

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

**IN THE MATTER OF THE PROPOSAL OF BLO PLASTIX INC. OF THE CITY OF
VANCOUVER IN THE PROVINCE OF BRITISH COLUMBIA**

AMENDED PROPOSAL OF BLO PLASTIX INC.

The Debtor hereby submits the following Proposal to all of its Equipment Financiers and Unsecured Creditors pursuant to Part III of the BIA.

ARTICLE 1

DEFINITIONS

1.1 Definitions

In this Proposal:

- (a) “**Administrative Fees and Expenses**” means the fees and expenses, including legal fees and disbursements, of the Trustee in its capacity as proposal trustee, and the Debtor;
- (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 Filing 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) “**Claim**” means any right of any Person against the Debtor in connection with any indebtedness, liability or obligation of any kind of the Debtor which indebtedness, liability or obligation is in existence at the Filing Date, whether or not reduced to judgment, 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 Filing Date, but does not include a equity claim as that term is defined by the BIA;

- (f) “**Collateral**”, in respect of a Secured Creditor or Equipment Financier, means the assets and property of the Debtor in which the Secured Creditor or Equipment Financier holds a valid and enforceable security interest;
- (g) “**Court**” means the Supreme Court of British Columbia;
- (h) “**Creditors**” means the Secured Creditors and Unsecured Creditors;
- (i) “**Creditors’ Meeting**” means the meeting of the Creditors called for the purpose of considering and voting upon the Proposal;
- (j) “**Creditors’ Meeting Date**” means the date and time as may be called by the Trustee for the meeting of creditors to consider this Proposal, but in any event shall be no later than twenty-one (21) days following the Proposal Date;
- (k) “**Debtor**” means Blo Plastix Inc.;
- (l) “**Director**” means a director of the Debtor;
- (m) “**Employee Creditors**” means the persons entitled to assert the Claims referenced in s. 60(1.3) of the BIA in respect of such Claims;
- (n) “**Equipment Financier**” means a Creditor who has a purchase money security interest in Collateral;
- (o) “**Filing Date**” means July 22, 2014 (the date the Debtor filed a notice of intention to make a proposal);
- (p) “**Inspectors**” means one or more inspectors appointed pursuant to the BIA as provided for in the Proposal;
- (q) “**Official Receiver**” shall have the meaning ascribed thereto in the BIA;
- (r) “**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;
- (s) “**Preferred Creditors**” means Creditors with Proven Claims that are required by the BIA to be paid in priority to all other claims under a proposal made by a debtor save and except for Employee Creditors and Source Deduction Creditors.
- (t) “**Proof of Claim**” shall mean the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors’ Meeting;

- (u) **“Proposal”** means this proposal together with any amendments or additions thereto;
- (v) **“Proposal Date”** means the date of the filing of the Proposal with the Official Receiver;
- (w) **“Proven Claim”** of a Creditor means the amount of the Claim of such Unsecured Creditor finally determined in accordance with the provisions of the BIA;
- (x) **“Source Deduction Creditors”** means Her Majesty in Right of Canada or a Province in respect of Claims referenced in s. 60(1.1) of the BIA;
- (y) **“Secured Creditor”** means a Person holding a 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, but excludes an Equipment Financier;
- (z) **“Trustee”** means Boale Wood & Company Ltd. in its capacity as the Trustee in the Proposal, or its duly appointed successor or successors;
- (aa) **“Unaffected Creditors”** means the Business Development Bank, Toronto Dominion, Azzar Trading Corporation, and HPWC 1700 No. 6 Road General Partnership
- (bb) **“Unsecured Creditors”** means the Preferred Creditors and any Person with a Claim who is not a Secured Creditor, an Employee Creditor or a Source Deduction Creditor; and
- (cc) **“Voting Letter”** shall mean the voting letter required by s. 51(1) of the BIA to be mailed to each known Creditor prior to the Creditors’ Meeting.

1.2 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.

1.3 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.

1.4 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 which is a Business Day.

1.5 Time

All times expressed herein are local time in Vancouver, British Columbia, Canada 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 5:00 p.m. local time in Vancouver, British Columbia, Canada.

1.6 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.

1.7 Currency

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

1.8 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).

1.9 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 OF CREDITORS

2.1 Classes of Creditors

There will be two classes of Creditors for the purpose of considering and voting upon the Proposal consisting of:

- (a) the Equipment Financiers; and
- (c) the Unsecured Creditors.

2.2 Unaffected Creditors

This Proposal is not made to the Unaffected Creditors all of whom are Secured Creditors and who will be paid and/or satisfied by the Debtor in accordance with the applicable agreement or as otherwise agreed as between the Secured Creditor and the Debtor.

ARTICLE 3

PROCEDURE FOR VALIDATION OF CLAIMS

3.1 Filing of Proofs of Claim

Each Creditor must file a Proof of Claim as required by the BIA to vote on, or receive a distribution under, the Proposal.

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. The Debtor and/or the Trustee reserve the right to seek the assistance of the Court in valuing any Claim, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Unsecured Creditor under the Proposal, as the case may be.

ARTICLE 4

CREDITORS' MEETING

4.1 Creditors' Meeting

On the Creditors' Meeting Date, the Debtor shall hold the Creditors' Meeting in order for the 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 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 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 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 for herein, each Creditor will be entitled to vote to the extent of the amount that is equal to that 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.

4.6 Approval by Equipment Financiers

In order that the Proposal be binding on Equipment Financiers in accordance with the BIA, it must first be accepted by the Equipment Financiers by a majority in number of Equipment Financiers 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 Equipment Financiers who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

4.7 Approval by Unsecured Creditors

In order that the Proposal be binding on Unsecured Creditors in accordance with the BIA, it must first be accepted by the Unsecured Creditors by a majority in number of 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 who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

4.8 Appointment of Inspectors

At the Creditors' Meeting the 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 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

AMENDMENTS AND MODIFICATIONS

5.1 Amendment of Proposal

The Debtor reserves the right, with the consent of the Trustee, to amend the Proposal at any time and re-submit it to the Creditors and the Proposal may be amended among the Debtor and the Classes at any Creditor meeting.

5.2 Modification of Proposal

After the Creditor Meeting, the Proposal may be modified from time to time:

- (a) if the amendment is considered by the Trustee and the Inspectors to be non-substantive in nature, with the approval of the Trustee and the majority of the Inspectors;
- (b) upon a vote conducted by the Trustee at a further meeting of Creditors and upon Court Approval; or
- (c) by the Court at any time on application of the Debtor or the Trustee and upon notice to those determined by the Debtor to be directly affected by the proposed modification, whether a Creditor or not.

5.3 Waiver

Any provision of the Proposal may be waived, with the consent of the Trustee, by an affected Creditor or by an affected Class of Creditors.

ARTICLE 6

PAYMENT OF CERTAIN CREDITORS

6.1 Administrative Fees and Expenses

The Administrative Fees and Expenses shall be paid in full.

6.2 Payment of Employee Creditors

The Proven Claims, if any, of the Employee Creditors shall be paid within 20 Business Days of the date the Approval Order is made.

6.3 Payment of Source Deduction Creditors

Unless Her Majesty agrees otherwise, the Proven Claims, if any, of the Source Deduction Creditors shall be paid within six months of the date the Approval Order is made.

ARTICLE 7

EQUIPMENT FINANCIERS

The Equipment Financiers hereby agree that no further payments are required from the Debtor in 2014, which payments will be deferred as set out below.

Beginning in January 2015, the Debtor will make payments direct to the applicable Equipment Financier in the ordinary course of business and in accordance with the terms of each applicable equipment loan.

The maturity date for each applicable equipment loan be and is hereby extended by the number of months for which no payment was made in 2014 (the "**Extension Period**").

During the Extension Period, the Debtor will make the monthly payment(s) that was otherwise payable in 2014 but which has been deferred pursuant to this Proposal.

Any additional interest payable, if any, arising from the deferral will be paid together with the final payment made in the Extension Period. The requirement to pay additional interest is conditional upon the Equipment Financier providing notice to the Debtor in writing 30 days prior to such payment of the requirement to pay additional interest and the amount of the interest to be paid.

ARTICLE 8

UNSECURED CREDITORS

Each Unsecured Creditors will receive payments equal to:

- (a) 100% of its Proven Claim up to a maximum of \$2,000; and
- (b) such further amount until the aggregate amount paid to the Unsecured Creditor equals 10% of its Proven Claim.

which payments will be disbursed in accordance with Article 9.2 herein.

ARTICLE 9

DISTRIBUTION

9.1 By the Debtor to the Trustee

The Debtor will pay sufficient funds to the Trustee so that the Trustee can make the payments contemplated herein.

9.2 By the Trustee to the Creditors

Subject to Article 6 herein, payments will be made by the Trustee to the Creditors as follows:

- (a) first, to each Preferred Creditor in respect of that Preferred Creditor's Proven Claim in the priority established by the BIA;
- (b) second, to each Unsecured Creditor, 100% of its Proven Claim up to a maximum of \$2,000 payable within 90 days of the date the Approval Order is made; and
- (c) third, to each Unsecured Creditor such further amounts until the aggregate amount paid to the Unsecured Creditor equals 10% of its Proven Claim, which further payments will be paid within three years following the date of the Approval Order. Payments will be made semi-annually in equal installments with the first payment being made on the date that is six months following the date of the Approval Order.

9.3 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 and the Trustee shall remit the amount of such levy to the Office of the Superintendent of Bankruptcy contemporaneous with the distributions to Unsecured Creditors contemplated in Article 9.1.

9.4 Discharge of Trustee

Upon the payment by the Trustee of the amounts contemplated in this Article 9, the Trustee shall have discharged its duties as Trustee and the Trustee shall be entitled to apply for its discharge as Trustee. For greater certainty, the Trustee will not be responsible or liable for any obligations of the Debtor and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default.

ARTICLE 10

MISCELLANEOUS

10.1 Compromise Effective for all Purposes

The provisions of this Proposal will be binding upon each Creditor, their heirs, executors, administrators, successors and assigns, for all purposes.

10.2 Modification of Proposal

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

After the Creditor Meeting, the Proposal may be modified from time to time:

- (a) if the amendment is considered by the Trustee and the Inspectors to be non-substantive in nature, with the approval of the Trustee and the majority of the Inspectors;
- (b) upon a vote conducted by the Trustee at a further meeting of Creditors and upon Court Approval; or
- (c) by the Court at any time on application of the Company or the Trustee and upon notice to those determined by the Company to be directly affected by the proposed modification, whether a Creditor or not.

10.3 Consents, Waivers and Agreements

In return for the distribution contemplated by the Proposal, the 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 Filing 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 Filing Date (other than those entered into by the Debtor on, or with effect from, the Filing 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, 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 Filing 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 Creditors contemplated in this Proposal.

10.4 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) acceptance of the Proposal by the class of Unsecured Creditors;
- (b) acceptance of the Proposal by the class of Equipment Financiers;
- (c) obtaining of the Approval Order and it becoming final and not subject to appeal;
- (d) all Claims have become Proven Claims.

10.5 Effect of Proposal on Claims Against Debtor

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

10.6 Continuation of the Stay of Proceedings

The stay of proceedings provided for in Section 69.1(1) of the BIA will be continued after the Approval Order is made in full force and effect as against the Creditors.

10.7 Effect of Proposal on Claims Against Directors

Excluding any Claim referenced in subsection 50(14) of the BIA, to the extent that Directors are at law liable for any Claim, acceptance of this Proposal shall constitute (a) a full, final and absolute settlement of all rights of the holders of the Claims affected hereby as against the Director; and (b) an absolute release and discharge of all indebtedness, liabilities and obligations of the Director of or in respect of the Claims.

10.8 Conduct of Debtor's Business

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

ARTICLE 11

GENERAL

11.1 Notices

Any notices or communication 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 e-mail (except for Proofs of Claim which may only be sent by personal delivery, e-mail or registered mail) addressed to the respective parties as follows:

- (a) if to the Debtor:

c/o Gowling Lafleur Henderson LLP
Suite 2300, 550 Burrard Street
Vancouver BC V6C 2B5

Attention: Scott Andersen
E-mail: scott.andersen@gowlings.com

- (b) if to the Trustee:

Boale Wood & Company Ltd.
1140 - 800 West Pender Street
Vancouver, BC, V6C 2V6

Attention: John McEown
E-mail : jmceown@boalewood.ca

- (c) if to a Creditor, to the mailing address or e-mail address for such Creditor specified in the Proof of Claim filed by such Creditor or, if no proof of Claim has been filed, to such other mailing address or e-mail address at which the notifying party may reasonably believe that the Creditor may be contacted; and

or to such other mailing address or e-mail address 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 or by e-mail 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 by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and in to 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.

11.2 Foreign Currency Obligations

For purposes of this Proposal, 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 Filing Date.

11.3 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.

11.4 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

11.5 Deeming Provisions

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

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of September, 2014.

BLO PLASTIX INC.

Per: 
Name: AMIN RAJANI
Title: V. PRESIDENT