

C A N A D A  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL  
COURT No.: 500-11-057462-190  
ESTATE No.: 41-2581079

SUPERIOR COURT  
Commercial Division

**IN THE MATTER OF THE BANKRUPTCY OF:**

**11641735 Canada Inc.**, a duly incorporated  
company having a registered office at  
2500-1 Place Ville-Marie, Montreal, Quebec, H3B 1R1.

Bankrupt

- and -

**DELOITTE RESTRUCTURING INC.**

(Jean-François Nadon, CPA, CA, CIRP, LIT, designated  
responsible person) having its place of business at  
1190 avenue des Canadiens-de-Montréal, Suite 500,  
Montreal, Quebec, H3B 0M7.

Trustee

## TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

The *Bankruptcy and Insolvency Act*, a federal act in Canada (the "**Act**"), provides for a first meeting of creditors to discuss the creditors' collective interest in the administration of the Bankrupt's estate.

### **A) Background**

11641735 Canada Inc. was created as part of the pre-closing reorganization for the Participating Streamers/Diaquem Transaction authorized by the court in the proceedings under the *Companies' Creditors Arrangement Act* ("**CCAA**") initiated by Stornoway Diamond Corporation (now known as 7936567 Canada Inc.) and certain affiliated entities. This transaction notably provided for the vesting and assignment of Excluded Liabilities (defined in the Share Purchase Agreement as any liabilities not forming part of the Assumed Liabilities in the Participating Streamers/Diaquem Transaction) to 11641735 Canada Inc.

### **B) Trustee's preliminary evaluation of assets and liabilities**

Below is a summary of the Statement of Affairs as of October 31, 2019 of 11641735 Canada Inc. It includes the Statement of Financial Position as of October 31, 2019, the estimated net realization value of the assets of 11641735 Canada Inc., as well as the estimated deficit following the distribution of the estimated proceeds from the liquidation of the assets to the creditors:

**11641735 Canada Inc.**  
**Statements of Financial Position**  
**As at October 31, 2019**  
Unaudited  
(expressed in Canadian dollars)

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	<b>Oct 31, 2019</b>
<b>ASSETS</b>	
<b>Current</b>	
Receivables	\$ 100
	<u>\$ 100</u>
<b>LIABILITIES</b>	
<b>Current</b>	
Accrued liabilities	\$ 77,921
Debt	\$ 72,106,355
	<u>72,184,276</u>
<b>NET DEFICENCY IN LIQUIDATION</b>	
Share capital	\$ 100
Contributed surplus	\$ (72,184,276)
Deficit	\$ -
	<u>\$ (72,184,176)</u>
	<u>\$ 100</u>

The \$72,106,355 of debt owed by 11641735 Canada Inc. is related to the road and airport loan due to the Ministre des Finances et de l'Économie du Québec. The estimated net realization value of the assets of 11641735 Canada Inc. is nil. Therefore, it is estimated that there will be no money to distribute to the unsecured creditors.

**Causes of insolvency**

11641735 Canada Inc. was created and included as CCAA petitioner following the Participating Streamers/ Diaquem Transaction. Upon the Closing Date (as defined in the Share Purchase Agreement), the Monitor assign 11641735 Canada Inc. into bankruptcy, pursuant to authority granted by the court, on November 7, 2019. Deloitte Restructuring Inc. was appointed Trustee in relation to the estate of 11641735 Canada Inc.

**C) Information relating to provable claims**

As of the time of the preparation of this report, considering no proof of claim has been received to date, the Trustee is not able to determine if there will be a significant difference between the amount of claims declared by the Bankrupt and the amount of claims proven by the various creditors.

**D) Legal proceedings, transfer at undervalue, and preference payments**

The Trustee has not initiated any legal proceedings and has not identified any transfer at undervalue or preference payments to date.

**E) Projected distribution and Trustee's comments on anticipated asset realization**

The Trustee estimates that there will not be any proceeds available for distribution to unsecured creditors as there are essentially no assets available for the unsecured creditors in the Bankrupt's estate.

**F) Other matters**

None.

DATED AT MONTREAL, Quebec, this 26<sup>th</sup> day of November 2019.

**DELOITTE RESTRUCTURING INC.**

In its capacity as Proposed Court-Appointed Monitor  
of the Company

A handwritten signature in black ink that reads "Jean-François Nadon". The signature is written in a cursive style with a large initial "J" and "N".

Jean-François Nadon, CPA, CA, CIRP, LIT  
President