

District of: British Columbia
Division No. 03 - Vancouver
Court No. B220121, B220120
Estate No. 11-2805685
11-2805687

FORM 92
Notice of Proposal to Creditors
(Section 51 of the Act)
In the Matter of the Joint Proposal of
VES-Artex Systems Canada, ULC
of the City of Abbotsford, in the Province of British Columbia
and
VES-Artex Systems USA, LLC
Incorporated Under the Laws of the State of Delaware
In the United States of America

Take notice that VES-Artex Systems Canada, ULC of the City of Abbotsford in the Province of British Columbia and VES-Artex Systems USA, LLC incorporated under the laws of the State of Delaware, USA (collectively, the "Debtors") have lodged with us a joint proposal under the *Bankruptcy and Insolvency Act*.

A copy of the joint proposal, condensed statements of the Debtors' assets, and liabilities, and a list of the creditors affected by the joint proposal and whose claims amount to \$250 or more are enclosed.

A general meeting of the creditors will be held on the 7th day of April 2022 at 11:00 AM

The meeting will be convened via video/telephone conference

Video Conferencing:

https://teams.microsoft.com/join/19%3ameeting_ODk3YTdkZTEtNTRkYS00MGRjLTk3MGQitNzQzYmJmOGExNjk1%40thead.v2/0?context=%7b%22id%22%3a%22cb3b0d1e-24fb-4847-ba48-2f5e7c2b9b23%22%2c%22oid%22%3a%225a9050e3-e2f0-448f-a51a-529c8bc18b84%22%7d

Telephone Conference (audio only):

1 (877) 252-9279 (Conference ID: 568 925 341#)

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

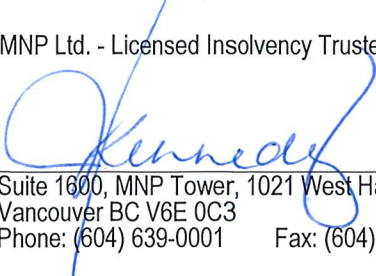
Proofs of claim must be lodged with the Trustee prior to the commencement of the meeting.

Proxies and voting letters intended to be used at the meeting may be filed at any time up until the moment a vote is called.

Please see the attached correspondence in relation to meeting details, requirements prior to the meeting, and conduct at the meeting.

Dated at the City of Vancouver in the Province of British Columbia, this 28th day of March 2022.

MNP Ltd. - Licensed Insolvency Trustee


Suite 1600, MNP Tower, 1021 West Hastings Street
Vancouver BC V6E 0C3
Phone: (604) 639-0001 Fax: (604) 904-8628

(A form of proof of claim, a form of proxy and a voting letter should be enclosed with each notice.)



March 28, 2022

To: Creditors of VES-Artex Systems Canada, ULC (“VES Canada”) and VES-Artex Systems USA, LLC (“VES USA”)

Re: First Meeting of Creditors

VES Canada and VES USA filed a Joint Proposal to its creditors pursuant to the provisions of the *Bankruptcy and Insolvency Act* on March 18, 2022, and the First Meeting of Creditors (“FMOC”) to consider and vote on the Proposal will be held on April 7, 2022 at 11:00 am Pacific Time.

In order to practice and maintain social distancing guidelines which are currently recommended during the COVID-19 pandemic, **the FMOC will be convened only by teleconference.**

It is not mandatory to attend the FMOC. Voting Letters filed with the Trustee will be counted at the FMOC assuming that the corresponding creditor’s proof of claim form is filed and admitted by the Trustee prior to the FMOC. We encourage creditors to file all forms with the Trustee’s office electronically at the following email address: vancouverpbmail@mnp.ca

Please review the following procedures with respect to the FMOC:

Meeting Details

1. Date: April 7, 2022
2. Time: 11:00 am Pacific Time
3. Call in Details: 1(877) 252-9279
4. Conference ID: 568 925 341#

Requirements Prior to FMOC

1. This Notice of Proposal to Creditors includes a proof of claim form, form of proxy and a voting letter. In order to be entitled to vote at the meeting you must file a proof of claim with the Trustee prior to the date and time of the FMOC, and the Trustee must have accepted your claim for voting purposes.
2. The cut-off time for filing a proof of claim form, proxy, and voting letter with the Trustee is 8:00 am Pacific Time on the date of the FMOC to permit a reasonable review by the Trustee.
3. The Trustee will use its best efforts to review and register late filed proof of claims forms, proxies, and voting letters for the FMOC.

Registration

1. The Trustee will open the conference line 15 minutes in advance of the appointed meeting time. We encourage creditors to call in earlier than the appointed time to permit registration and attendance to be completed and to avoid a delay in proceeding with the FMOC.
2. Callers will be acknowledged on a “first come first served” basis and registration will include the following:
 - a) Please identify yourself by the creditor number beside your creditor name listed in the Form 78 Statement of Affairs which is attached;
 - b) Identify any additional individuals attending with you and their capacity in attending;
 - c) Confirmation of claim amount;
 - d) Confirmation of whether vote will be by way of voting letter already lodged with the Trustee or by voice at the FMOC;
 - e) Confirmation of any proxies that you may hold for other creditors; and
 - f) Whether you want your name to stand as a potential Inspector to the estate when a vote is taken during the FMOC to appoint Inspectors (details of this role will be provided during the FMOC).

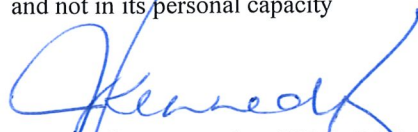
Procedure at the FMOC

1. Please have your phone on mute unless you are speaking to prevent background noise that will interfere with properly conducting the FMOC.
2. The Proposal Trustee will act as Chair of the FMOC.
3. The Chair will call the FMOC to order and may need to immediately adjourn the meeting for a period of time to allow the registration process to be completed.
4. The Chair will reconvene the FMOC as soon as possible and resume with the agenda set for the FMOC.

If you have any questions, please contact Julie Kennedy directly at (778) 374-2175 or at julie.kennedy@mnp.ca.

MNP Ltd.

In its capacity as Licensed Insolvency Trustee
In the Proposal Proceedings of VES-Artex Systems Canada, ULC and
VES-Artex Systems USA, LLC
and not in its personal capacity



Per: Julie Kennedy, CIRP, LIT
Vice President

EXECUTION COPY

District of British Columbia
Division No: 03-Vancouver
Court No: 11-2805687
Estate No: 11-2805687

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF VES-ARTEX SYSTEMS USA, LLC**

District of British Columbia
Division No: 03-Vancouver
Court No: 11-2805685
Estate No: 11-2805685

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF VES-ARTEX SYSTEMS CANADA, ULC**

**JOINT PROPOSAL OF VES-ARTEX SYSTEMS USA, LLC AND VES-
ARTEX SYSTEMS CANADA, ULC**

VES-Artex Systems USA, LLC and VES-Artex Systems Canada, ULC hereby submit the following Proposal to their Unsecured Creditors pursuant to Part III of the BIA.

ARTICLE 1

DEFINITIONS

1.1 Definitions

In this Proposal:

- (a) **“Administrative Fees and Expenses”** include the proper fees and expenses, including legal fees and disbursements, of the Trustee and the Debtor, the fees and disbursements of Gowling, on and incidental to the negotiation, preparation, presentation, consideration and implementation of the Proposal, and all proceedings and matters relating to or arising out of the Proposal;
- (b) **“Approval Order”** means an Order of the Court approving the Proposal;

- (c) “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and in force as at the Proposal Date;
- (d) “**Business Day**” means a day, other than a Saturday or Sunday, on which banks are generally open for business in Vancouver, British Columbia;
- (e) “*Canada Pension Plan*” means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (f) “**Certificates**” have the meaning ascribed by **Article [5.1]**;
- (g) “**Claim**” means any right of any Person against the Debtor or a Director in connection with any indebtedness, liability or obligation of any kind of the Debtor which indebtedness, liability or obligation is in existence at the Proposal Date, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory in nature, including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or as of the Proposal Date;
- (h) “**Court**” means the British Columbia Supreme Court (in Bankruptcy and Insolvency);
- (i) “**Creditor**” means any Person, having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (j) “**Creditors’ Meeting**” means the meeting of the Unsecured Creditors called for the purpose of considering and voting upon the Proposal;
- (k) “**Creditors’ Meeting Date**” means the date and time as may be called by the Trustee for the meeting of creditors to consider this Proposal;
- (l) “**Debtor**” means VES-Artex Systems USA, LLC and VES-Artex Systems Canada, LULC;
- (m) “**Directors**” mean the Debtor’s current directors;
- (n) “**Employee Creditors**” mean employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph [136(l)(d)] of the BIA if the Debtor became bankrupt on the Proposal Date, as well as wages, salaries, commissions or compensation for services rendered after

that date and before the Court approval of the Proposal, together with, in the case of travelling salesmen, disbursements properly incurred by those salesmen in and about the Debtor's business during the same period;

- (o) "**Employment Insurance Act**" means the *Employment Insurance Act*, S.C. 1996 c. 23, as amended;
- (p) "**Gowling**" means Gowling WLG (Canada) LLP;
- (q) "**Implementation Date**" means the date upon which the conditions set forth in **Article [7.4]** have been satisfied;
- (r) "**Income Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended;
- (s) "**Inspectors**" mean one or more inspectors appointed pursuant to the BIA as provided for in the Proposal;
- (t) "**NewAg**" means NewAg Holding Ltd.;
- (u) "**Official Receiver**" shall have the meaning ascribed thereto in the BIA;
- (v) "**Person**" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (w) "**Preferred Creditors**" mean Creditors with Proven Claims that are required by the BIA to be paid in priority to all other Claims under the Proposal made by the Debtor save and except for the Employee Creditors and Source Deduction Creditors;
- (x) "**Proof of Claim**" means the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors' Meeting;
- (y) "**Proposal**" means this joint proposal together with any amendments or additions thereto;
- (z) "**Proposal Date**" means 17 February 2022;
- (aa) "**Proven Claim**" of a Creditor means the amount of the Claim of such Creditor finally determined in accordance with the provisions of the BIA;
- (bb) "**Secured Creditor**" means any Person, holding a valid and perfected mortgage, hypothec, pledge, charge or lien on or against the property or assets of the Debtor as security for a debt due or accruing due to the Person from the Debtor and whose security is of a value sufficient to satisfy that Person's Proven Claim, but

shall not include NewAg whose security is valued at \$0 for the purposes of this Proposal;

- (cc) “**Source Deduction Creditors**” mean Her Majesty in Right of Canada or a Province for all amounts that were outstanding on the Proposal Date and are of a kind that could be subject to a demand under,
- (i) subsection [224(1.2)] of the *Income Tax Act*;
 - (ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection [224(1.2)] of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee’s premium, or employer’s premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or
 - (iii) any provision of provincial legislation that has a similar purpose to subsection [224(1.2)] of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum;
 - (A) has been withheld or deducted by a Person from a payment to another Person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
 - (B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a Province providing a comprehensive pension plan as defined in subsection [3(1)] of the *Canada Pension Plan* and the Provincial legislation establishes a “provincial pension plan” as defined in that subsection;
- (dd) “**Trustee**” means MNP Ltd. or its duly appointed successor or successors;
- (ee) “**Unsecured Creditors**” means the Preferred Creditors and any Creditor who is not a Secured Creditor and, for greater certainty, includes NewAg; and
- (ff) “**Voting Letter**” means the voting letter required by subsection [51(1)] of the BIA to be mailed to each known Creditor prior to the Unsecured Creditors’ Meeting.

1.2 Other Defined Terms

Any term not specifically defined in this Proposal that is defined in the BIA shall have the meaning assigned to that term by the BIA

1.3 Articles of Reference

The terms “hereof”, “hereunder”, “herein” and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

1.4 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of a table of contents and headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

1.5 Date for Any Action

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

1.6 Time

All times expressed herein are local time in Vancouver, British Columbia unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified herein, the time shall be deemed to be 17:00 local time in Vancouver, British Columbia.

1.7 Numbers

In the Proposal, where the context requires, a word importing the singular number will include the plural and *vice versa*, and a word or words importing gender will include all genders.

1.8 Currency

Unless otherwise stated herein, all references to currency in the Proposal are to lawful money of Canada.

1.9 Statutory References

Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

1.10 Successors and Assigns

The Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Proposal.

ARTICLE 2

CLASSIFICATION AND TREATMENT OF CREDITORS

2.1 Classes of Creditors

For the purposes of voting on the Proposal, only the Unsecured Creditors will be entitled to vote on the Proposal. There shall be one (1) class of Unsecured Creditors.

2.2 Proposed Assessed Value

For the purposes of this Proposal, the security held by NewAg shall be valued at \$0 such that NewAg shall be included in the class of Unsecured Creditors for the purposes of voting on and receiving a distribution under this Proposal.

2.3 Administrative Fees and Expenses

The Administrative Fees and Expenses will be paid in full by the Debtor in the ordinary course.

2.4 Preferred Creditors

The Proven Claims of the Preferred Creditors are to be paid in full in priority to the Proven Claims of the Unsecured Creditors in accordance with the BIA and the Proposal.

2.5 Unsecured Creditors

The Proven Claims of the Unsecured Creditors, other than Preferred Creditors, will be satisfied or paid as provided by **Article [6.4]**.

2.6 Creditors with Equity Claims

Creditors with equity claims shall not be entitled to vote those equity claims and shall not be entitled to receive a distribution in respect of those equity claims unless and until the Proven Claims that are not equity claims are paid in full.

2.7 Secured Creditors

Secured Creditors will not be affected by the Proposal and will be paid in the ordinary course by the Debtor in accordance with the current arrangement between the Secured Creditor and the Debtor or as the parties may otherwise agree.

ARTICLE 3

PROCEDURE FOR VALIDATION OF CLAIMS

3.1 Filing of Proof of Claim

Each Creditor must file a Proof of Claim as required by the BIA.

3.2 Allowance or Disallowance of Claims by the Trustee

Upon receipt of a completed Proof of Claim, the Trustee shall examine the Proof of Claim and shall deal with each Proof of Claim in accordance with the provisions of the BIA. The procedure for valuing Claims of the Creditors and resolving disputes with respect to such Claims will be as set forth in the BIA.

ARTICLE 4

MEETING OF CREDITORS

4.1 Creditors' Meeting

On the Creditors' Meeting Date, the Debtor shall hold the Creditors' Meeting in order for the Unsecured Creditors to consider and vote upon the Proposal.

4.2 Time and Place of Meeting

Unless otherwise ordered by the Court, the Creditors' Meeting shall be held at a time and place to be established by the Official Receiver, or the nominee thereof, and confirmed in the notice of Creditors' Meeting to be mailed to the Creditors pursuant to the BIA.

4.3 Conduct of Meetings

The Official Receiver, or the nominee thereof, shall preside as the chair of the Creditors' Meeting and will decide all matters relating to the conduct of the Creditors' Meeting. The only Persons entitled to attend the Creditors' Meeting are those Persons, including the holders of proxies, entitled to vote at the Creditors' Meeting, the Secured Creditors and their respective legal counsel, if any, and the officers, directors, auditors and legal counsel of the Debtor, together with such representatives of the Trustee as the Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other person may

be admitted on invitation of the chair of the Creditors' Meeting or with the consent of the Unsecured Creditors.

4.4 Adjournment of Meetings

The Creditors' Meeting may be adjourned in accordance with section [52] of the BIA.

4.5 Voting by Creditors

To the extent provided herein, each Unsecured Creditor will be entitled to vote to the extent of the amount that is equal to that of the Creditor's Claim. Any Proof of Claim in respect of a Claim that is not a Proven Claim as at the Creditors' Meeting Date will be marked as objected to in accordance with subsection [108(3)] of the BIA.

Creditors with equity claims will not be entitled to vote those equity claims at the Creditors' Meeting.

4.6 Approval by Creditors

The Proposal will be binding on all of the Unsecured Creditors of the Debtor in accordance with the BIA if it is first accepted by the class of Unsecured Creditors by a majority in number of the Unsecured Creditors who actually vote upon the Proposal (in-person or by proxy) at the Creditors' Meeting or by a Voting Letter, representing two-thirds in value of the Proven Claims of the Unsecured Creditors in each class who actually vote upon the Proposal (whether in-person or by proxy) at the Creditors' Meeting or by a Voting Letter.

4.7 Appointment of Inspectors

At the Creditors' Meeting, the Unsecured Creditors may appoint up to five (5) Inspectors whose powers will be limited to:

- (a) advising the Trustee concerning any dispute which may arise as to the validity of the Claims; and
- (b) advising the Trustee, from time to time, with respect to any other matter that the Trustee may refer to them.

ARTICLE 5

CREDITOR CERTIFICATES

5.1 Certificates

On the Implementation Date, each Unsecured Creditor will receive from the Debtor, in full and final satisfaction of their Proven Claims, certificates (the "**Certificates**") with a face value equal to that of the Creditor's Claim as set forth in the Creditor's Proof of Claim or the Statement of

Affairs, whichever is greater, subject to that Creditor's Claim being determined in accordance with **Article [3]**. Once a Creditor's Claim becomes a Proven Claim, a new Certificate shall be issued to that Creditor with a face value equal to that of the Creditor's Proven Claim, if that Proven Claim is different from the amount set out on the Certificate originally issued to the Creditor.

To the extent that the Claim of an Unsecured Creditor as set forth in the Statement of Affairs has been otherwise paid by the Debtor, that Unsecured Creditor shall not be entitled to receive a Certificate.

ARTICLE 6

DISTRIBUTION

6.1 Payment of Employee Creditors

The Claims, if any, of the Employee Creditors shall be paid immediately after the making of the Approval Order in the ordinary course using proceeds from the operation of the Debtor's business.

6.2 Payment of Source Deduction Creditors

Unless Her Majesty in Right of Canada agrees otherwise, the Proven Claims, if any, of the Source Deduction Creditors shall be paid within six (6) months after the making of the Approval Order.

6.3 Payment of Preferred Creditors

The Debtor shall pay each Preferred Creditor in respect of its Proven Claim in the priority established by the BIA in the ordinary course.

6.4 Payment of Certificates

For purposes of this Article **[6.4]**, "Net Income" means the profit or loss that results from the calculation detailed on the attached Schedule A.

For each fiscal year ending December 31st for five (5) years beginning of the year ending 31 December 2023, the Debtor will pay fifty (50) per cent of the Net Income of the Debtor *pro rata* to the Unsecured Creditors based on and to reduce the amount owing under the Certificates. Distributions to the Unsecured Creditors will be made by the Debtor no later than March 31st of each year—being ninety (90) days after the Debtor's fiscal year-end—for five (5) years beginning 31 March 2024.

One Hundred (100) per cent of the net proceeds, if any, from any proceedings taken by the Trustee pursuant to section **[95 to 101]** of the BIA shall be distributed I to the Unsecured

Creditors to reduce the amount owing pursuant to the Certificates within sixty (60) days of such amounts being received.]

The Certificates will be fully paid and satisfied by the distribution of the amounts contemplated by this **Article [6.4]**.

No Unsecured Creditors shall be entitled to receive more than 100% of that Unsecured Creditor's Proven Claim.

6.5 Equity Claims

Notwithstanding any other provisions of the Proposal, Proven Claims in respect of equity claims shall be fully subordinated to the Proven Claims that are not equity claims and Creditors with equity claims shall not be entitled to receive a distribution in respect of those equity claims unless and until the Proven Claims that are not equity claims are paid in full.

6.6 Levy

Payments to each Unsecured Creditor shall be net of any applicable levy payable to the Office of the Superintendent of Bankruptcy as required by the BIA, which amount shall be paid by the Debtor to the Office of the Superintendent of Bankruptcy. The Office of the Superintendent of Bankruptcy will receive a Certificate in respect of the amount payable in respect of levy.

ARTICLE 7

MISCELLANEOUS

7.1 Compromise Effective for all Purposes

The provisions of this Proposal will be binding upon each Unsecured Creditor, their heirs, executors, administrators, successors and assigns, for all purposes. Subject to the limitations in section [50(14)] of the BIA, the Claims against the Directors that arose before the Proposal Date and that relate to the obligations of the Debtor where the Directors are, by law, liable in their capacity as Directors for the payment of such obligations will be satisfied and released.

7.2 Modification of Proposal

The Debtor may propose an alteration or modification to the Proposal prior to the vote taking place on the Proposal.

7.3 Consents, Waivers and Agreements

As at 12:01 on the Implementation Date, each Unsecured Creditor will be deemed:

- (a) to have executed and delivered to the Debtor all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Proposal in its entirety;
- (b) to have waived any default by the Debtor in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor and the Debtor that has occurred on or prior to the Implementation Date;
- (c) to have agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Debtor as at the Implementation Date (other than those entered into by the Debtor on, or with the effect from, the Implementation Date) and the provisions of this Proposal, that the provisions of this Proposal shall take precedence and priority, and the provisions of such agreement or other arrangement shall be amended accordingly; and
- (d) to have released the Debtor, the Trustee and all of their respective affiliates, employees, agents, directors (provided that, in respect of the Debtor, only the Directors are released), officers, shareholders, advisors, consultants and solicitors from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgements, expenses, executions, liens, set off rights and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date, relating to or arising out of or in connection with the matters herein, provided that nothing herein shall release the Debtor of its obligation to make the distributions to the Unsecured Creditors contemplated in this Proposal.

7.4 Conditions to Proposal Implementation

The implementation of the Proposal by the Debtor will be conditional upon the fulfilment or satisfaction of the following conditions:

- (a) the acceptance of the Proposal by the Unsecured Creditors; and
- (b) the making of the Approval Order and the expiry of all appeal periods.

7.5 Full Implementation

This Proposal will be fully implemented by the Debtor on delivery of the Certificates as provided by **Article [5.1]**. Notwithstanding that the Proposal is fully implemented, the Trustee shall

remain trustee for the purposes of Article [8] until all limitation periods applicable to proceedings under sections [95 to 101] of the BIA have expired.

7.6 Effect of Proposal Generally

As at 12:01 on the date of the Approval Order becomes final and binding:

- (a) the treatment of all Claims under the Proposal shall be final and binding on the Debtor and all Unsecured Creditors (along with their respective heirs, executors, administrators, legal personal representatives, successors and assigns); and
- (b) the Proposal shall constitute:
 - (i) a full, final and absolute settlement of all rights of the holders of the Claims affected hereby; and
 - (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Debtor and the Directors of or in respect of the Claims.

7.7 Conduct of Debtor's Business

Subject to any Order made by the Court, the Debtor shall remain in possession and control of their property and assets at all times, both before and after the implementation of this Proposal.

ARTICLE 8

ADVOIDANCE OF TRANSACTION

8.1 Proceedings Pursuant to Sections [95 to 101] of the BIA

Sections [95 to 101] of the BIA will apply in respect of the Debtor and this Proposal. One hundred (100) per cent of the net proceeds, if any, realized by the Trustee from any proceedings taken pursuant to sections [95 to 101] of the BIA shall be included in the Proposal Proceeds and distributed to Unsecured Creditors as provided by **Article [6.4]**.

8.2 11.2 Inspector Direction

Subject to **Article [8.3]**: (a) the Trustee may initiate proceeding under sections [95 to 101] of the BIA on its own initiative; and (b) the Inspectors may direct that the Trustee initiate proceedings under sections [95 to 101] of the BIA.

8.3 11.3 Funding of Proceedings

Notwithstanding **Article [#.2]**, the Trustee is not obliged to take any proceedings under sections [95 to 101] of the BIA unless there are provisions in place that are satisfactory to the Trustee, in

its sole discretion, with respect to the payment of the professional fees and other expenses that will be incurred by the Trustee in connection with such proceedings.

ARTICLE 9

FOREIGN RECOGNITION

9.1 Recognition Proceedings

The Debtor or, up until the Proposal is fully implemented, the Trustee may, in their sole discretion, initiate proceedings, in the United States of America or elsewhere, to: (a) have the proceedings commenced by the Debtor pursuant to Part III of the BIA recognized; and (b) obtain any order or orders that may be necessary or advisable in connection with this Proposal.

9.2 Designation of Representative

For that purpose of Article [9.1], the Approval Order shall designate each of the Trustee and the Debtor as the representative of the Debtor pursuant to section [279] of the BIA.

9.3 Funding of Recognition Proceedings

Notwithstanding Article [9.1], neither the Trustee or the Debtor is not obliged to initiate proceedings or take any steps to have these proceedings commenced by the Debtor pursuant to Part III of the BIA recognized unless there are provisions in place that are satisfactory to the Debtor and/or Trustee, in its sole discretion, with respect to the payment of the professional fees and other expenses that will be incurred by the Trustee or the Debtor in connection with such proceedings.

ARTICLE 10

GENERAL

10.1 Notices

Any notices or communications to be made or given hereunder shall be in writing and shall refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail or by telecopier (except for Proof of Claim which may only be sent by personal delivery, telecopier or registered mail) addressed to the respective parties as follows:

- (a) if to the Debtor:

c/o Gowling WLG (Canada) LLP
Suite 1600, 100 King St.W.
Toronto ON M5X 1G5

Attention: E. Patrick Shea, LSM, CS
Telecopier: 416-862-7661
E-mail: patrick.shea@gowlingwlg.com

- (b) if to an Unsecured Creditor, to the address or telecopier number for such Unsecured Creditor specified in the Proof of Claim filed by such Unsecured Creditor or, if no Proof of Claim has been filed, to such other address or telecopier number at which the notifying party may reasonably believe that the Unsecured Creditor may be contacted; and
- (c) if to the Trustee:

MNP Ltd.
1021 West Hastings Street
Suite 1600 - MNP Tower
Vancouver BC V6E 0C3

Attention: Julie Kennedy, CIRP, LIT
Telecopier: 604-904-8628
E-mail : julie-kennedy@mnp.ca

or to such other address, e-mail address or telecopier number as any party may from time to time notify the others in accordance with this section. In the event of any strike, lock-out and other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery, by e-mail or telecopier, and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption will be deemed not to have been given or made. All such notices and communications will be deemed to have been received, in the case of notice by e-mail or telecopier, or by delivery prior to 17:00 (local time) on a Business Day, when received or if received after 17:00 (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and in the case of notice mailed as aforesaid, on the fifth (5th) Business Day following the date on which such notice or other communication is mailed. The unintentional failure to give a notice contemplated hereunder to any particular Creditor will not invalidate this Proposal or any action taken by any Person pursuant to this Proposal.

10.2 Foreign Currency Obligations

For purposes of this Proposal, the Claims denominated in a currency other than Canadian funds will be converted to Canadian dollars at the closing spot rate of exchange of the Bank of Canada on the Proposal Date.

10.3 Applicable Law

This Proposal shall be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and shall be treated in all respects as a British Columbia contract.

10.4 Non-Severability

It is intended that all provisions of this Proposal shall be fully binding on and effective between all Persons named or referred to in this Proposal, and in the event that any particular provision or provisions of this Proposal is or are found to be void, voidable or unenforceable for any reason whatever, then the remainder of this Proposal and all other provisions shall be void and of no force or effect.

10.5 Deeming Provisions

In this Proposal, the deeming provisions are not rebuttable and are conclusive and irrevocable.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK

EXECUTION PAGE

DATED this 18th day of March 2022.

VES-ARTEX SYSTEMS USA, LLC

DocuSigned by:
Per: Ed Paradowski
Name: Ed Paradowski
Title: Manager

I have authority to bind the corporation.

VES-ARTEX SYSTEMS CANADA, ULC

DocuSigned by:
Per: Ed Paradowski
Name: Ed Paradowski
Title: Director

I have authority to bind the corporation.

SCHEDULE A
Calculation of Net Income

50046347\1

Net Income Calculation

Financial Row	Amount
Ordinary Income/Expense	
Income	
Revenue	
Revenue-Hardware	\$ -
Shipping and Handling	\$ -
Sales Discounts	\$ -
Intercompany Revenue	\$ -
Total - Revenue	\$ -
Cost Of Sales	
Material	
Parts	\$ -
Finished	\$ -
Product Stickers	\$ -
Warranty	\$ -
Goodwill	\$ -
Inventory Variances	\$ -
Intercompany COGS	\$ -
COGS Shipping and Handling	\$ -
Total - Cost Of Sales	\$ -
Gross Profit	\$ -
Expense	
Operating Expenses	
Supplies	\$ -
Freight	\$ -
Business Insur Expense	\$ -
Car Insurance	\$ -
Bad Debt Expense	\$ -
Computer Administrative	\$ -
Office Supplies	\$ -
Mobile Phone	\$ -
Internet	\$ -
Fixed Phone	\$ -
Warehouse	\$ -
Office Rental	\$ -
Office Expenses	\$ -
Salaries	\$ -
Salaries - Bonus	\$ -
Wages	\$ -
Commissions Expense	\$ -
Employee Benefits	\$ -
401k Company Match	\$ -
Workers Comp Ins Exp	\$ -
Relocation	\$ -
Payroll Taxes	\$ -
Fuel	\$ -
Other Travel	\$ -
Travel Meals	\$ -
Vehicle Lease	\$ -
Consulting Expense	\$ -
Legal	\$ -
Dues and Subscriptions	\$ -
Technology Subscriptions	\$ -
Bank Charges	\$ -
Research and Development	\$ -
Software Development	\$ -
Testing	\$ -
Events	\$ -
Advertising	\$ -
Depreciation Expense	\$ -
Amortization Expense	\$ -

Additional operating tax expense	\$	-
Intangible asset impairment	\$	-
Additional miscellaneous expenses	\$	-
Subsidiary crosscharge for corporate work	\$	-
Expense	\$	-
Net Ordinary Income	\$	-
Other Income and Expenses		
Other Income		
Interest Income	\$	-
Total - Other Income	\$	-
Other Expense		
Income tax expense	\$	-
Exchange (gain)/loss	\$	-
Realized Gains/Losses	\$	-
Rounding Gain/Loss	\$	-
Interest Expense	\$	-
Total - Other Expense	\$	-
Net Other Income	\$	-
Net Income	\$	-

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2805685

Original

Amended

Form 78
 Statement of Affairs (Business Proposal) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)
 In the Matter of the Proposal of
 VES-Artex Systems Canada, ULC
 of the City of Abbotsford, in the Province of British Columbia

To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 17th day of February 2022. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A"	1. Inventory
16,088,631.27	0.00
Balance of secured claims as per list "B"	2. Trade fixtures, etc.
2,982,888.20	2,500.00
Total unsecured creditors	3. Accounts receivable and other receivables, as per list "E"
19,071,519.47	Good
2. Secured creditors as per list "B"	381,327.00
1,033,908.00	Doubtful
3. Preferred creditors as per list "C"	42,370.00
0.00	Bad
4. Contingent, trust claims or other liabilities as per list "D"	635,546.00
estimated to be reclaimable for	Estimated to produce
0.00	381,327.00
Total liabilities	4. Bills of exchange, promissory note, etc., as per list "F"
20,105,427.47	0.00
Surplus	5. Deposits in financial institutions
NIL	0.00
	6. Cash
	0.00
	7. Livestock
	0.00
	8. Machinery, equipment and plant.
	43,700.00
	9. Real property or immovable as per list "G"
	0.00
	10. Furniture
	10,000.00
	11. RRSPs, RRIFs, life insurance, etc.
	0.00
	12. Securities (shares, bonds, debentures, etc.)
	0.00
	13. Interests under wills
	0.00
	14. Vehicles
	116,600.00
	15. Other property, as per list "H"
	479,781.00
	If debtor is a corporation, add:
	Amount of subscribed capital
	0.00
	Amount paid on capital
	0.00
	Balance subscribed and unpaid
	0.00
	Estimated to produce
	0.00
	Total assets
	1,033,908.00
	Deficiency
	19,071,519.47

I, Edward Paradowski, of the City of Chippewa Falls in the State of Wisconsin, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of the affairs of the Corporation on the 18th day of March 2022 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
 before me at the City of Toronto in Ontario, on this 18th day of March 2022.

E. PATRICK SHEA
 LSO # 39655K

DocuSigned by:
Edward Paradowski
 3F03B000000040F...
 Edward Paradowski

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2805685

FORM 78 -- Continued

In the Matter of the Proposal of
 VES-Artex Systems Canada, ULC
 of the City of Abbotsford, in the Province of British Columbia

List "A"
 Unsecured Creditors

VES-Artex Systems Canada, ULC

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	Bakerview EcoDairy Ltd.	PO BOX 4110 Abbotsford BC V2S 8R1	210.00	0.00	210.00
2	Borden Ladner Gervais LLP - Vancouver	1200 Waterfront Centre, 200 Burrard Street, PO Box 48600 Vancouver BC V7X 1T2	19,003.04	0.00	19,003.04
3	Chamber of Commerce	2007-32900 South Fraser Way Abbotsford BC V2S 5A1	371.70	0.00	371.70
4	City of Abbotsford Property Taxes Attn: Mike Veenbaas	32315 South Fraser Highway Abbotsford BC V2T 1W7	130.00	0.00	130.00
5	CONNECT COMPUTER SOLUTIONS	#203 - 32310 South Fraser Way Abbotsford BC V2T1X1	3,772.01	0.00	3,772.01
6	CONTACT SECURITY	45140 Yale Road West Chilliwack BC V2R 4H1	260.40	0.00	260.40
7	CRA - Southern Interior B.C. Tax Services Office	PO Box 9070, Station Main 9737 King George Blvd Surrey BC V3T 5W6	1.00	0.00	1.00
8	Daviesway Ply Ltd.	PO Box 5031 15 Helen St. Heidelberg West DC, Victoria, 3081 Australia	123.69	0.00	123.69
9	DEJONGE FAMILY FARMS LTD.	2953 IN-14 Francesville, Indiana 47946 USA	5,775.00	0.00	5,775.00
10	DELMAR INTERNATIONAL (ARTEX)	10636 Chemin de La Côte-de-Lessee Lachine QC H8T 1A5	1,803.85	0.00	1,803.85
11	EAST ROCK LIMITED	Room 1508-1511, Bldg. C, Focus Square, No. 6 Fu Tong Dong Da Jie, Wang Jing Beijing, Chaoyang District 100102 China	264,809.07	0.00	264,809.07
12	Gevasol Industries LTD	5 HaYelsira St Jerusalem 9342309 Israel	21,456.93	0.00	21,456.93
13	GFL Environmental Inc.	PO BOX 555193 Detroit, Michigan 48255-5193 USA	264.09	0.00	264.09
14	HANSEN INDUSTRIES, INC.	29978 Road 56 Visalia, California 93291 USA	3,381.34	0.00	3,381.34
15	Kelly Ingalls	153 Rue Francis Saint-Alphonse-De-Granby QC J0E 2A0	197.73	0.00	197.73
16	KURITEC	2500 Raymond Weigel St Cadillac, Michigan 49601 USA	891.67	0.00	891.67
17	Levsky Holding Inc.	Unit 3- 1201 Lamey's Mill Rd Vancouver BC V6H 3S6	14,688.71	0.00	14,688.71
18	Ministry of Finance - PST - British Columbia BC Health Tax	Station Provincial Government PO Box 9445 Victoria BC V8W 9V5	10,264.09	0.00	10,264.09
19	NEWAG HOLDINGS LTD	35222 South Parallel Road Abbotsford BC V3G 2K4	15,662,046.21	0.00	15,662,046.21
20	PALADIN TECHNOLOGIES	1350-355 Burrard Street Vancouver BC V6C 2G8	201.60	0.00	201.60

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

Edward Paradowski

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2805685

FORM 78 -- Continued

In the Matter of the Proposal of
 VES-Artex Systems Canada, ULC
 of the City of Abbotsford, in the Province of British Columbia

List "A"
 Unsecured Creditors

VES-Artex Systems Canada, ULC

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
21	Patrick Lecavalier (Artex)	8153 Driftwood Ct Williamsville, New York 14221 USA	742.46	0.00	742.46
22	PHASON ELECTRONIC CONTROL SYSTEMS	2 Terracon Place Winnipeg MB R2J4G7	19,689.20	0.00	19,689.20
23	Precision Farm Supplies Ltd.	5555 Inter-Provincial Hwy Abbotsford BC V3G 2P5	2,041.90	0.00	2,041.90
24	PRECISION FARM SUPPLIES LTD.	9021 Van Buren Rd Everson , Washington 98247 USA	1,763.29	0.00	1,763.29
25	PT Luniar Chemplast	Komp. Ruko D'Best Blok A 31, Jl. RS Fatmawati no. 15 Kelurahan Gandaria Selatan, Kecamatan Cilandak Jakarta Selatan 12420 Indonesia	154.21	0.00	154.21
26	SOUTHERN IRRIGATION	44160 Yale Road West Chilliwack BC V2R 3Z9	5,545.00	0.00	5,545.00
27	Thai Tan Trading and Transport Co LTD	29BT3 Ban Dao Linh Dam, Hoang Liet, Hoang Mai Hanoi, 1000 Vietnam	15,283.14	0.00	15,283.14
28	TOPCOOL HOLDINGS LTD	Sunshine Plaza, 353 Lockhart Road Wan Chai, Hong Kong, HKG Hong Kong	847.46	0.00	847.46
29	Turntide Technologies Canada Inc. c/o Turntide Technologies	1295 Forgewood Avenue Sunnyvale, California 94089-2216 USA	0.00	33,390.84	33,390.84
30	VES Environmental Solutions Europe Limited c/o VES Environmental Solutions Inc.	1313 Lakeland Drive Chippewa Falls , Wisconsin 54729 USA	0.00	13,135.70	13,135.70
31	VES Environmental Solutions Inc.	1313 Lakeland Drive Chippewa Falls , Wisconsin 54729 USA	4,499.03	2,936,361.66	2,940,860.69
32	WCB Workers Compensation Board of Alberta Attn: Collection Department	PO Box 2415 Edmonton AB T5J 2S5	4.28	0.00	4.28
33	WESTERN COW COMFORT (ARTEX)	PO Box 2689 Merced , California 95344 USA	26,786.56	0.00	26,786.56
34	WorkSafeBC - Collections Department	PO Box 5350 Stn. Terminal Vancouver BC V6B 5L5	1,622.61	0.00	1,622.61
Total:			16,088,631.27	2,982,888.20	19,071,519.47

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

Edward Paradowski

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2805685

FORM 78 -- Continued


In the Matter of the Proposal of
 VES-Artex Systems Canada, ULC
 of the City of Abbotsford, in the Province of British Columbia
 List "B"
 Secured Creditors

VES-Artex Systems Canada, ULC

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	BMO Bank of Montreal (formerly MBanx) c/o BankruptcyHighway.com	PO Box 57100 Etobicoke ON M8Y 3Y2	359,890.40	Debts Due - Business - Accounts Receivable Motor Vehicles - Automobile - 2014 - Ford - F350 Crew Cab - 1FT8W3BT2EEB44329 Furniture - Furniture and Fixtures Motor Vehicles - Automobile - 2014 - Ford - Expedition 4 Door Sedan - 1FMJU2A52EEF08328 Other - Inventory Other - Trademarks Business Assets - Machinery - Computer Equipment Other - Customs Refund	16-Mar-2022 16-Mar-2022 16-Mar-2022 16-Mar-2022 16-Mar-2022 16-Mar-2022	359,890.40 0.00 0.00 0.00 0.00 0.00 0.00		
2	Jim Peplinski Leasing Inc.	81 The East Mall - Suite 101 Toronto ON M8Z 5W3	46,000.00	Motor Vehicles - Automobile - 2020 - Ford - F150 - 1FTEW1EB5LFB57576	16-Mar-2022	46,000.00		

18-Mar-2022

 Date

DocuSigned by:

 Edward Paradowski

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2805685

FORM 78 -- Continued

In the Matter of the Proposal of
 VES-Artex Systems Canada, ULC
 of the City of Abbotsford, in the Province of British Columbia
 List "B"
 Secured Creditors

VES-Artex Systems Canada, ULC

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
3	Turntide Technologies Canada Inc. c/o Turntide Technologies	1295 Forgewood Avenue Sunnyvale, California 94089-2216 USA	33,390.84	Other - Customs Refund	16-Mar-2022	0.00		
				Business Assets - Machinery - Computer Equipment	16-Mar-2022	0.00		
				Business Assets - Trade Fixtures - Warehouse Tools & Equipment	16-Mar-2022	0.00		
				Debts Due - Business - Accounts Receivable	16-Mar-2022	0.00		
				Furniture - Furniture and Fixtures	16-Mar-2022	0.00		
				Motor Vehicles - Automobile - 2014 - Ford - Expedition 4 Door Sedan - 1FMJU2A52EEF08328	16-Mar-2022	0.00		
				Motor Vehicles - Automobile - 2014 - Ford - F350 Crew Cab - 1FT8W3BT2EEB44329	16-Mar-2022	0.00		
				Other - Inventory	16-Mar-2022	0.00		
				Other - Trademarks	16-Mar-2022	0.00		33,390.84

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

Edward Paradowski

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2805685

FORM 78 -- Continued

In the Matter of the Proposal of
 VES-Artex Systems Canada, ULC
 of the City of Abbotsford, in the Province of British Columbia
 List "B"
 Secured Creditors

VES-Artex Systems Canada, ULC

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
4	VES Environmental Solutions Europe Limited c/o VES Environmental Solutions Inc.	1313 Lakeland Drive Chippewa Falls, Wisconsin 54729 USA	13,135.70	Other - Customs Refund	16-Mar-2022	0.00		
				Business Assets - Machinery - Computer Equipment	16-Mar-2022	0.00		
				Business Assets - Trade Fixtures - Warehouse Tools & Equipment	16-Mar-2022	0.00		
				Debts Due - Business - Accounts Receivable	16-Mar-2022	0.00		
				Furniture - Furniture and Fixtures	16-Mar-2022	0.00		
				Motor Vehicles - Automobile - 2014 - Ford - Expedition 4 Door Sedan - 1FMJU2A52EEF08328	16-Mar-2022	0.00		
				Motor Vehicles - Automobile - 2014 - Ford - F350 Crew Cab - 1FT8W3BT2EEB44329	16-Mar-2022	0.00		
				Other - Inventory	16-Mar-2022	0.00		
				Other - Trademarks	16-Mar-2022	0.00		13,135.70

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

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Edward Paradowski

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2805685

FORM 78 -- Continued

In the Matter of the Proposal of
 VES-Artex Systems Canada, ULC
 of the City of Abbotsford, in the Province of British Columbia
 List "B"
 Secured Creditors

VES-Artex Systems Canada, ULC

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
5	VES Environmental Solutions Inc.	1313 Lakeland Drive Chippewa Falls , Wisconsin 54729 USA	3,564,379.26	Other - Customs Refund	16-Mar-2022	279,180.00		2,936,361.66
				Other - Inventory	16-Mar-2022	200,600.00		
				Motor Vehicles - Automobile - 2014 - Ford - F350 Crew Cab - 1FT6W3BT2EEB44329	16-Mar-2022	46,600.00		
				Business Assets - Machinery - Computer Equipment	16-Mar-2022	43,700.00		
				Motor Vehicles - Automobile - 2014 - Ford - Expedition 4 Door Sedan - 1FMJU2A52EEF08328	16-Mar-2022	24,000.00		
				Debts Due - Business - Accounts Receivable	16-Mar-2022	21,436.60		
				Furniture - Furniture and Fixtures	16-Mar-2022	10,000.00		
				Business Assets - Trade Fixtures - Warehouse Tools & Equipment	16-Mar-2022	2,500.00		
				Other - Trademarks	16-Mar-2022	1.00		
Total:			4,016,796.20			1,033,908.00	0.00	2,982,888.20

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

Edward Paradowski

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No. 11-2805685

FORM 78 -- Continued

In the Matter of the Proposal of
VES-Artex Systems Canada, ULC
of the City of Abbotsford, in the Province of British Columbia
List "C"
Preferred Creditors for Wages, Rent, etc.

VES-Artex Systems Canada, ULC

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

Edward Paradowski

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No. 11-2805685

FORM 78 -- Continued

In the Matter of the Proposal of
VES-Artex Systems Canada, ULC
of the City of Abbotsford, in the Province of British Columbia
List "D"
Contingent or Other Liabilities

VES-Artex Systems Canada, ULC

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
Total:			0.00	0.00		

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

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Edward Paradowski

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2805685

FORM 78 -- Continued

In the Matter of the Proposal of
 VES-Artex Systems Canada, ULC
 of the City of Abbotsford, in the Province of British Columbia
 List "E"


Debts Due to the Debtor

VES-Artex Systems Canada, ULC

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
1	Accounts Receivable	BC	Accounts Receivable	381,327.00 42,370.00 635,546.00		16-Mar-2022	381,327.00	N/A
Total:				381,327.00 42,370.00 635,546.00			381,327.00	

18-Mar-2022

Date

DocuSigned by:

 Edward Paradowski

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No. 11-2805685

FORM 78 -- Continued

In the Matter of the Proposal of
VES-Artex Systems Canada, ULC
of the City of Abbotsford, in the Province of British Columbia
List "F"

Bills of Exchange, Promissory Notes, Lien Notes, Chattel
Mortgages, etc., Available as Assets

VES-Artex Systems Canada, ULC

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
Total:				0.00		0.00	

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

Edward Paradowski

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No. 11-2805685

FORM 78 -- Continued

In the Matter of the Proposal of
VES-Artex Systems Canada, ULC
of the City of Abbotsford, in the Province of British Columbia
List "G"
Real Property or Immovables Owned by Debtor
VES-Artex Systems Canada, ULC

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Total:			0.00		0.00

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

Edward Paradowski

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2805685

FORM 78 -- Concluded

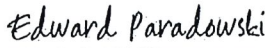
In the Matter of the Proposal of
 VES-Artex Systems Canada, ULC
 of the City of Abbotsford, in the Province of British Columbia
 List "H"
 Property

VES-Artex Systems Canada, ULC
 FULL STATEMENT OF PROPERTY

Nature of property	Locallon	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade fixtures, etc.		Warehouse Tools & Equipment	8,937.88	2,500.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant		Computer Equipment	142,826.91	43,700.00
(g) Furniture		Furniture and Fixtures	0.00	10,000.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles		Automobile - 2014 - Ford - F350 Crew Cab - 1FT8W3BT2EEB44329	0.00	46,600.00
		Automobile - 2014 - Ford - Expedition 4 Door Sedan - 1FMJU2A52EEF08328	0.00	24,000.00
		Automobile - 2020 - Ford - F150 - 1FTEW1EB5LFB57576	0.00	46,000.00
(l) Taxes			0.00	0.00
(m) Other		Trademarks	0.00	1.00
		Inventory	0.00	200,600.00
		Customs Refund	0.00	279,180.00
			Total:	652,581.00

18-Mar-2022

Date

DocuSigned by:

 Edward Paradowski

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2805687

Original

Amended

Form 78
 Statement of Affairs (Business Proposal) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the Matter of the Proposal of
 VES-Artex Systems USA, LLC
 Incorporated Under the Laws of the State of Delaware
 In the United States of America

To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 17th day of February 2022. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A"	1. Inventory
4,443,381.26	0.00
Balance of secured claims as per list "B"	2. Trade fixtures, etc.
15,662,045.21	0.00
Total unsecured creditors	3. Accounts receivable and other receivables, as per list "E"
20,105,426.47	Good
2. Secured creditors as per list "B"	0.00
1.00	Doubtful
3. Preferred creditors as per list "C"	0.00
0.00	Bad
4. Contingent, trust claims or other liabilities as per list "D"	0.00
estimated to be reclaimable for	Estimated to produce
0.00	0.00
Total liabilities	4. Bills of exchange, promissory note, etc., as per list "F" ...
20,105,427.47	0.00
Surplus	5. Deposits in financial institutions
NIL	0.00
	6. Cash
	0.00
	7. Livestock
	0.00
	8. Machinery, equipment and plant
	0.00
	9. Real property or immovable as per list "G"
	0.00
	10. Furniture
	0.00
	11. RRSPs, RRIFs, life insurance, etc.
	0.00
	12. Securities (shares, bonds, debentures, etc.)
	2.00
	13. Interests under wills
	0.00
	14. Vehicles
	0.00
	15. Other property, as per list "H"
	0.00
	If debtor is a corporation, add:
	Amount of subscribed capital
	0.00
	Amount paid on capital
	0.00
	Balance subscribed and unpaid
	0.00
	Estimated to produce
	0.00
	Total assets
	2.00
	Deficiency
	20,105,425.47

I, Edward Paradowski, of the City of Chippewa Falls in the State of Wisconsin, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of the affairs of the Corporation on the 18th day of March 2022 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
 before me at the City of TORONTO in ONTARIO on this 18th day of March 2022.

E. Patrick Shea
 E. PATRICK SHEA
 LSO#39655K

DocuSigned by:
Edward Paradowski
 Edward Paradowski

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2805687

FORM 78 -- Continued

In the Matter of the Proposal of
 VES-Artex Systems USA, LLC
 Incorporated Under the Laws of the State of Delaware
 In the United States of America

List "A"
 Unsecured Creditors

VES-Artex Systems USA, LLC

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	Bakerview EcoDairy Ltd.	PO BOX 4110 Abbotsford BC V2S 8R1	210.00	0.00	210.00
2	Bank of Montreal	Office of the Head, North American Customer Contact Centre, PO Box 3400 RPO Streetsville Mississauga ON L5M 0S0	359,890.40	0.00	359,890.40
3	Borden Ladner Gervais	1200 Waterfront Centre, 200 Burrard Street, PO Box 48600 Vancouver BC V7X 1T2	19,003.04	0.00	19,003.04
4	British Columbia Ministry of Finance (BC Health Tax)	PO Box 9435 SIn Prov Govt Victoria BC V8W 9V3	10,264.09	0.00	10,264.09
5	Chamber of Commerce	2007-32900 South Fraser Way Abbotsford BC V2S 5A1	371.70	0.00	371.70
6	City of Abbotsford	32315 South Fraser Way Abbotsford BC V2T 1W7	130.00	0.00	130.00
7	CONNECT COMPUTER SOLUTIONS	#203 - 32310 South Fraser Way Abbotsford BC V2T1X1	3,772.01	0.00	3,772.01
8	CONTACT SECURITY	45140 Yale Road West Chilliwack BC V2R 4H1	260.40	0.00	260.40
9	CRA - Southern Interior B.C. Tax Services Office	PO Box 9070, Station Main 9737 King George Blvd Surrey BC V3T 5W6	1.00	0.00	1.00
10	Daviesway Pty Ltd.	PO Box 5031 15 Helen St. Heidelberg West DC, Victoria, 3081 Australia	123.69	0.00	123.69
11	DEJONGE FAMILY FARMS LTD.	2953 IN-14 Francesville, Indiana 47946 USA	5,775.00	0.00	5,775.00
12	DELMAR INTERNATIONAL (ARTEX)	10636 Chemin de La Côte-de-Llesse Lachine QC H8T 1A5	1,803.85	0.00	1,803.85
13	EAST ROCK LIMITED	Room 1508-1511, Bldg. C, Focus Square, No. 6 Fu Tong Dong Da Jie, Wang Jing Beijing, Chaoyang District 100102 China	264,809.07	0.00	264,809.07
14	Gevasol Industries LTD	5 HaYelsira St Jerusalem 9342309 Israel	21,456.93	0.00	21,456.93
15	GFL Environmental Inc.	PO BOX 555193 Detroit, Michigan 48255-5193 USA	264.09	0.00	264.09
16	HANSEN INDUSTRIES, INC.	29978 Road 56 Visalia, California 93291 USA	3,381.34	0.00	3,381.34
17	Jim Peplinski's Leasing	81 The East Mall - Suite 101 Toronto ON M8Z 5W3	46,000.00	0.00	46,000.00
18	Kelly Ingalls	153 Rue Francis Saint-Alphonse-De-Granby QC JOE 2A0	197.73	0.00	197.73
19	KURITEC	2500 Raymond Weigel St Cadillac, Michigan 49601 USA	891.67	0.00	891.67

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

Edward Paradowski

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2805687

FORM 78 -- Continued

In the Matter of the Proposal of
 VES-Artex Systems USA, LLC
 Incorporated Under the Laws of the State of Delaware
 In the United States of America

List "A"
 Unsecured Creditors

VES-Artex Systems USA, LLC

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
20	Levsky Holding Inc.	Unit 3- 1201 Lamey's Mill Rd Vancouver BC V6H 3S6	14,688.71	0.00	14,688.71
21	NEWAG HOLDINGS LTD	35222 South Parallel Road Abbotsford BC V3G 2K4	0.00	15,662,045.21	15,662,045.21
22	PALADIN TECHNOLOGIES	1350-355 Burrard Stree Vancouver BC V6C 2G8	201.60	0.00	201.60
23	Patrick Lecavalier (Artex)	8153 Driftwood Ct Williamsville, New York 14221 USA	742.46	0.00	742.46
24	PHASON ELECTRONIC CONTROL SYSTEMS	2 Terracon Place Winnipeg MB R2J4G7	19,689.20	0.00	19,689.20
25	Precision Farm Supplies Ltd.	5555 Inter-Provincial Hwy Abbotsford BC V3G2P5	2,041.90	0.00	2,041.90
26	PRECISION FARM SUPPLIES LTD.	9021 Van Buren Rd Everson, Washington 98247 USA	1,763.29	0.00	1,763.29
27	PT Lunar Chemplast	Komp. Ruko D'Best Blok A 31, Jl. RS Fatmawati no. 15 Kelurahan Gandaria Selatan, Kecamatan Cilandak Jakarta Selatan 12420 Indonesia	154.21	0.00	154.21
28	SOUTHERN IRRIGATION	44160 Yale Road West Chilliwack BC V2R 3Z9	5,545.00	0.00	5,545.00
29	Thai Tan Trading and Transport Co LTD	29BT3 Ban Dao Linh Dam, Hoang Liet, Hoang Mal Hanoi, 1000 Vietnam	15,283.14	0.00	15,283.14
30	TOPCOOL HOLDINGS LTD	Sunshine Plaza, 353 Lockhart Road Wan Chal, Hong Kong, HKG Hong Kong	847.46	0.00	847.46
31	Turntide Technologies Canada Inc.	c/o Gowling WLG (Canada) LLP - Kelly Charbonne, 50 Queen Street North, Suite 1020 Kitchener ON N2H 6M2	33,390.84	0.00	33,390.84
32	VES Environmental Solutions Europe Limited	19 Close Maes Rhedyn Gorslas Llanelli, Dyfed, SA14 6SG Wales	13,135.70	0.00	13,135.70
33	VES Environmental Solutions Inc.	1313 Lakeland Drive Chippewa Falls, Wisconsin 54729 USA	3,568,878.29	0.00	3,568,878.29
34	WESTERN COW COMFORT (ARTEX)	PO Box 2689 Merced, California 95344 USA	26,786.56	0.00	26,786.56
35	Workers Comp Payable - Alberta	P.O. Box 2415 Edmonton AB T5J 2S5	4.28	0.00	4.28
36	Workers Comp Payable - British Columbia	PO Box 5350 Stn. Terminal Vancouver BC V6B 5L5	1,622.61	0.00	1,622.61
Total:			4,443,381.26	15,662,045.21	20,105,426.47

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

Edward Paradowski

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2805687

FORM 78 -- Continued

In the Matter of the Proposal of
 VES-Artex Systems USA, LLC
 Incorporated Under the Laws of the State of Delaware
 In the United States of America
 List "B"
 Secured Creditors

VES-Artex Systems USA, LLC

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	NEWAG HOLDINGS LTD	35222 South Parallel Road Abbotsford BC V3G 2K4	15,662,046.21	Securities - Shares - VES-Artex Systems Canada, ULC (CA - British Columbia) - VES-Artex Systems Canada, ULC (CA - British Columbia)	18-Mar-2022	1.00		15,662,045.21
Total:			15,662,046.21			1.00	0.00	15,662,045.21

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

Edward Paradowski

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No. 11-2805687

FORM 78 -- Continued

In the Matter of the Proposal of
VES-Artex Systems USA, LLC
Incorporated Under the Laws of the State of Delaware
In the United States of America
List "C"
Preferred Creditors for Wages, Rent, etc.

VES-Artex Systems USA, LLC

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

Edward Paradowski

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No. 11-2805687

FORM 78 -- Continued

In the Matter of the Proposal of
VES-Artex Systems USA, LLC
Incorporated Under the Laws of the State of Delaware
In the United States of America
List "D"
Contingent or Other Liabilities

VES-Artex Systems USA, LLC

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
Total:			0.00	0.00		

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

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Edward Paradowski

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No. 11-2805687

FORM 78 -- Continued

In the Matter of the Proposal of
VES-Artex Systems USA, LLC
Incorporated Under the Laws of the State of Delaware
In the United States of America

List "E"

Debts Due to the Debtor

VES-Artex Systems USA, LLC

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
				0.00				
			Total:	0.00			0.00	
				0.00				

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

Edward Paradowski

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No. 11-2805687

FORM 78 -- Continued

In the Matter of the Proposal of
VES-Artex Systems USA, LLC
Incorporated Under the Laws of the State of Delaware
In the United States of America
List "F"

Bills of Exchange, Promissory Notes, Lien Notes, Chattel
Mortgages, etc., Available as Assets

VES-Artex Systems USA, LLC

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
Total:				0.00		0.00	

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

Edward Paradowski

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No. 11-2805687

FORM 78 -- Continued

In the Matter of the Proposal of
VES-Artex Systems USA, LLC
Incorporated Under the Laws of the State of Delaware
In the United States of America
List "G"
Real Property or Immovables Owned by Debtor
VES-Artex Systems USA, LLC

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Total:			0.00		0.00

18-Mar-2022

Date

DocuSigned by:
Edward Paradowski
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Edward Paradowski

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No. 11-2805687

FORM 78 -- Concluded

In the Matter of the Proposal of
 VES-Artex Systems USA, LLC
 Incorporated Under the Laws of the State of Delaware
 In the United States of America

List "H"
 Property

VES-Artex Systems USA, LLC
 FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant			0.00	0.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities		Shares - VES-Artex Systems Canada, ULC (CA - British Columbia)	0.00	1.00
		Shares - VES-Artex Systems USA, LLC (Washington)	0.00	1.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
			Total:	2.00

18-Mar-2022

Date

DocuSigned by:

Edward Paradowski

Edward Paradowski

COURT NO. B220121
B220120
ESTATE NO. 11-2805685
11-2805687

VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY & INSOLVENCY**

**IN THE MATTER OF THE JOINT PROPOSAL OF
VES-ARTEX SYSTEMS CANADA, ULC AND VES-ARTEX SYSTEMS USA, LLC**

TRUSTEE'S REPORT TO CREDITORS

BACKGROUND

Enclosed are the following documents:

- Notice of the Joint Proposal to Creditors;
- Joint Proposal under Part III, Division I, of the Bankruptcy and Insolvency Act (the “**BIA**”), dated March 18, 2022 (the “**Proposal**”) lodged with MNP Ltd. (the “**Trustee**”) by VES-Artex Systems Canada, ULC and VES-Artex Systems USA, LLC (collectively, the “**Companies**” or the “**Debtors**”) and filed with the Official Receiver on March 18, 2022;
- a statement of affairs, dated March 18, 2022 (“**SOA**”) for each of the Debtors, detailing the assets and liabilities of each of VES Canada (as defined herein) and VES USA (DE) (as defined herein);
- a proof of claim form;
- a voting letter if you wish to vote in advance of the meeting; and
- a general proxy.

The following is an outline of the background and financial position of the Companies, including relevant information that should be of assistance to the creditors in considering their position with respect to the Proposal.

**In the Matter of the Joint Proposal of
VES-Artex Systems Canada, ULC and VES-Artex Systems USA, LLC**

Trustee's Report to Creditors

Page 2

VES-Artex Systems Canada, ULC (BC1290299) was incorporated in British Columbia on February 22, 2021.

On April 2, 2021, Artex Barn Solutions Ltd. (BC0813440) and Artex Group Holdings Ltd. (BC0506059) amalgamated as one company under the name Artex Group Holdings Ltd. (BC1297991). Also on April 2, 2021, VES-Artex Systems Canada, ULC (BC1290299) and Artex Group Holdings Ltd. (BC1297991) amalgamated as one company under the name VES-Artex Systems Canada, ULC (BC1297994) ("**VES Canada**").

VES Canada was incorporated for the purpose of acquiring the shares of Artex Group Holdings Ltd. and its wholly owned subsidiary, Artex Barn Solutions, Ltd. and its wholly owned subsidiary Artex USA, Inc. (collectively, "**Artex Group**") from NewAg Holdings Ltd. ("**NewAg**") and John de Jonge. Artex Group was in the business of providing cattle handling and ventilation equipment in agricultural facilities and VES Canada intended to carry on the same or similar business. The sale was a vendor take back arrangement (the "**NewAg VTB**"). Under the terms of the NewAg VTB, instalment payments were due under a number of promissory notes on January 31st each year for five years, with the first payment due on January 31, 2022 (the "**January 31st Instalment**").

On a corporate search dated February 15, 2022, Scott Biederman, Susan Dub and Edward Paradowki are listed as Directors of VES Canada (collectively, the "**Management**"). We understand that VES Canada currently employs approximately 19 full-time employees.

VES-Artex Systems USA, LLC was incorporated on February 19, 2021 under the laws of the state of Delaware in the United States of America ("**VES USA (DE)**"). VES USA (DE) is a holding company and is owned 100% by VES Environmental Solutions, Inc. ("**VES Environmental**")

The Trustee understands that Scott Biederman, Susan Dub and Edward Paradowski are listed as Managers of VES USA (DE) and VES USA (DE) has no employees.

VES USA (DE) holds 100% of the shares of VES Canada and guaranteed the amount owing to NewAg in relation to the NewAg VTB (the "**NewAg Guarantee**").

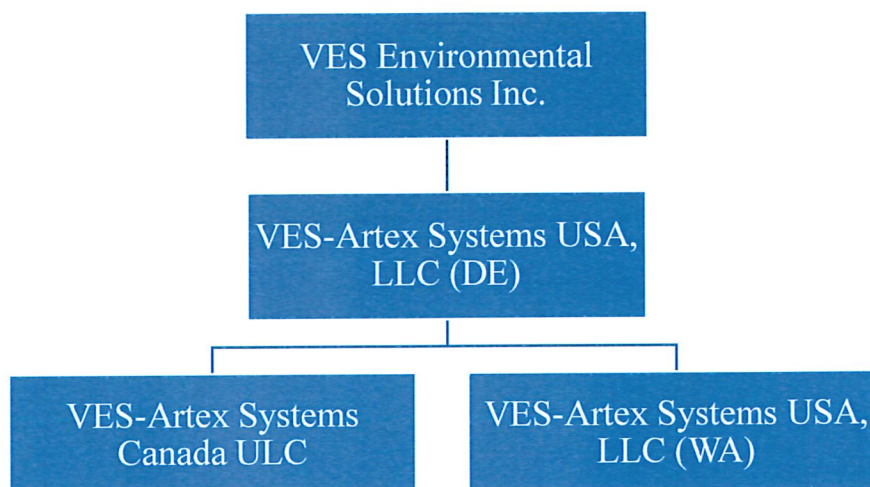
Another entity, also named VES-Artex Systems USA, LLC (formerly named Artex USA, Inc.) was incorporated under the laws of the state of Washington in the United States of America ("**VES USA (WA)**") on October 1, 2014. VES USA (WA) is a subsidiary of VES USA (DE).

On a profile search dated February 15, 2022, Edward Paradowski is listed as Governor of VES USA (WA). We understand that VES USA (WA) currently has no employees. Any employees employed by VES USA (WA) were transferred to VES Environmental on January 1, 2022.

VES USA (WA) operates as a flow through for sales to U.S. customers and is supported by employees employed by VES Canada and VES Environmental.

**In the Matter of the Joint Proposal of
VES-Artex Systems Canada, ULC and VES-Artex Systems USA, LLC**

An organizational chart below shows the relationship between the above referenced entities:



The January 31st Instalment was made late which resulted in NewAg issuing a demand for payment on February 1, 2022 (the “**Demand**”). The Demand had the effect of accelerating the entire amount owing under the NewAg VTB plus additional legal fees and accruing interest.

Accordingly, VES Canada and VES USA (DE) sought creditor protection to permit a restructuring of VES Canada’s financial affairs. On February 17, 2022, VES Canada and VES USA (DE) each filed a Notice of Intention to Make a Proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act* (“**Notice of Intention**”) and MNP Ltd. consented to act as the Trustee in the proposal proceedings.

The Companies filed a joint proposal to its creditors on March 18, 2022 (the “**Proposal**”).

The Trustee is maintaining the following website with publicly available information on the Companies’ proposal proceedings:

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

In preparing this Trustee’s Report to Creditors (the “**Report**”) and making the comments herein, the Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Companies’ books and records, discussions with employees and management and information from other third-party sources (collectively, the “**Information**”). Except as described in this Report, the Trustee has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or

partially comply with Generally Accepted Assurance Standards or other standards established by the Chartered Professional Accountants of Canada.

Capitalized terms used in the Report are the same as those referenced in the Proposal. Unless otherwise stated herein, all references to currency are to Canadian currency.

SUMMARY OF PROPOSAL

A summary and major terms of the Proposal are as follows:

- Respecting Secured Creditors, the Companies shall continue to pay the Secured Creditors in accordance with present arrangements, as amended from time to time, or as may be arranged in the future between the Companies and each Secured Creditor respectively.
- For the purposes of the Proposal, the security held by NewAg (being the pledge of VES Canada shares held by VES USA (DE)) shall be valued at \$0 such that NewAg shall be included in the class of Unsecured Creditors for the purposes of voting on and receiving a distribution under the Proposal;
- Creditors with equity claims shall not be entitled to vote those equity claims and shall not be entitled to receive a distribution in respect of those equity claims unless and until the Proven Claims that are not equity claims are paid in full.
- Unsecured Creditors will receive certificates (the “**Certificates**”) with a face value equal to the amount of the creditor’s claim.
- For each fiscal year ending December 31st for five years beginning the year ending December 31, 2023, the Companies will pay 50% of the net income of the Companies, calculated in a manner as set out in the Proposal, pro rata to the Unsecured Creditors based on and to reduce the amount owing under the Certificates.
- Distributions to Unsecured Creditors will be made by the Companies no later than March 31st each year beginning March 31, 2024.
- Payment to each Unsecured Creditor shall be made net of any applicable levy payable to the Office of the Superintendent of Bankruptcy as required by the BIA.
- Canada Revenue Agency (“**CRA**”) will be paid in full within 6 months of Court Approval of the Proposal, for unremitted payroll source deductions. As the Companies utilizes the services of a payroll provider it is not anticipated that there is any debt owing for unremitted payroll withholdings.
- The Trustee’s fees and expenses, and legal costs of the Trustee and the Companies arising out of the Proposal shall be paid in the ordinary course; and

**In the Matter of the Joint Proposal of
VES-Artex Systems Canada, ULC and VES-Artex Systems USA, LLC**

Trustee's Report to Creditors

Page 5

- As set out in greater detail below, sections 95-101 of the BIA will apply in respect of the Debtor and the Proposal.

The above description of the Proposal is a summary only, and readers are cautioned that if there is inconsistency between this Report and the Proposal, the terms of the Proposal shall govern.

OPERATIONS

The Companies have continued operations subsequent to filing the Notice of Intention. The primary operations are through VES Canada while VES USA (DE), the parent company to VES Canada, is a holding company.

VES Canada also continued to carry on business with its suppliers on terms which are acceptable to VES Canada and its suppliers. Primarily, VES Canada is paying for goods and services on a cash basis. VES USA (WA) and VES Canada have certain common suppliers. VES Canada's relationship with certain of its suppliers has been impacted by VES USA (WA)'s relationship with those suppliers.

VES Canada currently employs approximately 19 full-time employees. The Companies' payroll is processed on a bi-weekly basis and employees are being paid in accordance with the payroll schedule. The Companies utilize the services of Workday to administer its payroll, and as such payroll withholdings are remitted to CRA directly by Workday.

Since the NewAg VTB closed in April 2021, VES Canada has reported net losses of USD \$333,000 in Q2, USD \$543,000 in Q3 and USD \$962,000 in Q4. VES Canada saw a sharp decline in gross margin in 2021. The Trustee understands that this is primarily due to significant increases in freight costs in 2021 that were not anticipated and therefore had not been factored into the quotes and invoices provided to customers. Management advises that other contributing factors to operating losses were that employees of VES Canada were providing services to VES USA (WA), but there was no cross charge between the entities for those services and purchasing of all product and freight went through VES Canada even for VES USA (WA). As detailed below, the Companies have since addressed certain of the factors that have contributed to these operating losses.

Management is optimistic that the Companies can operate profitably now that the Companies have addressed the freight costs by passing those costs on to customers in their quotes and invoices and VES USA (WA) is completing its own purchasing.

ASSETS

Accounts Receivable and Customs Refund

VES Canada's accounts receivable is made up of customer orders at various stages of fulfillment and totaled approximately \$1,059,243 as at March 9, 2022. However, approximately 60% of the

accounts receivable relates to customer deposits. In a forced liquidation scenario and after accounting for any warranty/defect claims, the Companies estimate that less than 40% of the outstanding accounts receivable would be collectible. The SOA is representative of a forced liquidation scenario and reported accounts receivable totaling \$381,327, being the portion considered collectible.

Additionally, VES Canada anticipates return from United States Treasury of approximately \$279,000 in connection with a U.S. tariff refund.

Inventory

VES Canada has approximately \$295,000 of inventory comprised primarily of fans, controllers for fans and spare parts. The value of inventory has been estimated at 80% of cost less realization costs of \$35,400 (commissions, storage, transportation, etc.) The SOA is representative of a forced liquidation scenario and reported inventory totaling \$200,600.

We have not sought a liquidation appraisal for the VES Canada inventory at this time.

Equipment, Store Fixtures and Furniture, and Vehicles

VES Canada owns various computer and office equipment, as well as warehouse tools and equipment and three vehicles.

VES Canada's internally prepared financial statements report a net book value of the computer and office equipment and the warehouse tools and equipment at \$56,200. In a liquidation scenario, it has been the Trustee's experience that computer and office equipment hold little value. However, due to supply chain issues that every business sector is experiencing in the market, these types of assets have seen increased demand and price points. The SOA, therefore, reported computer and office equipment and the warehouse tools and equipment totaling \$56,200.

The Trustee has not sought an appraisal of the computer and office equipment or the warehouse tools and equipment.

The various vehicles were reported on the SOA at their "black book value" of approximately \$116,600.

Shares

The only assets owned by VES USA (DE) are shares in VES Canada and VES USA (WA), both of which appear to have limited value in a forced liquidation scenario. VES Canada's primary value is in continued business operations as assets hold no value for unsecured creditors.

**In the Matter of the Joint Proposal of
VES-Artex Systems Canada, ULC and VES-Artex Systems USA, LLC**

Trustee's Report to Creditors

Page 7

VES USA (WA) currently has no employees and sales are generated through the employees of VES Environmental and VES Canada. A forced liquidation scenario for VES Canada, would see limited staff available to operate VES USA (WA). Also, a review of the VES USA (WA) balance sheet ending February 2022 reflects liabilities exceed assets and a negative equity position. The liabilities include intercompany debt of approximately \$1.3 million owing to VES Canada.

The Trustee has not requisitioned or carried out a business valuation with respect to these entities.

Goodwill and Trademarks

Goodwill represents the incremental value a prospective purchaser would pay to purchase the business as a “going concern”, over and above the value attributable to tangible assets the purchaser would be acquiring.

Management advises that there are no active patents.

The Trademarks owned by VES Canada are for Artex Barn Solutions logo, a company that was part of the amalgamation to form VES Canada, and as the Artex Barn Solutions name is no longer being used the Trademarks would have little value.

Given the present economy, the existence of the COVID-19 pandemic and historical financial results, we do not anticipate any material value being attributable to Goodwill or Trademarks in a bankruptcy or liquidation scenario.

As detailed below, VES Canada's assets are subject to secured creditor claims.

LIABILITIES

Secured Creditors

The Trustee has obtained from Lawson Lundell LLP (“**Lawson Lundell**”), its counsel, an independent legal opinion on the validity or enforceability of the various security agreements granted by VES Canada to VES Environmental, Turntide Technologies Inc. (“**Turntide**”) and VES Environmental Solutions Europe Ltd. (“**VES Europe**”). The legal opinion states that subject to the customary qualifications and assumptions contained therein, that the security agreements constitute legal, valid and binding obligations of VES Canada and are enforceable against VES Canada.

**In the Matter of the Joint Proposal of
VES-Artex Systems Canada, ULC and VES-Artex Systems USA, LLC**

Trustee's Report to Creditors

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VES Environmental Solutions Inc., Turntide Technologies Inc. And VES Environmental Solutions Europe Ltd.

Based on the SOA, VES Environmental is owed approximately \$3.564 million from VES Canada (the “**VES Environmental Loans**”), Turntide is owed approximately \$33,000 (the “**Turntide Loans**”) and VES Europe is owed approximately \$13,000 (the “**VES Europe Loans**”) arising from loans advanced to the Companies from time to time. Prior to filing the Notice of Intention, VES Canada identified that it required further funding to support ongoing operations, to protect the assets and goodwill, and to present the Proposal to the Companies’ creditors. VES Environmental advised VES Canada that it was prepared to advance further funds, including the February 15th VES Environmental Advance (as defined below), on a secured basis provided that as consideration of making those further advances VES Canada granted VES Environmental, Turntide and VES Europe security in respect of the VES Environmental Loans, Turntide Loans and VES Europe Loans.

Security agreements and promissory notes were executed on February 15, 2022 by VES Canada in favour of VES Environmental, Turntide and VES Europe and security was registered for the respective loans at the Personal Property Registry in British Columbia on February 16, 2022.

In rendering its opinion on the validity and enforceability of the related party security, Lawson Lundell did not opine as to whether the security agreements constitute a preference or are otherwise reviewable transactions under the BIA or provincial legislation.

Since the filing of the Notice of Intention, approximately \$300,000 has been advanced to VES Canada by VES Environmental on February 22, 2022 and the 13-week cash flow filed with the Proposal reflects an additional approximated \$1.65 million of advances being required during that period.

BMO

As reported, the secured creditors include BMO who was owing approximately \$360,000 at the date of the Notice of Intention and provides working capital to VES Canada by way of a revolving credit loan, which is provided pursuant to the terms of a loan agreement.

At this time, we have not sought an opinion on BMO security

Jim Peplinski Leasing Inc. (“JP Leasing”)

JP Leasing has registered a security interest in the 2020 Ford F150. VES Canada continues to make the monthly agreed upon payments.

Preferred Creditors

Employees

Employees are preferred creditors pursuant to Section 136 of the BIA, and as such, their preferred claims must be paid in full before any payments are made to the general unsecured creditors. Each employee's preferred claim may not exceed \$2,000, relating to wages and vacation pay during the six-month period immediately preceding the initial date of filing. Amounts owing in excess of the threshold or relate to a period more than six months prior to the Notice of Intention, are general unsecured claims. Any claims relating to severance or termination pay are general unsecured claims.

We are not aware of any preferred amounts owing to present or former employees. However, the Proposal provides that the claims, if any, of the employee creditors shall be paid immediately after the making of the Approval Order in the ordinary course using proceeds from the operation of the Debtors' business.

In a bankruptcy scenario, preferred claims of employees (wages/vacation pay) become a secured charge over current assets, and takes priority over other secured creditors, with the exception of the claim of CRA pertaining to unremitted payroll withholdings. Claims for outstanding termination pay rank as general unsecured claims in a bankruptcy or proposal scenario.

Landlords

Landlords are afforded priority for rent obligations in arrears for the three months immediately preceding the filing of the Notice of Intention. There was \$5,775 owing to the landlord, Dejonge Family Farms Ltd., for the month of February 2022 at the date of the Notice of Intention.

Unsecured Creditors

The VES Canada SOA indicates unsecured creditors of approximately \$16 million excluding the deficiency claims of secured creditors, and approximately \$19 million including the deficiency claims.

You will note that on the Notice of Intention documents previously circulated that creditors' claims total approximately \$22.7 million. The approximately \$3.7 million variance is primarily due to customer deposits initially, and inadvertently, being included on the creditor list, as well as certain Pre-NOI Payments (as defined below). As the Companies are continuing operations and continuing to provide products to customers, customers who have placed deposits with VES Canada are not creditors for the purposes of the Proposal.

The VES USA (DE) SOA indicated unsecured creditors of approximately \$4.4 million excluding the deficiency claims of secured creditors, and approximately \$20 million including the deficiency claims.

**In the Matter of the Joint Proposal of
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You will note that on the Notice of Intention documents previously circulated that creditors' claims total approximately \$15.6 million, which reflected the amount due in respect of the NewAg Guarantee. The approximately \$4.4 million increase in creditors' claims is due to adding all the creditors from VES Canada to the VES USA (DE) SOA as VES Canada is an Unlimited Liability Corporation ("ULC"). In British Columbia, ULC status requires that the shareholders be liable for all debts and liabilities of the corporation on any liquidation shortfall. VES USA (DE) is a shareholder and ultimately responsible for the liabilities of VES Canada.

Accordingly, it is estimated that there are unsecured creditors of approximately \$16 million which may claim in the Proposal. Ultimately the amount owing to creditors will be based upon the proven claims filed in the Proposal proceedings.

CONDUCT OF THE DEBTOR

Preferences and Transactions at Under Value

As noted above, sections 95-101 of the BIA will apply in respect of the Debtors and the Proposal. The Proposal also provides that 100% of the net proceeds, if any, realized by the Trustee from any proceedings taken pursuant to sections 95 to 101 of the BIA shall be included in the Proposal Proceeds and distributed to Unsecured Creditors. Notwithstanding the foregoing, the Proposal provides that the Trustee is not obliged to take any proceedings under sections 95-101 of the BIA unless there are provisions in place that are satisfactory to the Trustee, in its sole discretion, with respect to the payment of the professional fees and other expenses that will be incurred by the Trustee in connection with such proceedings.

The Trustee has undertaken a preliminary review of the Companies' books, which included a review of various banking documentation in the three months prior to, and after, the filing of the Notice of Intention, which included the review of payments in excess of \$20,000.00. From the Trustee's review of the books and records, multiple transactions transferring funds between VES Canada and VES USA (WA) were identified, including payments of USD \$540,000 and USD \$235,000 transferred to VES USA (WA) on February 16, 2022 and February 23, 2022, respectively. Management advises that VES Environmental wires funds to VES Canada based on the funding needs of both VES Canada and VES USA (WA). VES Canada then transfers the necessary funds to VES USA (WA). VES Canada's records reflect funding received from VES Environmental of approximately USD \$1.2 million on February 15, 2022 (the "**February 15th VES Environmental Advance**") and approximately USD \$300,000 on February 22, 2022 and a portion of those funds were transferred to VES USA (WA) being the USD \$540,000 and USD \$235,000. The Trustee understands that historically all the vendor purchasing was done through VES Canada for VES USA (WA), which resulted in numerous intercompany transactions. The Companies' management advises that when they moved to NetSuite software in November 2021 that they now have VES USA (WA) completing its own vendor purchases. However, as there was cash flowing between these two companies historically, management continued the intercompany transactions as part of their cash flow planning. The Trustee also reviewed intercompany

**In the Matter of the Joint Proposal of
VES-Artex Systems Canada, ULC and VES-Artex Systems USA, LLC**

Trustee's Report to Creditors

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transactions between VES Canada and VES USA (WA) from April 2, 2021 to March 9, 2022 and notes that VES USA (WA) is in a payable position to VES Canada in the amount of approximately \$1.5 million.

On March 28, 2022, the Trustee also identified the Companies made payments totalling approximately \$803,000 to various vendors, which payments were made on or around February 16, 2022 and February 17, 2022 and approximately \$26,000 paid to employees for various expenses (collectively, the “**Pre-NOI Payments**”). The Companies considered certain overseas vendors critical suppliers and are of the view that these payments were essential for continued operations. The Companies also considered payment of the employee expenses essential for continued operations. On the surface, these transactions appear to be made to secure further supply, however, the Trustee will need to carry out further investigation into the Pre-NOI Payments. This investigation will assist in identifying whether the payments were made in good faith and in the ordinary course of business or may constitute preference payments under s.95 of the BIA.

REMUNERATION OF THE TRUSTEE

The costs of administration pertaining to the Trustee's fees and disbursements and legal costs incurred in relation to the Proposal are a preferred claim and, pursuant to the terms of the Proposal, will be paid in the ordinary course and will be subject to taxation by Court and approval of the Inspectors, if appointed, or the creditors should no Inspectors be appointed.

ESTIMATED REALIZATION – BANKRUPTCY

The Trustee has prepared a Statement of Estimated Realization (the “**Statement**”) which is attached as Schedule “A” to this Report and summarizes estimated net realization in a bankruptcy scenario. If the Proposal is not accepted by the creditors, the Companies will be deemed to have made an assignment in bankruptcy on that date.

In a bankruptcy scenario, Unsecured Creditors would receive nothing.

RECOMMENDATION

If the Proposal is not accepted by the creditors, the Companies will be deemed to have made an assignment in bankruptcy on that date. In a bankruptcy, the secured claims of wage earners, BMO, VES Environmental and JP Leasing will have claims against all of the Companies' assets ranking prior to the claims of Unsecured Creditors.

We estimate that in a bankruptcy scenario, secured creditors would not be paid in full, and General Creditors will not receive a dividend. The Companies, however, are desirous of making a proposal to its creditors that would offer the Unsecured Creditors a greater return than a bankruptcy, and accordingly, have structured the Proposal to offer Unsecured Creditors a return from future cash flow. The Proposal offers to pay the Unsecured Creditors 50% of the Companies' net income over a five (5) year period.

Subject to carrying out further investigation into the Pre-NOI Payments, the Trustee recommends the acceptance of the Proposal as it potentially offers the creditors a greater return than a bankruptcy and preserves supplier and employee relationships. Since the Proposal is based on the Companies' future profitability, the Trustee is unable to comment on the extent of recoveries under the Proposal.

The Trustee has requested a financial model in order to review the Companies' projected future profitability and cash flow.

The Trustee will update the creditors prior to, or at the meeting of creditors as to (i) the results of its review of the Companies' financial model should it receive it, and (ii) the results of its investigation into the Pre-NOI Payments. The Trustee notes that its recommendation on the Proposal may change because of this further investigation.

TECHNICAL REQUIREMENTS FOR A SUCCESSFUL PROPOSAL

This Proposal will become effective only if it is accepted by a resolution of the Unsecured Creditors and approved by the Court. To obtain Creditor approval, a simple majority in the number of Unsecured Creditors voting, with this majority representing at least 2/3 of the dollar value of the Unsecured Creditors voting, must vote in favour of the Proposal. If the Unsecured Creditors do not accept the Proposal, then the Companies will be deemed to have made an assignment in bankruptcy and a meeting of creditors in the matter of the bankruptcy will immediately take place.

If the Unsecured Creditors vote to accept the Proposal, Court approval of the Proposal must then be sought. If the Court does not approve the Proposal, the Companies would be deemed to have made an assignment in bankruptcy and the Trustee of the bankruptcy estate will then call a meeting of creditors in the matter of the bankruptcy.

When completing the Proof of Claim form submitted herewith, Creditors should include all outstanding amounts as at February 17, 2022, the date of the filing of the Notice of Intention. It is expressly noted and should be clearly understood that MNP Ltd., in its capacity as Trustee, assumes no personal liability for any claims that Creditors may have against the Companies, filed, proven, deemed or otherwise, either before or after the filing of the Proposal.

**In the Matter of the Joint Proposal of
VES-Artex Systems Canada, ULC and VES-Artex Systems USA, LLC**

Trustee's Report to Creditors

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Creditors may attend, in person or by proxy, the meeting to consider the Proposal, which will be held on **Thursday, April 7, 2022, at 11:00 a.m. (Vancouver, British Columbia Time) by video/telephone conference (via Teams Meetings)**. To attend/join the meeting you may connect by the following:

Teams: Video Conferencing

https://teams.microsoft.com/l/meetup-join/19%3ameeting_ODk3YTdkZTEtNTRkYS00MGRjLTk3MGQtNzQzYmJmOGExNjk1%40thread.v2/0?context=%7b%22Tid%22%3a%22cb3b0d1e-24fb-4847-ba48-2f5e7c2b9b23%22%2c%22Oid%22%3a%225a9050e3-e2f0-448f-a51a-529c8bc18b84%22%7d

Telephone (audio only)

[\(877\) 252-9279](tel:(877)252-9279), [568925341](tel:568925341)# Canada (Toll-free)

Phone Conference ID: 568 925 341#

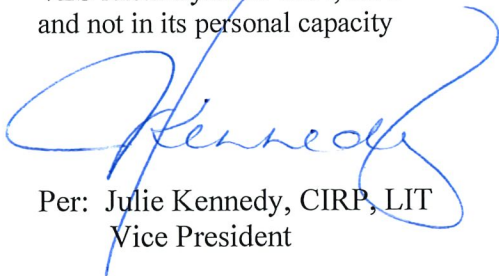
In order to participate and vote at the meeting, Creditors must file their claims in prior to the start of the meeting. Creditors who do not wish to attend or be represented at the meeting but who wish to vote, may forward their Proofs of Claim and voting letters by either email to Julie.kennedy@mnp.ca or fax to 604-904-8628, to the Trustee so as to be received prior to 11:00 am (Vancouver Time) on April 7, 2022.

Should you have any questions or comments on the Proposal or this report, please do not hesitate to contact the undersigned.

DATED AT the City of Vancouver, British Columbia this 28th day of March, 2022.

MNP Ltd.

In its capacity as Licensed Insolvency Trustee
In the Proposal Proceedings of VES-Artex Systems Canada, ULC and
VES-Artex Systems USA, LLC
and not in its personal capacity



Per: Julie Kennedy, CIRP, LIT
Vice President

In the Matter of the Joint Proposal of VES-Artex Systems Canada, ULC and VES-Artex Systems USA, LLC

Schedule "A"

Statement of Estimated Realization in Bankruptcy Scenario (rounded)

ESTIMATED RECEIPTS

Cash In Bank	\$	-
Accounts Receivable (Note 1)		381,327
Inventory - Net Recovery (Note 2)		200,600
Equipment , Furniture and Fixtures, Vehicles (Note 3)		56,200
Vehicles (Note 4)		116,600
Customs Refund		279,180
Trademarks		1
Shares - VES-Artex Systems Canada, ULC (Note 5)		1
Shares - VES-Artex Systems USA, LLC (WA) (Note 5)		1
Total Estimated Receipts	\$	1,033,910

AVAILABLE FOR DISTRIBUTION

	\$	1,033,910
Secured Creditors		
Canada Revenue Agency	\$	-
Jim Peplinski Lease - 2020 Ford F150		46,000
Secured Claims of Employees		38,000
Bank of Montreal		360,000
VES Environmental Solutions Inc.		589,910
VES Environmental Solutions Europe Inc.		-
Turntide Technologies Canada Inc.		-
NewAg Holdings Ltd. - Share of VES-Canada		-
Preferred Creditors		-
General Creditors - Balance of larger claims		-
	\$	1,033,910

Claims of General Creditors claiming pro rata share	\$	-
Estimated % Dividend		0%

TOTAL UNSECURED CREDITORS	\$16,088,631
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Notes:

1. Accounts receivable ("AR") collection is estimated at 40% of outstanding AR of \$1,059,243 as at March 9, 2022. Approximately 60% of AR relates to customer deposits for product and would not be collectible in a liquidation scenario. A further 10% would likely be uncollectible due to warranty/defect claims.

2. The Company has approximately \$295,000 of inventory comprised primarily of fans, controllers for fans and spare parts. Value of inventory has been estimated at 80% less realization costs of \$35,400 (commissions, storage, transportation, etc.)

3. Net book value ("NBV") of Equipment, Furniture and Fixtures is \$56,200. In a liquidation scenario, it has been the Trustee's experience that computer and office equipment hold little value. However, due to supply chain issues that every business sector is experiencing in the market, these types of assets have seen increased demand and price points. Therefore, Equipment, Furniture and Fixtures is reflected at its NBV.

4. Vehicles reported at their "black book value".

5. Shares have limited value in a forced liquidation scenario. VES Canada's primary value is in continued business operations. VES USA (WA) currently has no employees and sale are generated through employees of VES Canada and VES Environmental Solutions Inc.

6. This schedule do not account for Trustee's fees and expenses that would be incurred.

CHECKLIST FOR COMPLETING A PROOF OF CLAIM FORM

This checklist is provided to assist you in preparing a complete and accurate Proof of Claim form and, where required, a Proxy. A creditor who does not prove their claim is not entitled to vote or share in any distribution. Please check each requirement.

GENERAL

- The form must be signed by the person completing the Proof of Claim and that person must be an authorized signatory.
- The signature of a witness is required.
- Give the complete address, including postal code, where any notice or correspondence is to be forwarded.
- The amount on the Statement of Account must correspond with the amount indicated on the Proof of Claim.

PARAGRAPH 1

- The creditor must state the full and complete legal name of the company or firm.
- If the individual completing the Proof of Claim is not the creditor himself, he must state his position or title.

PARAGRAPH 3

- A Schedule A or Statement of Account must be attached.
- The Schedule A or Statement of Account must be complete and detailed, showing the date, number and amount of all invoices or charges, together with the date, number and amount of all creditors or payments. A Statement of Account is not complete if it begins with an amount brought forward.
- If the claim is for a guarantee of a debt, a copy of the guarantee must be attached.

PARAGRAPH 4

- An unsecured creditor must strike out sub-paragraphs B, C, D and E.
- A secured creditor must attach proof of registration of the security, including the date on which the security was given and the value at which you assess the security.
- A claim by a farmer, fisherman or aqua culturist must attach a copy of the sales agreement and delivery documents.
- Details of Section 136 are listed below.

PARAGRAPH 5

- All claimants must indicate if they are or are not related to the debtor, as defined in Section 4 of the Bankruptcy and Insolvency Act.

PARAGRAPH 6

- All claimants must attach a detailed list of all payments or credits received or granted as follows:
 - Within the three (3) months preceding the bankruptcy/proposal, in the case where the claimant and debtor are not related;
 - Within the twelve (12) months preceding the bankruptcy/proposal, in the case where the claimant and debtor are related.

PROXY

The *Bankruptcy and Insolvency Act* permits a Proof of Claim to be made by a duly authorized agent of a creditor, however, this does not give such a person power to vote at the First Meeting of Creditors or to act as the proxy of the creditors unless the proxy form is completed by the creditor appointing the authorized agent as proxy.

- A creditor may vote either in person or by proxy.
- The Trustee may be appointed as a proxy for any creditor.
- A Corporation may vote by an authorized agent at a meeting of creditors.
- Debtors may not be appointed a proxy to vote at any meeting of their creditors.
- In order for a duly authorized person to have a right to vote, they must be a creditor themselves or be the holder of a property executed proxy, showing the name of the creditor.

SECTION 136 (Condensed Priority of Claims)

Subject to the rights of secured creditors, the proceeds realized from the property of a bankrupt shall be applied in priority of payment as follows:

- The cost of administration of the estate in the following order:
 - Expenses and fees of the trustee
 - Legal costs
- Wages, salaries, commissions or compensation for services rendered in the six months immediately preceding the date of bankruptcy, to a maximum of \$2,000 per person together with, in the case of a travelling salesman, disbursements incurred by the salesman during this same period to a maximum of \$1,000;
- Alimony, support or maintenance for a spouse or child for periodic amounts accrued in the year before the date of bankruptcy plus any lump sum amount;
- Municipal taxes assessed or levied within the two years immediately preceding the bankruptcy which do not constitute a lien or charge on real property of the bankrupt but this claim is restricted to the interest in the property held by the bankrupt;
- Landlord for rent arrears in the three months immediately preceding the date of bankruptcy and accelerated rent for three months following the bankruptcy if provided for in the lease but this claim is restricted to the realization from the property and any accelerated rent paid by the Trustee must be credited against the amount payable by the Trustee for occupation rent;
- A solicitor's bill of costs, including sheriff's and land registration fees, for the first creditor to attach or execute against the property of the bankrupt but this claim is restricted to the amount realized from the applicable property;
- Claims resulting from injuries to employees of the bankrupt in which the *Workers' Compensation Act* does not apply but this claim is restricted to the amount of moneys received from persons guaranteeing the bankrupt against damages for those claims.

A creditor whose rights are restricted by this section are entitled to rank as an unsecured creditor for any balance remaining on their claim.

District of: British Columbia
Division No. 03 - Vancouver
Court No. B220121
Estate No. 11-2805685

FORM 31 / 36
Proof of Claim / Proxy
In the Matter of the Proposal of
VES-Artex Systems Canada, ULC
of the City of Abbotsford, in the Province of British Columbia

All notices or correspondence regarding this claim must be forwarded to the following address:

In the matter of the proposal of VES-Artex Systems Canada, ULC of the City of Abbotsford in the Province of British Columbia and the claim of _____, creditor.

I, _____, of the city of _____, a creditor in the above matter, hereby appoint _____, of _____, to be my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without) power to appoint another proxyholder in his or her place.

I, _____ (name of creditor or representative of the creditor), of the city of _____ in the province of _____ do hereby certify:

1. That I am a creditor of the above named debtor (or I am _____ (position/title) of _____, creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 17th day of February 2022, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit or solemn declaration) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ _____

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)

Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
(Attach a copy of sales agreement and delivery receipts.)

E. CLAIM BY WAGE EARNER OF \$ _____

That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____,

That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____,

F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____

That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____,

That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ _____,

G. CLAIM AGAINST DIRECTOR \$ _____

(To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I _____ (am/am not) (or the above-named creditor _____ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. *(Applicable only in the case of the bankruptcy of an individual.)*

Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.

I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____, _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:

Phone Number: _____
Fax Number: _____
E-mail Address: _____

MNP Ltd. - Licensed Insolvency Trustee

Suite 1600, MNP Tower, 1021 West Hastings Street
Vancouver BC V6E 0C3
Fax: (604) 904-8628
E-mail: vancouverpbmail@mnp.ca

NOTE If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

District of: British Columbia
Division No. 03 - Vancouver
Court No. B220121
Estate No. 11-2805685

FORM 37

Voting Letter
(Paragraph 51(1)(f) of the Act)

In the Matter of the Proposal of
VES-Artex Systems Canada, ULC
of the City of Abbotsford, in the Province of British Columbia

I, _____, creditor (or I, _____, representative
of _____, creditor), of _____, a creditor in the above matter
for the sum of \$ _____, hereby request the trustee acting with respect to the proposal of
VES-Artex Systems Canada, ULC, to record my vote _____ (for or against) the acceptance of the
proposal as made on the _____ day of _____, _____.

Dated at _____, this _____ day of _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:
MNP Ltd. - Licensed Insolvency Trustee
Per:

Greg Ibbott - Licensed Insolvency Trustee
Suite 1600, MNP Tower, 1021 West Hastings Street
Vancouver BC V6E 0C3
Fax: (604) 904-8628
E-mail: vancouverpbmail@mnt.ca

District of: British Columbia
Division No. 03 - Vancouver
Court No. B220120
Estate No. 11-2805687

FORM 31 / 36
Proof of Claim / Proxy
In the Matter of the Proposal of
VES-Artex Systems USA, LLC
Incorporated Under the Laws of the State of Delaware
In the United States of America

All notices or correspondence regarding this claim must be forwarded to the following address:

In the matter of the proposal of VES-Artex Systems USA, LLC of the City of Chippewa Falls, WI in -- and the claim of _____, creditor.

I, _____, of the city of _____, a creditor in the above matter, hereby appoint _____, of _____, to be my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without) power to appoint another proxyholder in his or her place.

I, _____ (name of creditor or representative of the creditor), of the city of _____ in the province of _____ do hereby certify:

1. That I am a creditor of the above named debtor (or I am _____ (position/title) of _____, creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 17th day of February 2022, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit or solemn declaration) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ _____

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)

Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____

(Attach a copy of sales agreement and delivery receipts.)

E. CLAIM BY WAGE EARNER OF \$ _____

That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____,

That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____,

F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____

That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____,

That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ _____,

G. CLAIM AGAINST DIRECTOR \$ _____

(To be completed when a proposal provides for the compromise of claims against directors.)
That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I _____ (am/am not) (or the above-named creditor _____ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. *(Applicable only in the case of the bankruptcy of an individual.)*

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____, _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:

Phone Number: _____
Fax Number: _____
E-mail Address: _____

MNP Ltd. - Licensed Insolvency Trustee

Suite 1600, MNP Tower, 1021 West Hastings Street
Vancouver BC V6E 0C3
Fax: (604) 904-8628
E-mail: vancouverpbmail@mnp.ca

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

District of: British Columbia
Division No. 03 - Vancouver
Court No. B220120
Estate No. 11-2805687

FORM 37

Voting Letter
(Paragraph 51(1)(f) of the Act)

In the Matter of the Proposal of
VES-Artex Systems USA, LLC
Incorporated Under the Laws of the State of Delaware
In the United States of America

I, _____, creditor (or I, _____, representative
of _____, creditor), of _____, a creditor in the above matter
for the sum of \$ _____, hereby request the trustee acting with respect to the proposal of
VES-Artex Systems USA, LLC, to record my vote _____ (for or against) the acceptance of the
proposal as made on the _____ day of _____, _____.

Dated at _____, this _____ day of _____.

Witness
Individual Creditor

Witness
Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:
MNP Ltd. - Licensed Insolvency Trustee
Per:

Greg Ibbott - Licensed Insolvency Trustee
Suite 1600, MNP Tower, 1021 West Hastings Street
Vancouver BC V6E 0C3
Fax: (604) 904-8628
E-mail: vancouverpbmail@mpn.ca