

File No. BK-20-01-05451

**THE QUEEN'S BENCH**  
**Winnipeg Centre**  
**IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE *BANKRUPTCY AND***  
***INSOLVENCY ACT*, R.S.C. 1985,**  
**c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE PROPOSAL OF**  
**COMPOSITES INNOVATION CENTRE MANITOBA INC.**

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**ORDER APPROVING PROPOSAL**

(Sections 59, 60, 61)

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File No. 0135165-00008

Box No. 3

**THE QUEEN'S BENCH**  
**Winnipeg Centre**  
**IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE ) Monday, the 6<sup>th</sup> day  
MR. JUSTICE KROFT ) of July, 2020

**IN THE MATTER OF THE *BANKRUPTCY AND***  
***INSOLVENCY ACT*, R.S.C. 1985,**  
**c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE PROPOSAL OF**  
**COMPOSITES INNOVATION CENTRE MANITOBA INC.**

**ORDER APPROVING PROPOSAL**

(Sections 59, 60, 61)

THIS MOTION, made by Deloitte Restructuring Inc. (the “**Proposal Trustee**”) for an Order approving the proposal (the “**Proposal**”) of Composites Innovation Centre Manitoba Inc. (“**CIC**”) dated May 26, 2020 and other ancillary relief was heard this day at the Law Courts Building, 408 York Avenue, Winnipeg, Manitoba.

On reading the Information, Assignment & Statement filed May 21, 2020, the Information, Proposal & Statement filed June 17, 2020, the Consent of the Proposal Trustee filed June 17, 2020, the Report to Court of the Proposal Trustee filed June 24, 2020 (the “**Report to Court**”), the Confidential Affidavit of Meghan Bennet sworn July 3, 2020 (the “**Confidential Affidavit**”), filed 3<sup>rd</sup> day of July, 2020, the Affidavit of Jack Maendel affirmed June 24, 2020, filed June 24, 2020, the Affidavit of Service of Ross McFadyen affirmed June 24, 2020, filed June 24, 2020 and upon hearing the submissions

of counsel for the Proposal Trustee and counsel for CIC, and no one appearing for any other party, although properly served as appears from the Affidavit of Service of Meghan Bennet sworn July 3, 2020, filed July 3, 2020.


1. THIS COURT ORDERS that service of the Notice of Motion and materials filed in support of the Notice of Motion herein be validated and approved and, if necessary, that the time for service be abridged, such that this Motion is properly returnable on this day and further service is hereby dispensed with.
2. THIS COURT ORDERS AND DECLARES that the meeting of the unsecured creditors of CIC on June 15, 2020 (the “**Creditors’ Meeting**”), held for the purposes of considering and voting upon the Proposal, was duly convened and held in conformity with the *Bankruptcy and Insolvency Act* RSC 1985, c. B-3, as amended (the “**BIA**”).
3. THIS COURT ORDERS AND DECLARES that the Proposal, a true copy of which is attached to this Order as Appendix A.1:
  - a. Has been duly accepted by the required majority of creditors of CIC who are affected by the Proposal and who were entitled to vote at the Creditors’ Meeting, in conformity with section 54(2)(d) of the BIA;
  - b. Is fair and reasonable;
  - c. Is calculated to benefit the general body of CIC’s creditors; and
  - d. Is made in good faith.

4. THIS COURT ORDERS AND DECLARES that no offence nor fact has been proved to justify the Court in withholding its approval of the Proposal.
5. THIS COURT ORDERS that the Proposal be and is hereby approved and sanctioned pursuant to the provisions of the BIA.
6. THIS COURT ORDERS that the Proposal Trustee and CIC are hereby authorized and empowered to take all actions and steps necessary or appropriate to implement and complete the Proposal, including authorization and direction to make all payments and distributions required to be made pursuant to the Proposal.
7. THIS COURT ORDERS that the assignment in bankruptcy made on the 14<sup>th</sup> day of April, 2020, be and the same is hereby annulled, Deloitte Restructuring Inc. in its capacity as Bankruptcy Trustee is hereby discharged, and the property of CIC be and the same is hereby revested in CIC upon the Proposal Trustee filing with this Court a certificate substantially in the form attached hereto as Appendix A.2 indicating that all conditions precedent set out in Section 6.2 of the Proposal have been satisfied and that the funds referenced in Section 3.1 of the Proposal have been received.
8. THIS COURT ORDERS that the Confidential Affidavit be sealed, kept confidential and not form part of the public record and shall remain stored electronically with

this Court on an encrypted basis limiting access to only the Registrar of this Honourable Court and the presiding Judge and shall only be made accessible or form part of the public record upon further Order of this Court.

9. THIS COURT ORDERS AND DECLARES that the acts of the Bankruptcy Trustee in the bankruptcy proceedings of CIC to date are approved and valid.
  
10. THIS COURT ORDERS AND REQUESTS the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of a court in Canada pursuant to section 188(2) of the BIA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial or regulatory body of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

July 6, 2020

D.J.  
Kroft, J.  Digitally signed  
by D.J. Kroft, J.  
Date: 2020.07.09  
08:59:10 -05'00'

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KROFT, J.

**I, J.J. BURNELL OF THE FIRM OF MLT AIKINS LLP HEREBY CERTIFY THAT I HAVE RECEIVED THE CONSENT AS TO FORM FROM THOMPSON DORFMAN SWEATMAN LLP AS DIRECTED BY THE HONOURABLE MR. JUSTICE KROFT.**

## Appendix A.1 - Proposal

**THE QUEEN'S BENCH  
WINNIPEG CENTRE  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE *BANKRUPTCY  
AND INSOLVENCY ACT*, R.S.C. 1985,  
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**PROPOSAL**

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**Matter No. 0173884**

**THE QUEEN'S BENCH  
WINNIPEG CENTRE  
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**PROPOSAL**

**ARTICLE 1  
INTERPRETATION**

**1.1 Definitions**

For all purposes relating to the present Proposal, the following terms shall have the following meanings:

- a) **"1005"** means 10057425 Manitoba Inc.;
- b) **"Basket Amount"** has the meaning ascribed to it in Section 3.1 hereof;
- c) **"BIA"** means the *Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended*;
- d) **"Business Day"** means any day except Saturday, Sunday or any day on which banks are generally not open for business in The City of Winnipeg, Manitoba;
- e) **"CIC"** means Composites Innovation Centre Manitoba Inc., a corporation which is bankrupt as a result of filing an assignment in bankruptcy pursuant to the BIA on April 14, 2020;
- f) **"Claim" or "Claims"** means any right of any Person against CIC in connection with any indebtedness, liability or obligation, including claims that are liquidated, unliquidated, fixed, contingent, matured, unmatured, legal, equitable, present, future, known, unknown, disputed, undisputed or whether by guarantee, by surety, by nature;
- g) **"Court"** means the Manitoba Court of Queen's Bench;



- h) **"Creditor"** means a Person having a claim provable as a claim under the BIA;
- i) **"Creditors' Meeting"** means the meeting of Unsecured Creditors to be held on June 15, 2020, for the purpose of considering and voting upon this Proposal, and any adjournment of such meeting;
- j) **"Crown"** means Her Majesty in right of Canada or a Province of Canada;
- k) **"Crown Claims"** means all Claims of the Crown described in Section 60(1.1) of the BIA, that were outstanding on the Filing Date, as accepted by the Trustee or approved by the Court;
- l) **"Disputed Claim"** means any Claim which has been received by the Trustee in accordance with the terms of this Proposal and the BIA but has not been accepted as proven or which is being disputed in whole or in part by the Trustee, or any other person entitled to do so and has not been resolved by agreement or by Order of the Court;
- m) **"Disputed Creditor"** means a Person holding a Disputed Claim to the extent of its Disputed Claim;
- n) **"Effective Date"** has the meaning ascribed to it in Section 6.3 hereof;
- o) **"Employee Claims"** means Claims of the employees of CIC to be paid under Section 60(1.3) of the BIA, including any subrogated claims of Her Majesty in right of Canada made pursuant to the *Wage Earner Protection Program Act (Canada)*, S.C. 2005, c. 47, as amended;
- p) **"Filing Date"** means May 26, 2020, the date of the filing by CIC of this Proposal;
- q) **"Floor Creditors' Claims"** has the meaning ascribed to it in Section 3.2(d)(i) hereof;
- r) **"Inspectors"** means one or more inspectors appointed pursuant to the BIA and as provided for in the Proposal;
- s) **"Official Receiver"** means the officer appointed pursuant to Section 12(2) of the BIA;
- t) **"Ordinary Unsecured Claims"** means all Claims of every nature and kind whatsoever as at the Filing Date, whether due or not due for payment as at the Filing Date, including, without limitation, any contingent and unliquidated Claims (once quantified) and any unsecured portion of a Claim held by a Secured Creditor, but excluding (i) Claims of Unaffected Creditors; (ii) Secured Claims; (iii) Crown Claims; (iv) Preferred Claims; and, (v) Professional Fees;
- u) **"Ordinary Unsecured Creditor"** means a Person holding an Ordinary Unsecured Claim, to the extent of its Ordinary Unsecured Claim;

- v) **"Person"** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;
- w) **"Post-Filing Claims"** means any Claim that becomes a Claim after April 14, 2020 (being the date upon which CIC filed an assignment in bankruptcy), including, without limiting the foregoing, Claims arising in respect of services rendered, goods supplied, goods provided under a consignment arrangement, or other consideration given to CIC after April 14, 2020;
- x) **"Preferred Claims"** means any Claim, including any Employee Claim, as described in Sections 136(1)(a) through 136(1)(j) of the BIA, being such Claims as are directed by the BIA to be paid in priority to all Ordinary Unsecured Claims in the distribution of the property of CIC;
- y) **"Professional Fees"** means all proper fees, expenses, liabilities and obligations of the Trustee and its counsel, for and incidental to the proceedings arising out of the Proposal;
- z) **"Proof of Claim"** means the form delivered by the Trustee to Creditors in accordance with the BIA;
- aa) **"Proposal"** means this Proposal, as varied, amended, modified or supplemented in accordance with the provisions hereof and the BIA;
- bb) **"Proposal Approval Order"** means an order from the Court, in form and substance satisfactory to CIC and the Trustee approving and sanctioning this Proposal in accordance with the provisions hereof and of the BIA;
- cc) **"Proposal Trustee"** means Deloitte Restructuring Inc., in its capacity as the proposal trustee of CIC, and not in its personal capacity;
- dd) **"Proven Unsecured Claim"** means the amount or any portion of the amount of the Unsecured Claim of an Unsecured Creditor as agreed by the Trustee or finally determined for distribution purposes in accordance with the provisions of the BIA or any applicable orders from the Court;
- ee) **"Required Majority"** means a majority in number and two-thirds in value of all Claims of Creditors entitled to vote and who are present and voting at the Creditors' Meeting (whether in person, by proxy or by voting letter) in accordance with the voting procedures established by this Proposal and the BIA. The creditors entitled to vote at the Creditors' Meeting shall be the Unsecured Creditors;
- ff) **"Secured Claims"** means the Claims of a Secured Creditor, to the extent of the value of the security held by the Secured Creditors, as accepted by the Trustee or

approved by the Court. Each Secured Creditor is entitled to file an Unsecured Claim to the extent that its Claim exceeds the value of the security it holds;

- gg) **"Secured Creditor"** has the same meaning as "secured creditor" as defined in Section 2 of the BIA;
- hh) **"Trustee's Certificate"** has the meaning ascribed to it in Section 6.3 hereof;
- ii) **"Unaffected Creditors"** means those Persons having Secured Claims and those Persons having Post-Filing Claims;
- jj) **"Unsecured Claims"** means Ordinary Unsecured Claims and Preferred Claims;
- kk) **"Unsecured Creditors"** means Creditors holding an Unsecured Claim, to the extent of such Unsecured Claim; and
- ll) **"Unsecured Creditors Class"** means all Unsecured Creditors who are grouped together for the purposes of considering and voting on this Proposal in accordance with the provisions of this Proposal and the BIA.

## **1.2 Date of Any Action**

In the event that any date on which any action is required to be taken under this Proposal by any of the parties is not a Business Day, the action shall be required to be taken on the next day which is a Business Day.

## **1.3 Time**

All times expressed in this Proposal are local time Winnipeg, Manitoba, Canada, unless stipulated otherwise. Time is of the essence in this Proposal.

## **1.4 Statutory References**

Any reference in this Proposal to a statute includes all regulations made thereunder and all amendments to such statutes or regulations in force from time to time.

## **1.5 Monetary References**

All references to currency and to "\$" are to Canadian dollars, unless otherwise indicated.

## **ARTICLE 2 GENERAL INTENT**

### **2.1 Effect of Proposal**

This Proposal is made by CIC, which is bankrupt as a result of a voluntary assignment in bankruptcy made on April 14, 2020. This Proposal provides for the restructuring of the liabilities of CIC through a distribution to Unsecured Creditors of CIC. The funds from which the distribution will be made will consist of the cash (less disbursements) in the hands of the Proposal Trustee (which were acquired in the Proposal Trustee's capacity as the trustee in bankruptcy of CIC) and cash from a monetary payment that will be provided to the Trustee from CIC following a payment to CIC of \$1,700,000.00 from 1005.

### **2.2 Persons Affected**

This Proposal will, as of the Effective Date, be binding on CIC and all Creditors other than Unaffected Creditors.

### **2.3 Post-Filing Claims**

Post-Filing Claims will be paid in full by CIC in the ordinary course of business and on regular trade terms, or as may otherwise be arranged with the holders of such Post-Filing Claims. For clarity, Post-Filing Claims are not payable from the Basket Amount.

### **2.4 Secured Claims**

The Unsecured Claim portion of any Secured Claim is entitled to be voted in the Unsecured Creditors Class.

This Proposal is not, and shall not be, made in respect of Secured Claims, which claims, if any, will be dealt with in the ordinary course based on existing or otherwise mutually agreeable arrangements.

## **ARTICLE 3 PROPOSAL**

### **3.1 Proposed Payments**

In addition to the net cash funds held by the Proposal Trustee (which were acquired in the Proposal Trustee's capacity as the trustee in bankruptcy of CIC), CIC shall remit to the Proposal Trustee (by way of funds advanced to it by 1005), the sum of \$1,700,000.00 (one million seven hundred thousand dollars) (collectively, the "**Basket Amount**"), within five (5) Business Days of the issuance of the Proposal Approval Order.

### 3.2 Distributions

The Basket Amount will be free and clear of all charges and, subject to the terms and conditions set forth in this Proposal, will be distributed as follows and in the following priority:

- a) Professional Fees: Professional Fees of the Proposal Trustee and its counsel will be paid out of the Basket Amount;
- b) Crown Claims: The Crown Claims, without interest, will be paid in full out of the Basket Amount within 180 (one hundred eighty) days after issuance of the Proposal Approval Order, or as may otherwise be arranged with the Crown;
- c) Preferred Claims: The Preferred Claims, without interest, will be paid in full out of the Basket Amount, in priority to the Ordinary Unsecured Claims, after issuance of the Proposal Approval Order. Employee Claims will be paid in full within ten (10) days after the issuance of the Proposal Approval Order out of the Basket Amount. Remaining Preferred Claims will be paid as funds are available. For clarity, and in accordance with Section 60(1.3) of the BIA, Employee Claims shall consist only of wages, salaries, commissions or compensation owed by CIC as of the date of its bankruptcy (April 14, 2020) for services rendered during the period beginning on the day that is six months before the date of bankruptcy and ending on the date of the bankruptcy to the maximum extent of \$2,000.00, less any amounts actually received by an employee pursuant to the *Wage Earner Protection Program Act* (Canada) ("**WEPPA**"). Where an employee has received amounts pursuant to WEPPA, Her Majesty in right of Canada will have an Employee Claim on a subrogated basis to the extent of the amount paid to an employee under WEPPA. To the extent employees of CIC have further claims in respect of their employment with CIC beyond any amounts actually received pursuant to an Employee Claim (such as severance pay / further pay in lieu of notice), such claims shall be treated as Ordinary Unsecured Claims;
- d) Ordinary Unsecured Claims: Ordinary Unsecured Creditors who are the holders of Proven Unsecured Claims ("**Proven Ordinary Unsecured Claims**"), will receive, from the Basket Amount, after payment of the Professional Fees, Crown Claims, and, Preferred Claims, the following amounts, as agreed by the Proposal Trustee or finally determined for distribution purposes in accordance with the provisions of the BIA or any applicable orders from the Court:
  - i Firstly, each Ordinary Unsecured Creditor who holds a Proven Ordinary Unsecured Claim equal to or less than \$2,000.00, including those Ordinary Unsecured Creditors that choose to reduce their Proven Ordinary Unsecured Claim to \$2,000.00 (collectively "**Floor Creditors' Claims**"),

shall be entitled to receive a dividend equal to the lesser of \$2,000.00 and the aggregate amount of such Creditor's Proven Ordinary Unsecured Claim;

- ii Secondly, each Ordinary Unsecured Creditor who holds a Proven Ordinary Unsecured Claim in an aggregate amount in excess of \$2,000.00 (and who has not chosen to reduce its Proven Ordinary Unsecured Claim to \$2,000.00), shall be entitled to receive a dividend equal to its *pro-rata* share of measured in relation to all Proven Ordinary Unsecured Claims, from the available Basket Amount of funds; and
- iii All dividends paid are subject to the Superintendent's Levy payable in respect thereof as required by the BIA.

Distributions in respect of Ordinary Unsecured Claims shall be made from time to time, subject to the discretion of the Inspectors (if any) when funds are available for distribution.

## **ARTICLE 4 CLASSIFICATION OF CREDITORS, VALUATION OF CLAIMS AND RELATED MATTERS**

### **4.1 Unaffected Creditors**

This Proposal is not being made to the Unaffected Creditors and does not impact their claims. Claims of Unaffected Creditors shall be dealt with in accordance with the agreements between the respective Unaffected Creditors and CIC or as otherwise agreed between the respective Unaffected Creditors and CIC.

### **4.2 Classes of Creditors**

For the purpose of voting on the Proposal, the Unsecured Creditors of CIC shall comprise one class, being the Unsecured Creditors Class.

### **4.3 Filing Proofs of Claim**

Each Unsecured Creditor must file a Proof of Claim to vote on, or to receive a distribution under, the Proposal.

### **4.4 Allowance or Disallowance of Claims by Proposal Trustee**

Upon receipt of the completed Proofs of Claim, the Proposal Trustee shall examine the Proof of Claim and shall deal with each Claim in accordance with the provisions of the BIA. The Proposal Trustee shall have the power and authority to determine the validity of all Claims made against CIC.

#### **4.5 Claims Bar Process**

Promptly after the Proposal Approval Order, the Proposal Trustee shall give notice pursuant to Section 149 of the BIA to every Person with a Claim (other than Unaffected Creditors) of which the Proposal Trustee has notice or knowledge but whose Claim has not been filed or proved advising that if such Person does not prove its Claim within a period of thirty (30) days after the sending of the notice (the "**Claims Bar Date**"), the Proposal Trustee will proceed to declare future dividends or final dividends without regard to such Person's Claim.

Subject to any exceptions set out in Sections 149(2), (3) and (4) of the BIA, any Person so notified that does not provide its Claim (other than Unaffected Creditors) by the Claims Bar Date shall be barred from making a Claim in this Proposal or sharing in any dividend hereunder, and such Claim shall be forever barred, extinguished and released as against CIC.

#### **4.6 Creditors' Meeting, Proxies and Voting Letters**

Proxies as provided for in the BIA indicating a Person authorized to act on behalf of an Unsecured Creditor may be submitted to the Proposal Trustee at, or any time prior to, the commencement of the Creditors' Meeting. Voting letters as provided for in the BIA submitted to the Proposal Trustee prior to the Creditors' Meeting must indicate whether the Unsecured Creditor wishes to cast its vote in favour of, or against, the Proposal. Persons in attendance at the Creditors' Meeting shall cast their votes in the manner prescribed by the chair of the Creditors' Meeting ("**Chair**") and the BIA. All votes will be recorded and tabulated by the Chair, who may seek the assistance of the Court with respect to any dispute arising from or out of the tabulation of votes. A quorum shall be constituted for the Creditors' Meeting or any adjournment thereof if there is one Unsecured Creditor, entitled to vote, present in person or by proxy or if one Unsecured Creditor, entitled to vote, has submitted a voting letter in accordance with the provisions of the BIA and this Proposal. If the requisite quorum is not present at the Creditors' Meeting or if the Creditors' Meeting has to be postponed for any reason, then the Creditors' Meeting shall be adjourned by the Chair to such date, time and place as determined by the Chair.

#### **4.7 Claims for Voting Purposes**

Each Unsecured Creditor shall be entitled to a single vote valued at the amount of its Proven Unsecured Claim. If the amount of the Unsecured Claim of a Disputed Creditor is not finally determined prior to the date of the Creditors' Meeting, the Disputed Creditor shall be entitled to vote at the Creditors' Meeting on the portion of its Unsecured Claim, if any, that has been accepted by the Proposal Trustee for voting purposes without prejudice to the rights of CIC.

#### **4.8 Approval by Unsecured Creditors**

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

#### **4.9 Modification of the Proposal**

Subject to the consent of the Proposal Trustee, at any time prior to the Creditors' Meeting, CIC reserves the right to file any modification, amendment or supplement of and to the Proposal, by way of an amended proposal, and file such amended proposal with the Official Receiver as soon as practical, in which case any such amended proposal or proposals shall, for all purposes, be and be deemed to be part of and incorporated into the Proposal. At the Creditors' Meeting, the Proposal Trustee shall provide all Unsecured Creditors in attendance with details of any modifications or amendments of and to the Proposal prior to the vote being taken to approve the Proposal. After the Creditors' Meeting (and both prior to and subsequent to the Proposal Approval Order) and subject to the consent of the Proposal Trustee, CIC may at any time and from time to time vary, amend, modify or supplement the Proposal if the Court determines that such variation, amendment, modification or supplement is of a minor, immaterial or technical nature or would not be materially prejudicial to the interest of any of the Unsecured Creditors under the Proposal and is necessary in order to give effect to the substance of the Proposal or the Proposal Approval Order.

#### **4.10 Inspectors**

CIC agrees to the formation of a committee of up to three (3) individuals ("**Inspectors**") to be named by the Creditors at the Creditors' Meeting called to consider the Proposal.

The powers and duties of the Inspectors contemplated herein shall be as follows:

- a) To approve any interim and/or final statement of receipts and disbursements, including payment of dividends and the Proposal Trustee's accounts from the Basket Amount;
- b) To advise the Proposal Trustee in connection with its actions under the Proposal, as the Trustee may from time to time request;
- c) To advise the Proposal Trustee concerning any dispute which may arise as to the validity of Claims under the Proposal;
- d) To receive reports regarding the operations of CIC, upon request and only through the Proposal Trustee, acting in his capacity; and



e) To waive any default in the performance of the Proposal.

Any decision, direction or act of the Inspectors may be referred to the Court by the Proposal Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such Orders it thinks fit.

The authority and term of office of the Inspectors will terminate upon the discharge of the Proposal Trustee.

## **ARTICLE 5 RELEASE**

### **5.1 Release in Favour of CIC**

On the Effective Date, other than the claims of Unaffected Creditors, all Claims shall, as against CIC, be deemed to be fully and finally satisfied, settled and discharged and no Creditor having such a Claim shall have any further right, remedy or Claim against CIC.

### **5.2 Release in Favour of the Directors**

In accordance with Section 50(13) of the BIA, the acceptance of the Proposal by the Creditors affected by this Proposal shall, on the Effective Date, release definitively the directors of CIC from any and all claims, liability or obligation for which they may be liable by law in their capacity as directors, in respect of any debt of CIC which arose before the Filing Date, except for claims that relate to contractual rights of one or more creditors arising from contracts with one or more directors or claims that are based on allegations of misrepresentation made by directors to creditors or of wrongful or oppressive conduct by directors. It is understood however that nothing herein shall be interpreted as an acknowledgment of any claim, liability or obligation on the part of the directors of CIC, any such claim, liability or obligation being specifically denied.

## **ARTICLE 6 CONDITIONS AND EFFECTIVE DATE**

### **6.1 Funding**

This Proposal is intended to be funded by the net cash held by the Proposal Trustee (which were acquired in the Proposal Trustee's capacity as the trustee in bankruptcy of CIC), and the further payment by 1005 to CIC of the sum of \$1,700,000.00, as referenced in Article 3.1 above.

## **6.2 Conditions Precedent to the Implementation of the Proposal**

The implementation of the Proposal and distribution thereunder is subject to the satisfaction of the following conditions precedent:

- a) The Proposal is approved by the Required Majority;
- b) The Proposal Approval Order has been made and has not been stayed and there is no outstanding appeal therefrom; and
- c) Immediately after the Proposal Approval Order is made and before the funds are advanced to CIC by 1005 in Article 3.1 above, all of the existing directors, members and officers of CIC will resign with immediate effect, with the exception of Jack Maendel, who will remain a director, member and officer of CIC together with four other individuals.

With respect to the Proposal Approval Order, CIC shall file an application for the Proposal Approval Order no later than five (5) Business Days following the Creditors' Meeting or such other date as the Court may order, which application shall be heard as soon as possible according to the procedure set out in Section 58 of the BIA.

For clarity, the funds to be advanced by 1005 in accordance with Article 3.1 above shall not be available to CIC or the Proposal Trustee for distribution in accordance with the Proposal unless and until such time the conditions precedent set out in Article 6.2 above are all satisfied. If that does not occur within five (5) Business Days of the funds being advanced by 1005, all of the funds so advanced shall be returned to 1005 immediately, without any deduction or set-off whatsoever.

## **6.3 Proposal Trustee's Certificate and Effective Date**

Upon the satisfaction of the conditions precedent set out in Section 6.2 hereof and the payment by CIC of the sum of \$1,700,000.00 set out in Section 3.1, the Proposal Trustee will file with the Court a certificate which states that all conditions precedent set out in Section 6.2 hereof have been satisfied and that the funds referenced in Section 3.1 have been received (the "**Trustee's Certificate**"). The date of filing of the Trustee's Certificate shall be deemed to be the "**Effective Date**".

## **6.4 Discharge of Proposal Trustee**

Upon distribution of the amounts payable hereunder, the Proposal Trustee shall have discharged its duties as Proposal Trustee and the Proposal Trustee shall be entitled to apply for its discharge as Proposal Trustee hereunder. For greater certainty, the Proposal Trustee will not be responsible or liable for any obligations of CIC before, on or after the Filing Date 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 willful or wrongful act or default.

## **ARTICLE 7 BINDING EFFECT**

### **7.1 Binding Effect**

On the Effective Date, this Proposal will become effective and binding on and enure to the benefit of CIC and all Creditors affected by this Proposal and all other Persons named or referred to in, or subject to, this Proposal, and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

## **ARTICLE 8 GENERAL**

### **8.1 Capacity of the Proposal Trustee**

Deloitte Restructuring Inc. is acting in its capacity as Proposal Trustee under this Proposal and not in its personal capacity, and shall not incur any liabilities or obligations in connection with this Proposal or in respect of the business or obligations of CIC, whether existing as at the Filing Date or incurred subsequent thereto and no Person shall have any Claim against Deloitte Restructuring Inc. in respect thereof.

### **8.2 Settlements and Preferences**

With regard to Section 101.1(1) of the BIA, which provides that Sections 95 to 101 apply to a proposal, it is the intent of this Proposal that these sections and any similar provision of any federal or provincial statute shall apply to this Proposal.

### **8.3 Further Assurances**

Each of the Persons named or referred to in, or subject to, this Proposal will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated herein.

### **8.4 Governing Law**

This Proposal will be governed by and construed in accordance with the laws of the Province of Manitoba and the laws of Canada applicable therein.

## 8.5 Notices

Unless otherwise stated, any notices or communication to be made or given hereunder shall be in writing and shall refer to this Proposal and may, subject to as hereinafter provided, be made or given by personal delivery, prepaid mail or e-mail to the respective parties as follows:

### **if to CIC:**

Composites Innovation Centre Manitoba Inc.  
158 Commerce Drive  
Winnipeg, Manitoba R3P 0Z6  
Attention: Jack Maendel, Director  
Email: [jack@ecopoxy.com](mailto:jack@ecopoxy.com)

with copy to (which shall not, by itself, constitute notice):

Thompson Dorfman Sweatman LLP  
1700 – 242 Hargrave Street  
Winnipeg, Manitoba R3C 0V1  
Attention: Silvia de Sousa  
Email: [svd@tdslaw.com](mailto:svd@tdslaw.com)

### **if to 1005:**

10057425 MANITOBA INC.  
P.O. Box 220  
Morris, Manitoba R0G 1K0  
Attention: Jack Maendel  
Email: [jack@ecopoxy.com](mailto:jack@ecopoxy.com)

with copy to (which shall not, by itself, constitute notice):

Thompson Dorfman Sweatman LLP  
1700 – 242 Hargrave Street  
Winnipeg, Manitoba R3C 0V1  
Attention: Silvia de Sousa  
Email: [svd@tdslaw.com](mailto:svd@tdslaw.com)

**If to a Creditor**, to the address, fax or e-mail of such Creditor specified in the Proof of Claim filed by such Creditor or if no Proof of Claim has been filed to such other address or number at which the notifying party may reasonably believe that the Unsecured Creditor may be contacted.

### **If to the Proposal Trustee:**

Deloitte Restructuring Inc.

2300 - 360 Main Street  
Winnipeg, Manitoba R3C 3Z3  
Attention: Brent Warga  
E-Mail: [bwarga@deloitte.ca](mailto:bwarga@deloitte.ca)

With a copy to:

MLT Aikins LLP  
30<sup>th</sup> Floor – 360 Main Street  
Winnipeg, Manitoba R3C 4G1  
Attention: J.J. Burnell  
Email: [jburnell@mltaikins.com](mailto:jburnell@mltaikins.com)

Notice or communication shall be sufficiently given if served by personal delivery on the party to whom it is being given, or delivered via courier, in which cases notice and communication shall be deemed to have been given on the date of delivery; or transmitted by email to the party to whom it is being given to the email address specified in this Proposal, in which case notice or communication shall be deemed to have been given on the later of 9:00 A.M. (local time) on the first business day following transmission or eight hours after the time of transmission. Any party may change its address for the giving of notice by notice given to the other parties.

DATED AT WINNIPEG, this 26<sup>th</sup> day of May, 2020

## Appendix A.2 - Certificate

File No. BK-20-01-05451

**THE QUEEN'S BENCH  
Winnipeg Centre  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985,  
c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE PROPOSAL OF  
COMPOSITES INNOVATION CENTRE MANITOBA INC.**

### RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Kroft of the Manitoba Court of Queen's Bench (the "**Court**") dated July 6, 2020, the proposal (the "**Proposal**") of Composites Innovation Centre Manitoba Inc. ("**CIC**") dated May 26, 2020 was approved and provided for: (i) the annulment of the assignment in bankruptcy made by CIC on the 14th day of April, 2020, (ii) the discharge of Deloitte Restructuring Inc. in its capacity as Bankruptcy Trustee of CIC, and (iii) the revesting of the property of CIC upon Deloitte Restructuring Inc. in its capacity as proposal trustee in respect of the Proposal (the "**Proposal Trustee**") filing with this Court a certificate confirming that (iv) all conditions precedent set out in Section 6.2 of the Proposal have been satisfied, and (v) that the funds referenced in Section 3.1 of the Proposal have been received.

B. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Proposal.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The conditions precedent set out in Section 6.2 of the Proposal have been satisfied; and
2. The funds referenced in Section 3.1 of the Proposal have been received.

**Deloitte Restructuring Inc., in its capacity  
as Proposal Trustee in respect of the  
Proposal of Composites Innovation  
Centre Manitoba Inc. dated May 26, 2020,  
and not in its personal capacity**

Per: \_\_\_\_\_

Name:

Title: