary course of business and as permitted by orders of this Court.

9. Except as expressly provided in this Order, the Monitor shall not otherwise take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

10. Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the

Canadian Environmental Protection Act, the *Fisheries Act*, the British Columbia *Environmental Management Act*, the British Columbia *Fish Protection Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

MONITOR'S PROTECTIONS

11. The Monitor shall provide any creditor of the Debtors, including the petitioner, with information provided by the Debtors in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Debtors is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Debtors may agree.

12. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation.

13. The Monitor is not, and shall not be deemed to be, a director, officer or employee of the Debtors.

14. All employees of the Debtors shall remain as employees of the Debtors. Nothing in this Order, including the enhancement of the Monitor's powers pursuant to paragraph 6, the exercise by the Monitor of any of its powers, the performance by the Monitor of any of its duties, or the use or employment by the Debtors of any person under the direction of the Monitor, in connection with the Monitor's appointment and the exercise and performance of its powers and duties, shall be construed as resulting in the Monitor being an employer, successor employer or related employer of the Debtors' employees, within the meaning of any provincial, federal, municipal legislation or common law governing employment or labour standards or any other statute, regulation or rule of law or equity for any purpose whatsoever or expose the Monitor to liability to any individuals arising from or relating to their employment by the Debtors. The Monitor shall not be liable for any employee-related liabilities of the Debtors, including any successor liabilities as provided for in Section 14.06(1.2) of the *Bankruptcy and Insolvency Act* (Canada), other than amounts the Monitor may specifically agree in writing to pay. Nothing in this Order shall, in and of itself, cause the Monitor to be liable for any employee related liabilities of the Debtors, including wages, severance pay, termination pay, vacation pay and pension or benefit amounts.

15. Nothing in this Order or any other Order granted in these proceedings shall constitute or be deemed to constitute the Monitor as a receiver, assignee, liquidator, administrator, receiver manager, agent of the creditors or legal representative of the Debtors within the meaning of any relevant legislation, including subsection 159(2) of the *Income Tax Act* (Canada), as amended (the "**ITA**"), and any distributions to creditors of the Debtors by the Monitor will be deemed to have been made by the Debtors themselves. Nothing in this Order shall constitute or be deemed to constitute the Monitor as a person subject to subsection 150(3) of the ITA.

POSSESSION OF PROPERTY AND OPERATIONS

16. Subject to this Order, including the powers of the Monitor in paragraph 6 above, the Debtors shall remain in possession and control of their Business in the ordinary course and in a manner consistent with the preservation of the Business and the Property. Subject to this Order, the Debtors shall, with the approval of the Monitor, be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.

17. The Debtors shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the Initial Order Date:

    (a) all outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Initial Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively "**Wages**"); and

    (b) the fees and disbursements of any Assistants retained or employed by the Debtors which are related to the Debtors' restructuring, at their standard rates and charges, including payment of the fees and disbursements of legal counsel retained by the Debtors, whenever and wherever incurred, in respect of:

        (i) these proceedings or any other similar proceedings in other jurisdictions in which the Debtors or any subsidiaries or affiliated companies of the Debtors are domiciled;

        (ii) any litigation in which the Debtors are named as a party or is otherwise involved, whether commenced before or after the Initial Order Date; and

        (iii) any related corporate matters.

18. Except as otherwise provided herein, the Debtors shall be entitled to pay all expenses reasonably incurred by the Debtors in carrying on the Business in the ordinary course

following the Initial Order Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services, provided that any capital expenditure are approved by the Monitor;

(b) all obligations incurred by the Debtors after the Initial Order Date, including without limitation, with respect to goods and services actually supplied to the Debtors following the Initial Order Date (including those under purchase orders outstanding at the Initial Order Date but excluding any interest on the Debtors' obligations incurred prior to the Initial Order Date); and

(c) fees and disbursements of the kind referred to in paragraph 17(b) which may be incurred after the Initial Order Date.

19. The Debtors are authorized to remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to section 6(3) of the CCAA;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Debtors in connection with the sale of goods and services by the Debtors, but only where such Sales Taxes accrue or are collected after the Initial Order Date, or where such Sales Taxes accrued or were collected prior to the Initial Order Date but not required to be remitted until on or after the Initial Order Date; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors.

20. Until such time as a real property lease is disclaimed in accordance with the CCAA, the Debtors shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated between the Debtors and the landlord from time to time ("**Rent**"), for the period commencing from and including the Initial Order Date, twice-monthly in equal payments on the first and fifteenth day of the month in advance (but not in arrears). On the date of the first of

such payments, any Rent relating to the period commencing from and including Initial Order Date shall also be paid.

21. Except as specifically permitted herein, the Debtors are hereby directed, until further Order of this Court:

(a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Debtors to any of their creditors as of the Initial Order Date except as authorized by this Order;

(b) to make no payments in respect of any financing leases which create security interests;

(c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of its Property, nor become a guarantor or surety, nor otherwise become liable in any manner with respect to any other person or entity except as authorized by this Order;

(d) to not grant credit except in the ordinary course of the Business only to its customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by the Debtors to such customers as of the Initial Order Date; and

(e) to not incur liabilities except in the ordinary course of Business.

STAY OF PROCEEDINGS, RIGHTS AND REMEDIES

22. Until and including February 5, 2027, or such later date as this Court may order (the "**Stay Period**"), no action, suit or proceeding in any court or tribunal (each, a "**Proceeding**") against or in respect of the Debtors or the Monitor, or affecting the Business or the Property, shall be commenced or continued except with the written consent of the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

23. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Debtors or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Debtors and the Monitor or leave of this Court.

24. Nothing in this Order, including paragraphs 22 and 23 shall: (i) empower the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the

registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Debtors.

NO INTERFERENCE WITH RIGHTS

25. During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Monitor or leave of this Court.

CONTINUATION OF SERVICES

26. During the Stay Period, all Persons having oral or written agreements with the Debtors or mandates under an enactment for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Debtors, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by the Debtors, and that the Debtors shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Initial Order Date are paid by the Debtors in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Debtors and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

27. Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Initial Order Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to the Debtors on or after the Initial Order Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

ADMINISTRATION CHARGE

28. The Monitor, counsel to the Monitor, and counsel to the petitioner, in its capacity as Interim Lender, shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Debtors as part of the cost of these proceedings. The Debtors are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, and counsel to the petitioner on a periodic basis.

29. The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such

accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.

30. The Monitor, counsel to the Monitor, and counsel to the petitioner, shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $300,000, as security for their respective fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order which are related to the Debtors' restructuring. The Administration Charge shall have the priority set out in paragraphs 38 and 40 hereof.

INTERIM FINANCING

31. The Debtors are hereby authorized and empowered to obtain and borrow under a credit facility from the petitioner, National Bank of Canada (in such capacity, the "**Interim Lender**"), in order to finance the continuation of the Business and preservation of the Property, provided that borrowings under such credit facility shall not exceed $1,200,000 unless permitted by further Order of this Court.

32. Such credit facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between the Debtors and the Interim Lender dated September 29, 2026 (the "**Term Sheet**").

33. The Debtors are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Term Sheet or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Debtors are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

34. Without limiting the provisions of the Term Sheet, all advances under the Term Sheet shall be made to and distributed by the Monitor.

35. The Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property. The Interim Lender's Charge shall not secure an obligation that exists before this Order is made. The Interim Lender's Charge shall have the priority set out in paragraphs 38 and 40 hereof.

36. Notwithstanding any other provision of this Order:

    (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;

    (b) upon the occurrence of an event of default under any of the Definitive Documents or the Interim Lender's Charge, the Interim Lender, upon three (3) days' notice to

the Debtors and the Monitor, may exercise any and all of its rights and remedies against the Debtors or the Property under or pursuant to the Term Sheet, Definitive Documents and the Interim Lender's Charge, including without limitation, to cease making advances to the Debtors and set off and/or consolidate any amounts owing by the Interim Lender to the Debtors against the obligations of the Debtors to the Interim Lender under the Term Sheet, the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Debtors and for the appointment of a trustee in bankruptcy of the Debtors; and

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

37. The Interim Lender, in such capacity, shall be treated as unaffected in any plan of arrangement or compromise filed by the Debtors under the CCAA, or any proposal filed by the Debtors under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

38. The priorities of the Administration Charge and the Interim Lender's Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of $300,000); and

Second – Interim Lender's Charge.

39. Any security documentation evidencing, or the filing, registration or perfection of, the Charges shall not be required, and that the Charges shall be effective as against the Property and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.

40. Each of the Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any Person, save and except those claims contemplated by section 11.8(8) of the CCAA.

41. Except as otherwise expressly provided herein, or as may be approved by this Court, the Debtors shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Debtors obtain the prior written consent of the Monitor, the Interim Lender and the beneficiaries of the Administration Charge.

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

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Debtors of any Agreement to which they are a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Debtors entering into the Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the Debtors pursuant to this Order, the Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

43. Any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Debtors' interest in such real property leases.

SERVICE AND NOTICE

44. The Monitor shall (i) without delay, publish in the Vancouver Sun a notice containing the information prescribed under the CCAA, (ii) within five days after Initial Order Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Debtors of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

45. The Debtors and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true

copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

46. Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the "**Service List**") to be maintained by the Monitor. The Monitor shall post and maintain an up to date form of the Service List on its website at: https://cfcanada.fticonsulting.com/kainos/.

47. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on its website at: https://cfcanada.fticonsulting.com/kainos/.

48. Notwithstanding paragraphs 45 and 47 of this Order, service of the petition, the notice of hearing, any affidavits filed in support of the petition and this Order shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the Federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown.

GENERAL

49. The Debtors or the Monitor may from time to time apply to this Court for directions in the discharge of its powers and duties hereunder.

50. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Debtors, the Business or the Property.

51. Each of the Debtors and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of the Debtors to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended.

52. The Monitor on behalf of the Debtors may (subject to the provisions of the CCAA and the BIA) at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if and when it is determined that such a filing is appropriate.

53. The Debtors, the Monitor, and the petitioner are hereby at liberty to apply for such further interim or interlocutory relief as deemed advisable within the time limited for Persons to file and serve responses to the petition.

54. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such notice of application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

55. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtors and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Debtors and the Monitor and their respective agents in carrying out the terms of this Order.

56. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

_____

Signature of lawyer for the petitioner
Lily Y. Zhang

BY THE COURT

_____

REGISTRAR

Schedule A – Appearance List

Party	Counsel
The Monitor, FTI Consulting Canada Inc.	Ashley Bowron