



INSOLVENCY CONSULTANTS & TRUSTEE IN BANKRUPTCY

1140 - 800 W Pender Street  
Vancouver, BC V6C 2V6  
Tel 604 605 3335  
Fax 604 605 3359  
www.boalewood.ca

August 29, 2014

To the Creditors of Blo Plastix Inc.

Dear Sirs/Mesdames:

**Re: In the Matter of the Proposal of Blo Plastix Inc.**

Please find enclosed the following documents for your review:

1. Notice of Proposal to Creditors
2. Certificate of Filing a Proposal
3. Trustee's Report to Creditors on Proposal
4. Proposal
5. Statement of Affairs (Summary) and List of Creditors
6. Voting Letter
7. Proof of Claim, Proxy and Instructions

To be entitled to vote the Trustee must receive your proof of claim prior to the creditors meeting as set out below. You can vote either in person or by sending your proof of claim and voting letter via mail or facsimile 604-605-3359 to the Trustee prior to the meeting date and time. You may also appoint a representative as your proxy to vote at the meeting on your behalf.

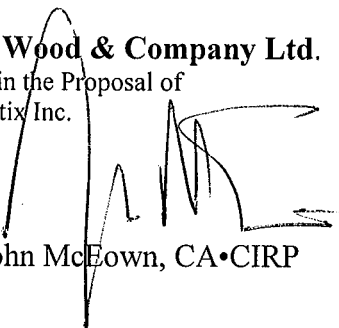
**Meeting of Creditors**

Date and Time: **Thursday, September 11, 2014 at 2:00 p.m.**  
 Place: 2<sup>nd</sup> Floor Boardroom  
 Address: 230 - 830 West Pender Street, Vancouver, BC

Should you have any questions regarding the report or the terms of the Proposal, please contact John McEown.

Yours very truly,

**Boale, Wood & Company Ltd.**  
 Trustee in the Proposal of  
 Blo Plastix Inc.



Per: John McEown, CA•CIRP



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Tel 604 605 3335  
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District of: British Columbia  
Division No: 3  
Court No: B-140992  
Estate No: 11-1893526

FORM 92

**Notice of Proposal to Creditors**

(Section 51 of the Act)

In the Matter of the proposal of BLO PLASTIX INC.

Take notice that BLO PLASTIX INC. of the city of Richmond in the Province of British Columbia has lodged with me a proposal under the Bankruptcy and Insolvency Act.

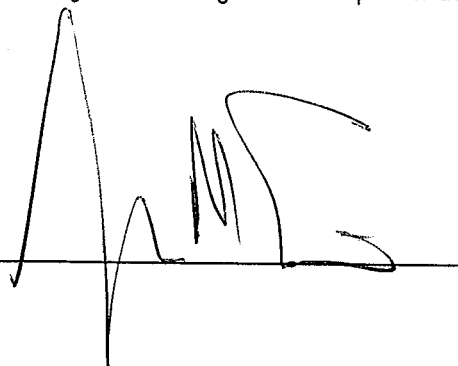
A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.

A general meeting of the creditors will be held at 2nd Floor Boardroom, 230 - 830 West Pender Street, Vancouver, British Columbia, V6C 1J8 on the 11th day of September, 2014 at the hour of 02:00 PM.

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, proxies and voting letters intended to be used at the meeting must be lodged with me prior to the commencement of the meeting.

Dated at Vancouver, British Columbia, this 29th day of August, 2014.

Trustee 



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of British Columbia  
Division No. 03 - Vancouver  
Court No. 11-1893526  
Estate No. 11-1893526

In the Matter of the Proposal of:

**BLO PLASTIX INC.**  
Debtor

**BOALE, WOOD & COMPANY LTD.**  
Trustee

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Date of Proposal:	August 21, 2014	Security:	\$
Meeting of Creditors:	September 11, 2014, 14:00 230 - 830 West Pender Street, 2nd floor Vancouver, British Columbia Canada,		
Chair:	Trustee		

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CERTIFICATE OF FILING OF A PROPOSAL - Section 62

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that:

- a proposal in respect of the aforementioned debtor was filed under section 62 of the *Bankruptcy and Insolvency Act*.

The aforementioned trustee is required:

- to provide to me, without delay, security in the aforementioned amount; and
- to send to all creditors, at least ten days prior to the meeting, a notice of a meeting of creditors, which will be held at the aforementioned time and place.

Date: August 24, 2014, 12:01

E-File/Dépôt Electronique

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902

**Canada**



INSOLVENCY CONSULTANTS & TRUSTEE IN BANKRUPTCY

1140 – 800 W Pender Street  
Vancouver, BC V6C 2V6  
Tel 604 605 3335  
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**Court No. B140992**  
**Estate No. 11-1893526**  
**Vancouver Registry**

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

**IN THE MATTER OF THE PROPOSAL OF  
BLO PLASTIX INC.**

**TRUSTEE'S REPORT TO CREDITORS**

Blo Plastix Inc. ("Blo Plastix" or the "Company") filed a Notice of Intention to Make a Proposal ("NOI") to its Creditors on July 22, 2014 and Boale, Wood & Company Ltd. was named Trustee. On August 21, 2014 Blo Plastix filed a Proposal to its Creditors. This report has been prepared by Boale, Wood & Company Ltd. in its capacity as Trustee in the Matter of the Proposal of the Company based on information available as at August 29, 2014.

**BACKGROUND**

Blo Plastix Inc. operates an environmentally friendly plastic bottle and container manufacturing business that was founded in September 2000 and commenced operations in 2001.

The business grew steadily and by 2010 annual gross sales exceeded \$7 million and the Company had no debt. To accommodate the growth the operations were relocated in 2012 to its current premises located in Richmond, BC. The relocation costs were significant and the company also acquired new equipment to increase the production capacity.

In 2013 sales started to decrease resulting in cash flow difficulties that impacted on the Company's ability to pay its creditors on time, including the landlord. In June 2014 the Company's largest customer notified the Company that it would no longer be purchasing products from Blo Plastix.

Due to the loss of this major customer and the high cost of rent, Blo Plastix was unable to keep current with its obligations.

In the Matter of the Proposal of  
Blo Plastix Inc.

Trustee's Report to Creditors

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On July 22, 2014 the Company filed a NOI and on August 21, 2014 filed a Proposal with the Office of the Superintendent of Bankruptcy.

### **SUMMARY OF SIGNIFICANT PROPOSAL TERMS**

The significant Proposal terms are as follows:

#### ***Sale of Assets***

- On or before November 30, 2014, the Company will with the assistance of the Trustee and/or Receiver, make efforts to sell all of the assets and undertaking of the Company. The assets will be offered for sale en bloc and separately with a view to maximizing the amount realized.
- Boale, Wood & Company Ltd. will be appointed as Receiver of the Company's assets that is collateral of one or more of the secured creditors or equipment financiers.
- The Receiver will make best efforts to conclude the sale(s) of the collateral.

#### ***Distribution of Funds***

The funds from the sale of the assets will be distributed as follows:

- Firstly, in respect of any amounts due to Her Majesty the Queen in Right of Canada or a Province of a kind which could be subject to a demand under sub-section 224(1.2) of the *Income Tax Act* or under any substantially similar provision of provincial legislation and that were outstanding at the time of the filing date will be paid in full within 6 months of the date of court approval of the Proposal.

The records of the Company do not reflect any amount owing under this section.

- Secondly, in respect of the sales commissions, charges and expenses arising from the sale of the assets and the fees and expenses (including legal fees and disbursements) of the Receiver.
- Thirdly, in respect of the secured claims of any employees that shall be paid in full within 20 business days of the date of court approval of the Proposal.

In the Matter of the Proposal of  
Blo Plastix Inc.

Trustee's Report to Creditors

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- Fourthly, in respect of the claims of the secured creditors (excluding equipment financiers) that will be paid in full on or before November 30, 2014.
- Fifthly, in respect of the claims of equipment financiers that will be paid in full on or before November 30, 2014. Otherwise the obligations will be assumed by a purchaser with the consent of the affected equipment financier.
- Sixthly, in respect of the Trustee's proper fees and disbursements.
- Seventhly, in respect of the preferred claim of the landlord as set out in Section 136(1)(f) of the BIA which payments shall be made forthwith upon Court Approval of the Proposal.

The records of the Company reflect that there is approximately \$60,290 owing to the landlord under this section.

- Eighthly, in respect of any other preferred claims as set out in Section 136 of the BIA.

The Trustee is not aware of any other obligations the Company has to creditors that are preferred pursuant to Section 136 of the BIA.

- Ninthly, in respect of payment to each unsecured creditor, 100% of its proven claim up to a maximum of \$2,000.
- Finally, the balance will be distributed to the unsecured creditors on a pro rata basis.

***Approval by Secured Creditors/Equipment Financiers***

Secured Creditors and Equipment Financiers will not be prejudiced by any proposed sale which must either be with the written consent of the affected creditor or will be for a price that is sufficient to satisfy in full the claim of that creditor.

**FINANCIAL POSITION**

The Company has prepared a cash flow projection for the period August 21, 2014 to November 30, 2014 for the Trustee which is based on an injection of funds from a potential investor/purchaser. The cash flow projection indicates that the Company is able

In the Matter of the Proposal of  
Blo Plastix Inc.

Trustee's Report to Creditors

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to cover its ongoing operating costs and to pay the Secured Creditors (excluding Equipment Financiers) by the end of November 2014.

The cash flow projection is predicated on the following two critical assumptions:

1. The investor/purchaser injects cash totalling \$1,000,000 that will be used to cover ongoing operating costs and pay down the amounts owed to the Secured Creditors.
2. The lease is reinstated and therefore the Company is able to continue to occupy the premises and possibly assign the lease to an en bloc purchaser.

If the investor/purchaser does not inject the cash and/or arrangements cannot be made with the landlord to continue to occupy the premises, the Proposal will not succeed and there will likely be a significant shortfall to the Secured Creditors and no funds available for the unsecured creditors.

## **LEGAL MATTERS**

Following the filing of the NOI the Company and the Trustee made contact with the landlord's representative to arrange for the payment of rent from the date of the NOI forward. The Company had proposed to pay the rent from the cash on hand, receivable collections and initial cash injection by the investor/purchaser. The Company was not in a position to pay the full amount of the rent that became due on August 1, 2014 due to holds that the bank had placed on receivable payments from US customers as well as the expected timing of the cash injection from the investor/purchaser.

The landlord was unwilling to allow the rent to be paid late and as a result of the rent due on August 1, 2014 not being paid, the landlord sent the Company a notice of default dated August 2, 2014 and subsequently sent notice of the termination of the lease when the default wasn't cured.

The Company's legal counsel made a short leave application to Court on August 26, 2014 for relief of forfeiture and reinstatement of the lease. The hearing was scheduled for August 29, 2014, however, the parties have agreed to delay the matter being heard until September 4, 2014.

Based on the outcome of that hearing, the terms of the Proposal may be amended.

In the Matter of the Proposal of  
Blo Plastix Inc.

Trustee's Report to Creditors

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## **ASSETS**

The following is a summary of the assets declared by Blo Plastix on the sworn Statement of Affairs.

### ***Office Furniture, Fixtures & Equipment***

Blo Plastix has valued its office furniture, fixtures and equipment at \$10,000 on the Statement of Affairs. The value is based on the amount estimated by management to be realized in a liquidation of these assets.

The Trustee has not obtained an independent valuation of the office furniture, fixtures and equipment, but based on experience believes the recovery in a liquidation would likely not exceed \$10,000.

### ***Cash in Bank***

At the date of this report the Trustee had a balance in its Trust account of \$19,350 that was advanced to the Trustee by the Company prior to the filing of the Proposal.

At the date of this report the Company had a balance of \$57,152.55 in its Canadian dollar operating account with Vancity. This relates to the previous balance of \$92,558.88 on August 23, 2014, which was communicated to TD Bank, less payment of post-filing overhead payables, payroll and insurance.

The Company additionally has a balance of \$9,668.13 in its US dollar account with Vancity after payment of post-filing payables.

### ***Inventory***

The Company owns inventory valued on the Statement of Affairs at \$500,000. This is management's estimate of the orderly liquidation value of the inventory.

In a bankruptcy, the Trustee estimates that the forced liquidation value of the inventory would be likely between \$100,000 and \$200,000.

### ***Owned Plant & Equipment***

The Company owns equipment valued on the Statement of Affairs at \$1,285,000. This is



In the Matter of the Proposal of  
Blo Plastix Inc.

Trustee's Report to Creditors

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management's estimate of the orderly liquidation value of the equipment.

In a bankruptcy, the Trustee estimates that the forced liquidation value of this equipment would be between \$400,000 and \$600,000 based on conversations with Blake Joiner of Joiner Sales Corp. This estimate of realization excludes liquidation fees and disbursements.

### ***Leased Plant & Equipment***

The Company leases equipment valued on the Statement of Affairs at \$818,785. This is management's estimate of the orderly liquidation value of the equipment.

The lessees holding secured claims against this equipment include TD Equipment Finance Canada Inc., North Shore Leasing Ltd., Roynat Inc., National Leasing Group Inc. and Cisco Systems Capital Canada Co.

In a bankruptcy, the Trustee estimates that the forced liquidation value of this equipment would be between \$500,000 and \$600,000 based on discussions with Blake Joiners of Joiner Sales Corp. This estimate of realization excludes liquidation fees and disbursements.

### ***Account Receivables***

The Company's account receivables are valued at \$130,000 on the Statement of Affairs. The Company has valued the account receivables based on the book value of \$171,642 less an allowance of \$41,642 for uncollectible amounts.

In a bankruptcy, the Trustee estimates the recovery from the collection of the account receivables to be between \$60,000 and \$80,000.

## **DEEMED TRUST CLAIMS & SECURED CREDITORS**

### ***Canada Revenue Agency ("CRA")***

We are advised by Mr. Rajani, the Director of the Company, that at the date of filing of the NOI, the Company did not have any outstanding amounts owing for payroll deductions. Any amount owing to CRA for payroll deductions, including the employer portions (plus interest and penalties) would be a deemed trust claim that ranks in priority

In the Matter of the Proposal of  
Blo Plastix Inc.

Trustee's Report to Creditors

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to all other creditors, including secured creditors. In a Proposal, these amounts are required to be paid in full within 6 months of Court Approval of the Proposal.

***Business Development Bank of Canada ("BDC")***

BDC holds a General Security Agreement over all of the property of Blo Plastix that was registered on August 10, 2001 in the Personal Property Registry.

According to the records of Blo Plastix, BDC is owed approximately \$485,000.

***The Toronto Dominion Bank ("TD Bank")***

TD Bank holds a General Security Agreement over all of the property of Blo Plastix that was registered on February 5, 2013 in the Personal Property Registry. TD Bank has a first charge against the account receivables and inventory of the Company pursuant to a registered priority agreement with BDC.

According to the records of Blo Plastix, TD Bank is owed approximately \$500,000.

***Azzar Trading Corporation ("Azzar")***

Azzar holds a General Security Agreement over all of the property of Blo Plastix that was registered on September 17, 2013 in the Personal Property Registry. Azzar has informed us that the original security was given on June 10, 2003 but lapsed prior to re-registration in 2013. Azzar's security falls behind that of BDC and TD Bank.

According to the records of Blo Plastix, Azzar is owed approximately \$900,000.

***Employees***

Pursuant to the provisions of the Bankruptcy and Insolvency Act, employees have a secured claim over the current assets of the employer company to a limit to \$2,000 for each employee for outstanding wages and vacation pay due for the 6 month period preceding the date of bankruptcy or the date of the Proposal. The claim ranks in priority to all other secured claims against the current assets with the exception of the claim by Canada Revenue Agency for source deductions.

In the Matter of the Proposal of  
Blo Plastix Inc.

Trustee's Report to Creditors

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At the date of filing the Proposal the employee wages were current, accordingly, there are no amounts owed to employees with the exception of vacation pay which is paid out in ordinary course of business when vacations are taken.

In a bankruptcy the Trustee estimates the total secured claims of the Employees to be approximately \$12,000.

### **EQUIPMENT FINANCIERS**

#### ***TD Equipment Finance Canada Inc. ("TD Finance")***

TD Finance holds specific security against leak detector equipment, laser coding equipment, palletizer equipment, conveyor equipment and accessories which was registered in the Personal Property Registry on August 20, 2008 and March 28, 2012.

According to the records of Blo Plastix, TD Finance is owed approximately \$520,000.

#### ***North Shore Leasing Ltd. ("NS Leasing")***

NS Leasing holds specific security against blow moulding machinery and accessories which was registered in the Personal Property Registry on November 8, 2011.

According to the records of Blo Plastix, NS Leasing is owed approximately \$210,000.

#### ***Roynat Inc. ("Roynat")***

Roynat holds specific security against wrapping and leak detector equipment and accessories which was registered in the Personal Property Registry on December 22, 2011 and March 21, 2012.

According to the records of Blo Plastix, Roynat is owed approximately \$73,000.

#### ***National Leasing Group Inc. ("National")***

National holds specific security against a security system and accessories which was registered in the Personal Property Registry on September 17, 2013.

According to the records of Blo Plastix, National is owed approximately \$51,000.

In the Matter of the Proposal of  
Blo Plastix Inc.

Trustee's Report to Creditors

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***Cisco Systems Capital Canada Co. ("Cisco")***

Cisco holds specific security against a telephone system and accessories which was registered in the Personal Property Registry on July 18, 2012.

According to the records of Blo Plastix, Cisco is owed approximately \$42,000.

If Blo Plastix is successful in organizing an en bloc sale of the assets, the proceeds of the sale should be sufficient to pay out the amounts owed to the equipment financiers. Alternatively the en bloc purchaser could take an assignment of the equipment loan agreements.

**OTHER CREDITORS**

***Landlord***

At the date of filing the NOI the landlord, HPWC 1700 No 6 Rd GP, was owed approximately \$89,000 for outstanding rent for July 2014. Pursuant to the provisions of the BIA the landlord has a preferred claim for rent arrears for the 3 month period prior to the filing of the NOI.

The landlord has not been paid any subsequent rent as it has been unsuccessful in making arrangements with the landlord for continued occupancy. The total amount outstanding to the landlord to August 31, 2014 is approximately \$180,000.

As indicated earlier in this report, the Company is still hopeful that arrangements can be made to continue to occupy the premises at least until the end of November 2014.

***Unsecured Creditors***

The Company's indebtedness to unsecured creditors as shown on the Statement of Affairs is approximately \$2,335,000.

**CONDUCT OF THE DEBTOR**

The Trustee has not had any evidence of the debtor being a party to any preferential payments or transfers at undervalue.



In the Matter of the Proposal of  
Blo Plastix Inc.

Trustee's Report to Creditors

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### **TRUSTEE'S FEES**

The Trustee has received a retainer from the Company totalling \$30,000 to be used towards its fees and disbursements.

### **ESTIMATED REALIZATION - BANKRUPTCY VS. PROPOSAL**

The Trustee has prepared a schedule comparing a bankruptcy to the Proposal which is attached hereto as Schedule A.

The Proposal scenario assumes that the Company is successful in reinstating the lease and therefore is able to continue to occupy the premises to facilitate and orderly sale of the assets. The Trustee estimates the unsecured creditors will receive between 0 and 8 cents on the dollar in this scenario.

The bankruptcy scenario assumes that the Trustee can only occupy the premises until October 15, 2014. In this scenario it is expected that the Secured Creditors will suffer a substantial shortfall and therefore no funds will be available to distribute to the unsecured creditors.

### **TRUSTEE RECOMMENDATION**

The Trustee recommends that the creditors accept this Proposal for the following reasons:

- Should this Proposal not be accepted the Company will be bankrupt and the Secured Creditors will suffer a substantial shortfall and the unsecured creditors will have no opportunity of receiving a dividend.
- If the Proposal is accepted the secured creditors will likely be paid in full, with the possible exception of Azzar and the unsecured creditors may receive a dividend of up to approximately 8 percent of their claim.



In the Matter of the Proposal of  
Blo Plastix Inc.

Trustee's Report to Creditors

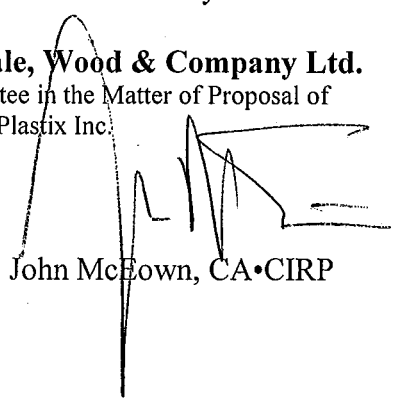
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DATED AT the City of Vancouver, this 29<sup>th</sup> day of August, 2014.

**Boale, Wood & Company Ltd.**

Trustee in the Matter of Proposal of  
Blo Plastix Inc.

Per: John McEown, CA•CIRP

A handwritten signature in black ink is written over the text "Per: John McEown, CA•CIRP". The signature is stylized and appears to be "John McEown".

**In the Matter of the Proposal of  
BLO PLASTIX INC.**

**Statement of Estimated Realization**

	Bankruptcy		Proposal	
	Low	High	Low	High
<b>Estimated Receipts</b>				
Funds in Trustee's Account	19,350	19,350	19,350	19,350
Cash in Bank	67,594	67,594	67,594	67,594
Sale of Plant & Equipment (Owned)	500,000	700,000	1,200,000	1,800,000
Sale of Plant & Equipment (Leased)	500,000	600,000	896,000	896,000
Sale of Inventory	100,000	200,000	400,000	600,000
Collection of Account Receivables	60,000	80,000	100,000	130,000
Sale of Office Furniture, Fixtures & Equipment	3,000	7,000	5,000	10,000
	<u>1,249,944</u>	<u>1,673,944</u>	<u>2,687,944</u>	<u>3,522,944</u>
<b>Estimated Disbursements</b>				
Trustee's Fees	20,000	15,000	20,000	15,000
Receiver's Fees	40,000	30,000	40,000	30,000
Trustee's Disbursements	4,000	2,000	4,000	2,000
Receiver's Disbursements	4,000	2,000	4,000	2,000
Rent and Overhead Expenses	251,210	251,210	384,710	295,710
Payroll	20,000	10,000	60,000	50,000
Other Payables	15,000	10,000	20,000	15,000
Utilities	20,000	15,000	35,000	30,000
Insurance	15,000	10,000	21,000	19,000
Interest	-	-	30,000	25,000
Legal Fees	-	-	10,000	5,000
	<u>389,210</u>	<u>345,210</u>	<u>628,710</u>	<u>488,710</u>
Available for Distribution	<u>860,734</u>	<u>1,328,734</u>	<u>2,059,234</u>	<u>3,034,234</u>
<b>Estimated Distribution</b>				
<b>Secured Creditors</b>				
Employees	15,000	10,000	-	-
TD Bank Loan	236,900	369,393	500,000	500,000
BDC Loan	229,793	358,312	485,000	485,000
Equipment Financiers	379,041	591,029	896,000	896,000
Azzar Trading Corporation	-	-	178,234	900,000
	<u>860,734</u>	<u>1,328,734</u>	<u>2,059,234</u>	<u>2,781,000</u>
<b>Preferred Creditors</b>				
Landlord	-	-	-	60,290
	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,290</u>
Available for Unsecured Creditors	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,944</u>
Unsecured Claims (as per Statement of Affairs)	2,335,567	2,335,567	2,335,567	2,335,567
Payment of first \$2,000 of each Unsecured Claim	-	-	-	22,268
Distribution on balance of Unsecured Claims	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,677</u>
Total distribution to Unsecured Claims	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,944</u>
Approximate % Dividend to Unsecured Claims	0.0%	0.0%	0.0%	8.3%

Note 1. The estimated realization in the Proposal scenario is based on an orderly liquidation of the assets on the premises and assumes that the secured creditors share proportionately in the shortfall.

Note 2. The estimated realization in the bankruptcy scenario is based on a forced liquidation of the assets onsite with occupancy on the premises until October 15, 2014 and assumes that the secured creditors share proportionately in the shortfall.

**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**

**PROPOSAL OF BLO PLASTIX INC.**

The Debtor hereby submits the following Proposal to all of its Secured Creditors, 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) **“Implementation Date”** means the Business Day selected by the Trustee that is no less than 5 Business Days and no more than 40 Business Days after the date upon which the conditions set forth in Article 10.4 have been satisfied;
- (q) **“Inspectors”** means one or more inspectors appointed pursuant to the BIA as provided for in the Proposal;
- (r) **“Landlord”** means HPWC 1700 No. 6 Road General Partnership;
- (s) **“Official Receiver”** shall have the meaning ascribed thereto in the BIA;
- (t) **“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;

- (u) **"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.
- (v) **"Premises"** means the portion of a building situated on lands having a civic address of 1700 No. 6 Road, Richmond, and legally described as Parcel Identifier 004-033-221, Lot 1, Section 16, Block 5 North, Range 5 West, New Westminster District, Plan 71665 owned by the Landlord and previously leased by the Debtor;
- (w) **"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;
- (x) **"Proposal"** means this proposal together with any amendments or additions thereto;
- (y) **"Proposal Date"** means the date of the filing of the Proposal with the Official Receiver;
- (z) **"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;
- (aa) **"Receiver"** means Boale Wood & Company Ltd., in its capacity as the Receiver of all of the Debtor's assets that is Collateral of one or more of the Secured Creditors, or its duly appointed successor or successors;
- (bb) **"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;
- (cc) **"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;
- (dd) **"Trustee"** means Boale Wood & Company Ltd. in its capacity as the Trustee in the Proposal, or its duly appointed successor or successors;
- (ee) **"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
- (ff) **"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 Secured Creditors;
- (b) the Equipment Financiers; and
- (c) the Unsecured Creditors.

## **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 Secured Creditors**

In order that the Proposal be binding on Secured Creditors in accordance with the BIA, it must first be accepted by the Secured Creditors by a majority in number of Secured 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 Secured Creditors 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 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.

#### **4.8 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.

#### **4.9 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

### ASSET SALES & PAYMENT OF PROCEEDS

#### 6.1 Secured Creditors

The Claims of Secured Creditors will be paid in full on or before November 30, 2014.

#### 6.2 Equipment Financiers

On or before November 30, 2014, the Claims of Equipment Financiers will be paid in full or the obligations will be assumed by a purchaser with the consent of the affected Equipment Financier.

#### 6.3 Unsecured Creditors

Whatever surplus proceeds exist from the realization of the Debtor's Assets after payment of:

- (a) all sales commissions, charges or expenses arising from the sale of the Assets;
- (b) the fees and expenses, including legal fees and disbursements, of the Receiver
- (c) the Claims of Secured Creditors;
- (d) the Claims of Equipment Financiers; and
- (e) the Administrative Fees and Expenses.

Any surplus proceeds that remain after payment of the above commissions, charges, expenses and Claims, will be held by the Trustee and disbursed to Unsecured Creditors on the terms set out herein.

#### 6.4 Asset Sales to Fund Proposal & Encumbered Assets

On or before November 30, 2014, the Debtor will with the assistance of the Trustee and/or Receiver, make efforts to sell all of the assets and undertaking of the Debtor. The assets will be offered for sale *en bloc* and separately with a view to maximizing the amount realized.

Secured Creditors and Equipment Financiers will not be prejudiced by any proposed sale which must either be with the written consent of the affected Creditor or will be for a price that is sufficient to satisfy in full the Claim of that Creditor. The sale will be concluded by a Receiver to be appointed as contemplated in Article 7 herein.

## **ARTICLE 7**

### **APPOINTMENT OF RECEIVER**

#### **7.1 Appointment of Receiver**

Boale Wood & Company Ltd. will be appointed Receiver of the Debtor's assets that is Collateral of one or more of the Secured Creditors or Equipment Financiers.

#### **7.2 Sales of Encumbered Assets by Receiver**

The Receiver will make best efforts to conclude the sale(s) of any of the Collateral.

#### **7.3 Surplus Proceeds from Sales by Receiver**

If there remains any surplus proceeds from any sale concluded by the Receiver after payment of:

- (a) all sales commissions, charges or expenses arising from the sale of the Assets;
- (b) the payments to Secured Creditors; and
- (c) the payments to Equipment Financiers;

the Receiver will then pay such surplus proceeds to the Trustee to be held for distribution pursuant to the terms of this Proposal.

## **ARTICLE 8**

### **PAYMENT OF CERTAIN CREDITORS**

#### **8.1 Administrative Fees and Expenses**

The Administrative Fees and Expenses shall be paid in full.

#### **8.2 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.

#### **8.3 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 9

### DISTRIBUTION

#### 9.1 Secured Creditors and Equipment Financiers

On or before November 30, 2014, payments will be made by the Receiver to the Secured Creditors and Equipment Financiers in accordance with the priorities that apply in respect of each Creditor's security.

The applicable Creditor will be paid within 10 Business Days following receipt, by the Receiver, of the sale proceeds arising from the sale of the Creditor's Collateral.

In the event that a balance remains owing to the Creditor after the sale of all of the Creditor's Collateral, the remaining balance owing will for distribution purposes, be treated as an unsecured Claim and will participate *pro rata* in any distribution to Unsecured Creditors.

#### 9.2 Unsecured Creditors

Payments will be made by the Trustee, on an interim basis at the discretion of the Trustee based on the availability of distributable proceeds, and in any event on the Implementation Date, 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; and
- (c) third, to each Unsecured Creditor *pro rata* based on the proportion that the Proven Claim of such Unsecured Creditor bears to the total Proven Claims of all Unsecured Creditors.

#### 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 9.2.

#### 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 Condition Precedent to Proposal**

A condition precedent to the proposal is that a court order is obtained, or an agreement is reached with the Landlord, granting the Receiver the right to use the Premises from the date of the Receiver's Appointment to and including November 30, 2014 or such other date as may be fixed by the Court or agreed by the parties, upon the Receiver's agreement to pay the Landlord the rent for that period of time at the rate previously paid to the Landlord by the Debtor.

#### **10.5 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 Secured Creditors;
- (c) acceptance of the Proposal by the class of Equipment Financiers;
- (d) obtaining of the Approval Order and it becoming final and not subject to appeal;
- (e) all of the Debtor's property that is, in the sole opinion of the Trustee/Receiver, capable of being realized has been realized and the proceeds have been received by the Trustee; and
- (f) all Claims have become Proven Claims.

### **10.6 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.

### **10.7 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 to and including November 30, 2014.

### **10.8 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.

### **10.9 Conduct of Debtor's Business**

Subject to any Order made by the Court and the contemplated appointment of a Receiver, 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 or Receiver:

**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 (5<sup>th</sup>) 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

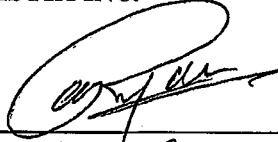
provisions of this Proposal is or are found to be void, voidable or unenforceable for any reason whatever, then the remainder of this Proposal and all other provisions shall be void and of no force or effect

**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 21st day of August, 2014.

**BLO PLASTIX INC.**

Per:   
Name: AMIN RAJANI  
Title: DIRECTOR.

District of: British Columbia  
 Division No: 3  
 Court No: B-140992  
 Estate No: 11-1893526

FORM 78

Statement of Affairs (Business Proposal)

(Subsections 50(2) and 62(1) of the Act)

In the Matter of the proposal of BLO PLASTIX INC.

Original

Amended

To the Debtor:

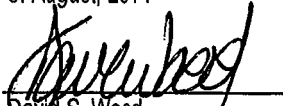
You are required to carefully and accurately complete this Form and the applicable attachments, showing the state of your affairs on the date of the filing of your proposal (or notice of intention if applicable), on the 21st day of August, 2014. When completed, this Form and the applicable attached lists will constitute your Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (As stated and estimated by Debtor)		
1.	Unsecured creditors as per list "A"	\$2,335,567.44
2.	Secured creditors as per list "B"	\$2,780,302.00
3.	Preferred creditors as per list "C"	\$126,400.00
4.	Contingent, trust claims or other liabilities as per list "D"	\$0.00
	estimated to be reclaimable for	\$0.00
<b>Total Liabilities</b>		<b>\$5,242,269.44</b>
<b>Surplus</b>		<b>\$0.00</b>

ASSETS (As stated and estimated by Debtor)		
1.	Inventory	\$500,000.00
2.	Trade fixtures, etc	\$0.00
3.	Accounts receivable and other receivables, as per List "E"	
	Good	\$110,000.00
	Doubtful	\$50,000.00
	Bad	\$11,642.00
	Estimated to produce	\$130,000.00
4.	Bills of exchange, promissory note, etc., as per List "F"	\$0.00
5.	Deposits in Financial Institutions	\$0.00
6.	Cash	\$75,000.00
7.	Livestock	\$0.00
8.	Machinery, equipment and plant	\$2,103,785.00
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	\$0.00
15.	Other property, as per List "H"	\$0.00
<i>If Debtor is a corporation, add:</i>		
	Amount of subscribed capital	\$0.00
	Amount paid on capital	\$0.00
	Balance subscribed and unpaid	\$0.00
	Estimated to produce	\$0.00
<b>Total Assets</b>		<b>\$2,818,785.00</b>
<b>Deficiency</b>		<b>\$2,423,484.44</b>

I, Amin Rajani, of BLO PLASTIX INC. of the City of Richmond in the Province of British Columbia, 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 its affairs on the 21st day of August, 2014 and fully disclose all property of every description that is in its possession or that may devolve on it in accordance with the Act.

SWORN (or SOLEMNLY DECLARED) before me at Vancouver in the Province of British Columbia, on this 21st day of August, 2014

  
 David S. Wood  
 Commissioner of Oaths  
 for the Province of British  
 Columbia

  
 Signature of Debtor

**DAVID S. WOOD**  
 A Commissioner for taking Affidavits  
 for the province of British Columbia  
 Expiry Date: Jan 31, 2017

Creditor List

Boale, Wood & Company Ltd.

Date of Report: 28/08/2014

BLO PLASTIX INC. OSB 11-1893526 File 11-1893526

VANCOUVER

Generated By: Kevin Owens

T	Creditor's Name and Address	Ref No	170 Report	Material Change	Amended Payments	Meeting Requested	Amount Declared	Amount Filed	Amount Admitted	CS
S	Azzar Trading Corporation 1700 NO.6 Rd, Richmond, British Columbia, V7X 1J5, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$900,000.00	\$0.00	\$0.00	N
S	Business Development Bank of Canada Ste.2100 Dept.PO BOX 6 505 Burrard, Vancouver, British Columbia, V7X 1M3, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$484,540.00	\$0.00	\$0.00	N
S	Cisco Systems Capital Canada Co. 100 - 1235 North Service Rd. W, Toronto, Ontario, L6M 2W2, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$42,000.00	\$0.00	\$0.00	N
S	National Leasing Group Inc. 1525 Buffalo Place, Winnipeg, Manitoba, R3T 1L9, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$51,000.00	\$0.00	\$0.00	N
S	North Shore Leasing Ltd 203 - 1111 Lonsdale Avenue, North Vancouver, British Columbia, V7M 2H4, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$210,162.00	\$0.00	\$0.00	N
S	Roynat Inc. Suite 1500, 4710 Kingsway St., Burnaby, British Columbia, V5H 4M2, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$72,600.00	\$0.00	\$0.00	N
S	TD Equipment Finance Canada Inc. 2020 Winston Park Dr. Ste 301, Oakville, Ontario, L6H 6X7, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$520,000.00	\$0.00	\$0.00	N
S	The Toronto Dominion Bank 421 - 7th Ave SW, 10th Floor, Calgary, Alberta, T2P 4K9, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$500,000.00	\$0.00	\$0.00	N
<b>Secured</b>			<b>Sub count of creditors</b>		<b>8</b>	<b>Sub Total</b>		<b>\$2,780,302.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
P	EMPLOYEE WAGE CLAIMS c/o Boale, Wood & Company Ltd. 1140 - 800 West Pender Street, Vancouver, British Columbia, V6C 2V6, Canada	Employee Wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$12,000.00	\$0.00	\$0.00	N
P	HPWC 1700 No 6 Rd GP c/o Hungerford Properties Suite 1088 - 550 Burrard Street, Vancouver, British Columbia, V6C 2B5, Canada	Landlord	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$114,400.00	\$87,971.24	\$0.00	R
<b>Preferred</b>			<b>Sub count of creditors</b>		<b>2</b>	<b>Sub Total</b>		<b>\$126,400.00</b>	<b>\$87,971.24</b>	<b>\$0.00</b>
U	Ameri-Can Logistic Ltd 32146 King Road, Abbotsford, British Columbia, V2T 5Z5, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$20,400.00	\$0.00	\$0.00	N
U	BC Hydro P.O. BOX 9501, Vancouver, British Columbia, V6B 4N1, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$20,920.67	\$0.00	\$0.00	N
U	CANADA REVENUE AGENCY - BFTSO Regional Intake Centre for Insolvency PO Box 11575, Station Main, Surrey, British Columbia, V3T 0E5, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$0.00	\$0.00	\$0.00	N
U	Conteco Molds and Plastics #4 - 23492 River Road, Maple Ridge, British Columbia, V2W 1B7, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$8,489.46	\$0.00	\$0.00	N
U	Controltec Industrial Automation Ltd 301 - 15268 18th Ave., Surrey, British Columbia, V4A 1W8, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$945.00	\$0.00	\$0.00	N
U	Crow Creative Group P.O BOX 6419 Terminal Station, Vancouver, British Columbia, V6B 6R3, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$14,086.80	\$0.00	\$0.00	N
U	Federal Express Canada P.O BOX 4626 Toronto Station A, Toronto, Ontario, M5W 5B4, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$3,210.07	\$0.00	\$0.00	N
U	Fraser Valley Refrigeration Ltd P.O BOX 337 26121 Fraser Hwy, Aldergrove, British Columbia, V4W 2T8, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$1,322.58	\$0.00	\$0.00	N
U	GF Inc. 2270 Portland St., Calgary, Alberta, T2G 4M6, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$8,137.50	\$0.00	\$0.00	N
U	MINISTER OF FINANCE AND CORP. RELATIONS Attn: COLLECTIONS SECTION Revenue Division PO Box 9445, Stn. Prov. Govt., Victoria, British Columbia, V8W 9V5, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$0.00	\$0.00	\$0.00	N
U	Plastic Technologies Inc. 1440 Timberwolf Dr. P.O BOX 964, Holland, Ohio, 43528-0964, USA		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$3,560.00	\$0.00	\$0.00	N
U	Resilux America LLC 265 John. B Brooks Road, Pendergrass, Georgia, 30567-, USA		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$2,202,930.86	\$0.00	\$0.00	N
U	Smythe Ratcliffe 7th Floor, Marine Building Burrard St., Vancouver, British Columbia, V6C 2G8, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$6,300.00	\$0.00	\$0.00	N
U	WORK SAFE BC Attn: COLLECTIONS 6951 Westminster Highway, Richmond, British Columbia, V7C 1C6, Canada	Account #695083	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$0.00	\$635.84	\$635.84	A



**Creditor List**

**Boale, Wood & Company Ltd.**

Date of Report: 28/08/2014

BLO PLASTIX INC. OSB 11-1893526 File 11-1893526

VANCOUVER

Generated By: Kevin Owens

T	Creditor's Name and Address	Ref No	170 Report	Material Change	Amended Payments	Meeting Requested	Amount Declared	Amount Filed	Amount Admitted	CS
U	World Wide Customs Brokers Ltd P.O BOX 2338, Calgary, Alberta, T2P 2M6, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$45,264.50	\$0.00	\$0.00	N
<b>Unsecured</b>			<b>Sub count of creditors</b>		15	<b>Sub Total</b>		\$2,335,567.44	\$635.84	\$635.84
			<b>Total count for all creditors</b>		25	<b>Grand Total</b>		\$5,242,269.44	\$88,607.08	\$635.84

District of: British Columbia  
Division No: 3  
Court No: B-140992  
Estate No: 11-1893526

FORM 37

**Voting Letter (Division I Proposal)**

(Paragraphs 51(1)(f) of the Act)

In the Matter of the proposal of BLO PLASTIX INC.

I, \_\_\_\_\_, creditor (or I, \_\_\_\_\_, representative of \_\_\_\_\_, creditor), of \_\_\_\_\_ (name of town or city), a creditor in the above matter for the sum of \$ \_\_\_\_\_, hereby request the trustee acting with respect to the proposal of BLO PLASTIX INC., to record my vote \_\_\_\_\_ (for or against) the acceptance of the proposal as made on the 21st day of August, 2014.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Name of Corporate Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Per:  
Name and Title of Signing Officer



TRUSTEE IN BANKRUPTCY
#1140 - 800 West Pender Street
Vancouver, BC V6C 2V6

Tel: (604) 605-3335
Fax: (604) 605-3359
www.boalewood.ca

FORM 31
Proof of Claim

(Section 50.1, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 81.5, 81.6, 102(2), 124(2), 128(1),
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

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

In the Matter of the Bankruptcy (or Proposal, or Receivership) of
(Name of debtor) of
and the claim of
, creditor.

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

- 1. That I am a creditor of the above-named debtor (or that I am
(state position or title) of
(name of creditor or representative of the 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 bankruptcy (or the date of the receivership, or in the case of a proposal, the
date of the notice of intention or of the proposal, if no notice of intention was filed), namely the
day of
, 2014, and still is, indebted to the creditor in the sum of \$
, as specified in the
statement of account (or affidavit) 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 a securities firm customer as 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.)

Form 31 - Continued

( ) 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 (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of section 4 of the Act, and have (or has) (or have not or 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, 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 subsection 2(1) of the Act: (Provide details of payments, credits and transfers at undervalue.)

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

( ) 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 \_\_\_\_\_, 2014.

Creditor \_\_\_\_\_ Witness \_\_\_\_\_
Phone Number: \_\_\_\_\_
Fax Number: \_\_\_\_\_
Email Address: \_\_\_\_\_

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.

NOTE: If a copy of this Form is sent electronically by means such as email, the name and contact information of the sender, prescribed in Form 1.1, must be added at the end of the document.

INSTRUCTIONS: Instructions on how to complete the proof of claim form can be found at www.boalewood.ca under the forms tab.

FORM 36
GENERAL PROXY

(Where A Creditor is a Corporation, the Proxy Must be Completed and Signed in the Corporate Name)

IN THE MATTER OF THE BANKRUPTCY / PROPOSAL / RECEIVERSHIP OF:

\_\_\_\_\_,
(Name of Debtor)

WE, \_\_\_\_\_, of the City of \_\_\_\_\_ in the Province of \_\_\_\_\_,
(Name of Corporation)

\_\_\_\_\_, a creditor in the above matter, hereby appoint

\_\_\_\_\_ of the \_\_\_\_\_
(Name of Proxy) (City & Province)

to be our general proxy in the above matter except as to the receipt of dividends with / without power to appoint another general proxy in our place.

Dated at the City of \_\_\_\_\_, in the Province of \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_, (Corporate Name) \_\_\_\_\_, (Signature of Witness)

\_\_\_\_\_, (Address) \_\_\_\_\_, (Signature of Proxy Grantor)



TRUSTEE IN BANKRUPTCY  
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Vancouver, BC V6C 2V6  
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Tel: (604) 605-3335  
Fax: (604) 605-3359

### INSTRUCTIONS FOR COMPLETEING PROOFS OF CLAIM

This checklist is provided to assist you in preparing a proof of claim form, and where required, proxy form in a complete and accurate manner. Please specifically check each requirement. **CLAIMS NOT COMPLETED CORRECTLY IN EVERY RESPECT WILL BE RETURNED.**

#### GENERAL

- \* The signature of a witness is required.
- \* The claim must be signed personally by the **individual** completing this declaration.
- \* Give the complete address where all notices or correspondence is to be forwarded.
- \* The amount on the Statement of Account must correspond to the amount on the proof of claim.

#### PARAGRAPH (1)

- \* The creditor must state full and complete legal name of 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 detailed statement of account must be attached.** If the claim is for a guarantee, a copy of the guarantee must be attached.
- \* The Schedule A or Statement of Account must be complete and detailed and must show the date, the number and the amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments. A statement of account is **not** complete if it begins with an amount brought forward.

#### PARAGRAPH (4)

- \* An unsecured creditor must strike out sub-paragraphs B, C, D and E.
- \* A preferred creditor (as allowed by section 136 of the *Bankruptcy and Insolvency Act*) must strike out sub-paragraphs B, C, D and E and must complete sub-paragraph A by checking the appropriate description.
- \* A secured creditor must strike out sub-paragraphs A, B, D and E and must complete sub-paragraph C and provide a certified true copy of the security instrument as registered.
- \* A farmer, fisherman or aquaculturist must strike out sub-paragraphs A, B, C and E. A claim by a farmer, fisherman or aquaculturist must attach a copy of the sales agreement and delivery documents.

#### PARAGRAPH (5)

- \* All claimants must indicate if he or she is related or not to the debtor, as defined in Section 4 of the *Bankruptcy and Insolvency Act*, by striking out "AM" or "AM NOT".

#### PARAGRAPH (6)

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

**Excerpt from the *Bankruptcy and Insolvency Act***

**PREFERRED CLAIMS  
SECTION 136 (CONDENSED)**

**ORDER OF DISTRIBUTION (Subject to secured creditors)**

- (1) The cost of administration of the estate.
  - (a) The expenses and fees of the Trustee
  - (b) Legal costs of the estate
- (2) Wages, salaries and commissions for services rendered in the six months preceding the bankruptcy, to a maximum of \$2,000 per person, together with expenses of a traveling salesman incurred in this same period to a maximum of \$1,000.
- (3) Municipal taxes assessed within two years preceding the bankruptcy which do not constitute a charge on real property, restricted to the value of the bankrupt's interest in the property.
- (4) The Landlord for arrears of rent for a period of three months preceding the bankruptcy, and accelerated rent for a period not exceeding three months subsequent to the bankruptcy, if provision is made in the lease. The Landlord's preferred claim is limited to the proceeds from the sale of the assets on the premises under lease at the date of the bankruptcy and any payments made by the Trustee on account of accelerated rent shall be credited by the Landlord against the amount payable by the Trustee for occupation rent.
- (5) One solicitor's bill of costs, including sheriff's fees and land registration fees, shall be payable to the creditor who has first attached by way of garnishment or lodged with the sheriff an attachment, execution or other process against the property of the Bankrupt.
- (6) Claims resulting from injuries to employees of the Bankrupt to which the provision of Workers' Compensation Act do not apply, but only to the extent of monies received from persons or companies guaranteeing the Bankrupt against damages resulting from such injuries, such as liability insurance policies.

A creditor whose rights are restricted by this Section is entitled to rank as an unsecured creditor for any balance of his claim.