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BDO Canada Limited  
20 Wellington Street E, Suite 500  
Toronto ON M5E 1C5 Canada

November 2, 2023

On October 27, 2023, Carte Blanche Films Inc. ("CBF" or the "Company") has lodged with us a Proposal pursuant to the *Bankruptcy and Insolvency Act* (the "Act").

Enclosed to this notice are the following documents;

- Notice of Proposal to Creditors
- Proposal
- Statement of Affairs
- Report of the Trustee on the Proposal
- Proof of Claim Form
- Proxy Form
- Voting Letter

The general meeting of the creditors will be held on Friday November 17, 2023 at 10:00 a.m. (EST) via telephone conference.

**Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to the commencement of the meeting either via email, mail or fax.**

Email: [jhue@bdo.ca](mailto:jhue@bdo.ca)

Mail: 20 Wellington St. E., Suite 500, Toronto, Ontario, M5E 1C5

Fax: 416-865-0904

Access to the meeting will be sent upon receipt of your proof of claim or by written request for the Trustee to maintain the attendance list for the conference call meeting.

The creditors or any class of creditors qualified to vote at the meeting may be 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.

Proof of claim forms are to be filed based on the amount owed as of September 27, 2023, the date of the Notice of Intention to Make a Proposal was filed.

Should you have any further questions, please contact Jessie Hue directly at 647-577-4366 and any further information can be found on our website at <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/carteblanchefilms>.

Yours very truly,

BDO CANADA LIMITED  
*Trustee in re the Proposal of  
Carte Blanche Films Inc.*

Per:

Anna Koroneos, CIRP, LIT  
Director  
Business Restructuring & Turnaround Services  
Financial Advisory Services

Encl.

District of: Ontario  
Division No. 12 - Ottawa  
Court No. 33-2991151  
Estate No. 33-2991151

FORM 92

Notice of Proposal to Creditors

(Section 51 of the Act)

In the Matter of the Proposal of

Carte Blanche Films Inc.

of the City of Ottawa, in the Province of Ontario

Take notice that Carte Blanche Films Inc. of the City of Ottawa in the Province of Ontario 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.

A general meeting of the creditors will be held on the 17th day of November 2023 at 10:00 AM at the meeting to be conducted Via Conference Telephone.

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

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

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

Dated at the City of Toronto in the Province of Ontario, this 1st day of November 2023.

BDO Canada Limited / BDO Canada Limitée - Licensed Insolvency Trustee



20 Wellington St E, Suite 500

Toronto ON M5E 1C5

Phone: (416) 865-0210 Fax: (416) 865-0904

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

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(In Bankruptcy and Insolvency)**

Estate Number: 33-2991151  
Court File No.: 33-2991151

**IN THE MATTER OF THE PROPOSAL OF CARTE BLANCHE FILMS INC. OF THE  
CITY OF OTTAWA, IN THE PROVINCE OF ONTARIO**

**PROPOSAL AND REORGANIZATION OF CARTE BLANCHE FILMS  
INC.**

Carte Blanche Films Inc. (the “**Debtor**” or the “**Company**”) hereby submits the following Proposal pursuant to Part III of the BIA.

**ARTICLE 1**  
**DEFINITIONS**

**1.1 Definitions**

In this Proposal:

- (a) “**Administrative Fees and Expenses**” means the proper fees, expenses, including legal fees and disbursements, of the Trustee, the Debtor, Gowling WLG (Canada) LLP and Reisman Law on and incidental to the negotiation, preparation, presentation, consideration and implementation of the Proposal, and all proceedings and matters relating to or arising out of the Proposal, including the sale of the Debtor’s property as contemplated by **Article [7]**;
- (b) “**Amalgamated Company**” means the company created by the amalgamation of the Carte Blanche Films Inc., 9678883 Canada Inc. and CB-LPM Productions Limited pursuant to **Article [7]**;
- (c) “**Approval Order**” means an Order of the Court approving the Proposal pursuant to the BIA;
- (d) “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and in force as at the Proposal Date;
- (e) “**Business Day**” means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;

- (f) “**Canada Pension Plan**” means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (g) “**Certificates**” has the meaning assigned in **Article [6.1]**;
- (h) “**Claim**” means any right of any Person against the Debtor or a Director in connection with any indebtedness, liability or obligation of any kind of the Debtor which indebtedness, liability or obligation is in existence at the Proposal Date, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory in nature, including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or as of the Proposal Date;
- (i) “**Court**” means the Ontario Superior Court of Justice (in Bankruptcy and Insolvency);
- (j) “**Creditor**” means any Person, having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (k) “**Creditor List**” means the creditor list attached to the statement of affairs filed by the Debtor;
- (l) “**Creditors’ Meeting**” means the meeting of the Unsecured Creditors called for the purpose of considering and voting upon the Proposal;
- (m) “**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, or as otherwise may be extended;
- (n) “**Directors**” means the Debtor’s current directors;
- (o) “**Employee Creditors**” means employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph **[136(l)(d)]** of the BIA if the Debtor became bankrupt on the Proposal Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salesmen, disbursements properly incurred by those salesmen in and about the Debtor’s business during the same period;

- (p) “**Employment Insurance Act**” means the *Employment Insurance Act*, S.C. 1996 c. 23, as amended;
- (q) “**Equity Claim**” has the meaning assigned by the BIA;
- (r) “**Equity Creditor**” means a person with an Equity Claim;
- (s) “**Implementation Date**” means the date upon which the conditions set forth in **Article [8.4]** have been satisfied;
- (t) “**Income Tax Act**” means the *Income Tax Act*, R.S.C. 1985, c. 1 (5<sup>th</sup> Supp.), as amended;
- (u) “**Inspectors**” means one or more inspectors appointed pursuant to the BIA as provided for in the Proposal;
- (v) “**CBCA**” means the *Canada Business Corporations Act*, R.S.C. 1985, c. B-44 as amended;
- (w) “**Official Receiver**” shall have the meaning ascribed thereto in the BIA;
- (x) “**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;
- (y) “**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.
- (z) “**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;
- (aa) “**Proposal**” means this proposal and reorganization together with any amendments or additions thereto;
- (bb) “**Proposal Date**” means the date of the delivery by the Debtor of the Notice of Intention to Make a Proposal pursuant to Part III, Division I of the BIA;
- (cc) “**Proven Claim**” of a Creditor means the amount of the Claim of such Creditor finally determined in accordance with the provisions of the BIA and the Proposal;
- (dd) “**Related Creditor**” means Tracy Legault;
- (ee) “**Secured Creditor**” means a person, holding a valid and perfected mortgage, hypothec, pledge, charge or lien on or against the property or assets of the Debtor as security for a debt due or accruing due to the person from the Debtor;

- (ff) **“Source Deduction Creditors”** means His Majesty in Right of Canada or a Province for all amounts that were outstanding on the Proposal Date and are of a kind that could be subject to a demand under,
- (i) subsection [224(1.2)] of the *Income Tax Act*;
  - (ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection [224(1.2)] of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee’s premium, or employer’s premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or
  - (iii) any provision of provincial legislation that has a similar purpose to subsection [224(1.2)] of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum;
    - (A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
    - (B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a “province providing a comprehensive pension plan” as defined in subsection [3(1)] of the *Canada Pension Plan* and the provincial legislation establishes a “provincial pension plan” as defined in that subsection;
- (gg) **“Trustee”** means BDO Canada Limited or its duly appointed successor or successors;
- (hh) **“Unsecured Creditors”** means the Preferred Creditors and any Creditor who is not a Secured Creditor, but does not include Equity Creditors; and
- (ii) **“Voting Letter”** shall mean the voting letter required by subsection [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 that is a Business Day. Actions described herein shall occur and be deemed to occur in the order specified.

### **1.5 Time**

All times expressed herein are local time in Toronto, Ontario, 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 Toronto, Ontario, 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 AND TREATMENT OF CREDITORS**

**2.1 Classes of Creditors**

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

**2.2 Related Creditors**

The Related Creditors are not entitled to vote on the Proposal or receive a distribution under the Proposal.

**2.3 Equity Claims**

Creditors with Equity Claims are not entitled to vote on the Proposal or receive a distribution under the Proposal.

**2.4 Secured Creditors**

The Proposal is not made to the Secured Creditor. The Claims of the Secured Creditor shall be paid and/or satisfied in accordance with the applicable agreement between the Secured Creditor and the Debtor or in accordance with such other arrangement as may be agreed between the Secured Creditor and the Debtor.

**2.5 Administrative Fees and Expenses**

The Administrative Fees and Expenses will be paid in full by the Debtor from the proceeds realized from the sale of the Debtor's property as contemplated by **Article [7]** or otherwise in the ordinary course.

**2.6 Preferred Creditors**

The Proven Claims of the Preferred Creditors will be paid in full in priority to the Proven Claims of the Unsecured Creditors in accordance with the BIA and **Article [8]**.

**2.7 Unsecured Creditors**

The Proven Claims of the Unsecured Creditors, other than Preferred Creditors will be paid and satisfied as provided by **Article [8]**.



**ARTICLE 3  
PROCEDURE FOR VALIDATION OF CLAIMS**

**3.1 Filing of Proofs of Claim**

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

**3.2 Allowance or Disallowance of Claims by the Trustee**

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

Subject to the Unsecured Creditor filing a Proof of Claim asserting a Claim different from that set out on the Creditor List, the Proven Claim of each Unsecured Creditor for the purposes of receiving a distribution under the Proposal shall be the amount set out on the Creditor List. Within ninety (90) days of the Implementation Date, the Trustee will examine each Proof of Claim filed and deliver any required disallowances in accordance with subsection [135(1)] of the BIA. Any Claim in respect of which no disallowance is issued in accordance with subsection [135(1)] of the BIA shall be deemed to be a Proven Claim for the purpose of receiving a distribution under the Proposal.

**ARTICLE 4  
MEETING OF CREDITORS**

**4.1 Creditors' Meeting**

On the Creditors' Meeting Date, the Debtor shall hold the Creditors' Meeting in order for the 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, the Secured Creditors and their respective legal counsel, if any, and the officers, directors, auditors and legal counsel of the Debtor, together with such representatives of the Trustee as the Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other person may

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

#### **4.4 Adjournment of Meetings**

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

#### **4.5 Voting by Unsecured Creditors**

To the extent provided for herein, each Unsecured Creditor will be entitled to vote to the extent of the amount that is equal to that Unsecured 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. For greater certainty, Secured Creditors and Related Creditors will not be entitled to vote at the Creditors' Meeting.

#### **4.6 Approval by Creditors**

The Proposal will be binding on the Unsecured Creditors, the Related Creditor and any Equity Creditors in accordance with the BIA, if: (a) it is accepted by the class of Unsecured Creditors by a majority in the number of the Unsecured Creditors who actually vote upon the Proposal (in person or by proxy) at the Creditors' Meeting or by a Voting Letter, representing two-thirds in value of the Proven Claims of the Unsecured Creditors in each class who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter; and (b) the Approval Order is made.

#### **4.7 Appointment of Inspectors**

At the Meeting of Creditors, the Unsecured Creditors may appoint up to five (5) Inspectors whose powers will be limited to: (a) advising the Trustee concerning any dispute which may arise as to the validity of 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 AMALGAMATION**

### **5.1 Amalgamation**

Immediately following the Implementation Date, the Debtor shall amalgamation with 967883 Canada Inc. and CB-LPM Productions Limited to form the Amalgamated Company, provided that the inclusion of CB-LPM Productions Limited in the amalgamation is depending on the ability to export the company to the CBCA and will only be undertaken if that is determined to be cost-effective.

**ARTICLE 6  
CREDITOR CERTIFICATES**

**6.1 Certificates**

Within **sixty (60)** days of the Implementation Date, each Unsecured Creditor will receive from the Debtor, in full and final satisfaction of their Claims, certificates (the “**Certificates**”) with a face value equal to that Unsecured Creditor’s Claim as set forth in the Creditor’s Proof of Claim or the Statement of Affairs, whichever is greater, subject to that Unsecured Creditor’s Claim being determined in accordance with **Article [3]**. Once an Unsecured Creditor’s Claim becomes a Proven Claim a new Certificate shall be issued with a face value equal to that Creditor’s Proven Claim if that Proven Claim is different from the amount set out on the Certificate originally issued to the Creditor.

**ARTICLE 7  
SALE OF ASSETS**

**7.1 Sale of Property**

The Debtor shall, with the assistance of the Trustee, sell the property of the Debtor identified on the attached **Schedule A**. The net proceeds realized from the sale of the Debtor’s property after the payment of the Administrative Fees and Expenses, transaction costs and the claims of Secured Creditors whose claims are secured by the property shall be distributed to Unsecured Creditors in accordance with **Article [8.4]**.

**ARTICLE 8  
DISTRIBUTION**

**8.1 Payment of Employee Creditors**

The Claims, if any, of the Employee Creditors shall be paid immediately after the making of the Approval Order.

**8.2 Payment of Source Deduction Creditors**

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

**8.3 Payment of Preferred Claims**

Within sixty (60) days of the Implementation Date, the Debtor shall pay to each Preferred Creditor, if any, its Proven Claim in the priority established by the BIA.

#### **8.4 Payment of Certificates**

Notwithstanding the amalgamation contemplated by **Article [5]**, the net proceeds received from the sale of the Debtor's property as contemplated by **Article [7]** shall be distributed *pro rata* only to the Unsecured Creditors of the Debtor.

For each fiscal year for the **[five (5)]** years beginning the year ending fiscal 2024, the Amalgamated Company will pay **[twenty-five per cent (25%)]** of the reported net income of the Amalgamated Company after tax and depreciation *pro rata* to Unsecured Creditors of the Amalgamated Company provided that no Unsecured Creditor is entitled to receive more than one hundred per cent (100%) of that Unsecured Creditor's Proven Claim. Distributions will be made no later than ninety (90) days after each of the five year-ends commencing in fiscal 2024

The Certificates will be fully paid and satisfied by the distribution of the amounts contemplated by this **Article [8.4]**.

#### **8.5 Levy**

Payments to each Unsecured Creditor made under this Proposal shall be net of any applicable levy payable to the Office of the Superintendent of Bankruptcy. The Office of the Superintendent of Bankruptcy will receive a Certificate in respect of the amount payable in respect of levy payable by the Unsecured Creditors.

### **ARTICLE 9 MISCELLANEOUS**

#### **9.1 Compromise Effective for all Purposes**

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

#### **9.2 Discharge and Release of Related Person**

Unsecured Creditors shall discharge the Related Person from any and all accounts, liabilities, chose in action, claims, rights, actions, causes of action, claims, judgments, orders, debts, damages, obligations, demands for damages or losses and rights of any kind or nature whatsoever, including rights of indemnification, in respect of or related to any Claim, including, for greater certainty, any claim based on guarantee or an assertion that the Related Person are personally liable for funds advanced or paid to the Debtor.

### **9.3 Modification of Proposal**

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

### **9.4 Consents, Waivers and Agreements**

As at 12:01 a.m. on the Implementation Date, each Unsecured Creditor, Equity Creditor and Related Creditor will be deemed:

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

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

#### **9.6 Full Implementation**

This Proposal will be fully implemented by the Debtor on delivery of the Certificates as provided by **Article [6]**.

#### **9.7 Effect of Proposal Generally**

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

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

#### **9.8 Further Actions.**

Notwithstanding that the transactions and events set out in this Proposal shall occur and be deemed to occur in the order set out herein without any other additional act or formality, each of the Persons affected hereby shall make, do and execute, or cause to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by them in order to document or evidence any of the transactions or events set out herein.

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

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

**ARTICLE 10  
ADVOIDANCE OF TRANSACTION**

**10.1 Avoidance Proceedings**

Section [95 to 101] of the BIA will not apply in respect of the Debtor and 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, by telecopier or electronically addressed to the respective parties as follows:

- (a) if to the Debtor:

**Attention: Tracy Legault**  
**E-mail : tracy@carteblanchefilms.ca**

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

- (c) if to the Trustee:

**BDO Canada Limited**  
Trustee re the Proposal of Carte Blanche Films Inc.  
20 Wellington Street East, Suite 500  
Toronto ON M5E 1C5

**Attention: Anna Koroneos**  
**E-mail: akoroneos@bdo.ca**

or to such other address, e-mail address or telecopier number as any party may from time to time notify the others in accordance with this section. In the event of any strike, lock-out and other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by e-mail or telecopier and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption will be deemed not to have been given or made. All such notices and communications will be deemed to have been received, in the case of notice by e-mail or telecopier or by delivery prior to 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 Proposal Date.

### **11.3 Applicable Law**

This Proposal shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario 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 Amendment.**

Any amendment, modification, supplement or restatement to this Proposal may be proposed prior to or at the Creditor Meeting and if accepted at the Creditor Meeting shall become part of this Proposal.

### **11.6 Deeming Provisions**

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

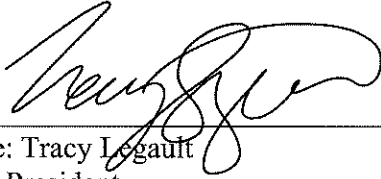
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**EXECUTION PAGE**

**DATED** at Ottawa, this 27<sup>th</sup> day of October 2023.

**CARTE BLANCHE FILMS INC.**

Per:   
Name: Tracy Legault  
Title: President

I have authority to bind the corporation.

## SCHEDULE A

### Property to be Sold

Name	Length	Details
La petite maîtresse	13 x 24 minutes	youth fiction 9 - 12
Élie l'exploratrice	26 x 3 minutes	youth 6 - 9 yrs digital animated series
Les Vlogues Newton	200 x 3 minutes	youth 6 - 9 yrs
Ingénieurs Junior	8 x 10 minutes	youth 10 - 12 yrs, podcast
Amélie et compagnie!	75 x 24 minutes	youth 6 - 9 yrs
Les Canadiens face aux Guerres	20 x 2.5 minutes	documentary shorts
Les Meilleurs moments	26 x 2.5 minutes	
Champlain en vingt fragments	20 x 2.5 minutes	documentary digital series
St Nickel	6 x 52 minutes	FICTION
Les bleus de Ramville	28 x 30 minutes	
Météo+	58 x 28 minutes	Live Action Comedy

District of: Ontario  
 Division No. 12 - Ottawa  
 Court No. 33-2991151  
 Estate No. 33-2991151

Original

Amended

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

In the Matter of the Proposal of  
 Carte Blanche Films Inc.  
 of the City of Ottawa, in the Province of Ontario


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 27th day of October 2023. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)		ASSETS (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A" .....	323,998.52	1. Inventory .....	0.00
Balance of secured claims as per list "B" .....	1.00	2. Trade fixtures, etc. ....	0.00
Total unsecured creditors .....	323,999.52	3. Accounts receivable and other receivables, as per list "E"	
2. Secured creditors as per list "B" .....	0.00	Good .....	0.00
3. Preferred creditors as per list "C" .....	290,633.77	Doubtful .....	0.00
4. Contingent, trust claims or other liabilities as per list "D"	0.00	Bad .....	0.00
estimated to be reclaimable for .....		Estimated to produce .....	500.00
Total liabilities .....	614,633.29	4. Bills of exchange, promissory note, etc., as per list "F" .....	0.00
Surplus .....	NIL	5. Deposits in financial institutions .....	0.00
		6. Cash .....	0.00
		7. Livestock .....	0.00
		8. Machinery, equipment and plant. ....	0.00
		9. Real property or immovable as per list "G" .....	0.00
		10. Furniture .....	0.00
		11. RRSPs, RRIFs, life insurance, etc. ....	0.00
		12. Securities (shares, bonds, debentures, etc.) .....	0.00
		13. Interests under wills .....	0.00
		14. Vehicles .....	0.00
		15. Other property, as per list "H" .....	52,030.00
		If debtor is a corporation, add:	
		Amount of subscribed capital .....	0.00
		Amount paid on capital .....	0.00
		Balance subscribed and unpaid .....	0.00
		Estimated to produce .....	0.00
		Total assets .....	52,530.00
		Deficiency .....	562,103.29

I, Tracy Legault, of the City of Ottawa in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of the affairs of the Corporation on the 27th day of October 2023 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)  
 before me at the City of Toronto in the Province of Ontario, on this 27th day of October 2023.

  
 \_\_\_\_\_  
 Anna Koroneos, Commissioner of Oaths  
 For the Province of Ontario  
 Expires August 30, 2025

  
 \_\_\_\_\_  
 Tracy Legault

District of: Ontario  
 Division No. 12 - Ottawa  
 Court No. 33-2991151  
 Estate No. 33-2991151

FORM 78 – Continued

In the Matter of the Proposal of  
 Carte Blanche Films Inc.  
 of the City of Ottawa, in the Province of Ontario

List "A"

Unsecured Creditors

Carte Blanche Films Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	Affinity Productions	141 Wescar Ln Ottawa ON K0A 1L0	30,252.00	0.00	30,252.00
2	BDC Attn: Andre A. Ducasse 14201101	c/o Soloway Wright LLP 700-427 Laurier Ave. W. Ottawa ON K1R 7Y2	8,940.62	0.00	8,940.62
3	CRA - Tax - Ontario 809224819 RC RT &RP	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	214,360.02	0.00	214,360.02
4	Enterprise	280 Attwell Dr, Etobicoke ON M9W 6M3	458.00	0.00	458.00
5	Jay Bond	107 Charisma Pvt Ottawa ON K1R 1C9	1,130.00	0.00	1,130.00
6	Jocelyn Forgues	CP 69 Moose Creek ON K0G 1W0	1,534.00	0.00	1,534.00
7	Marcel Lavallee Comptables Attn: Simon Pierre CB019341	c/o Unik Credit Management 1575 Laurier St, P.O. Box 1059 Roland ON K4K 1L6	4,336.56	0.00	4,336.56
8	Mark Edwards	c/o Edwards Creative Law 411 Roosevelt Ave Suite 204 Ottawa ON K2A 3X9	12,210.00	0.00	12,210.00
9	Mensour Agency _ Pascal Attn: Kate Mensour	253 Greensway Ave. Ottawa ON K1L 7V3	2,260.00	0.00	2,260.00
10	Michael, Evrensel & Pawar LLP	Royal Centre, 1055 W Georgia St Suite 1750 Vancouver BC V6E 3P3	627.49	0.00	627.49
11	Peninsula Canada	123 Front St W Suite 200 Toronto ON M5J 2M2	754.00	0.00	754.00
12	Regus	c/o Sugar Law Group 250 Ferrand Dr., Suite 401 Toronto ON M3C 4G8	13,909.45	0.00	13,909.45
13	Visa Desjardins Attn: Centre de Perception	c/o FCT Default Solutions PO Box 2514 Stn B London ON N6A 4G9	16,000.00	0.00	16,000.00
14	VW Credit Canada Inc.	44865 Marc-Blain St., Suite 300 St. Laurent QC H4R 3B2	0.00	1.00	1.00
15	We Finance	54a North Street Perth ON K7H 2S9	16,877.35	0.00	16,877.35
16	Xerox Canada Ltd. Attn: Chantal Maillet	3400 Bould de Maisonneuve O 9e étage Montréal QC H3Z 3G1	349.03	0.00	349.03
<b>Total:</b>			<b>323,998.52</b>	<b>1.00</b>	<b>323,999.52</b>

27-Oct-2023

Date



Tracy Legault

District of: Ontario  
Division No. 12 - Ottawa  
Court No. 33-2991151  
Estate No. 33-2991151

FORM 78 -- Continued


In the Matter of the Proposal of  
Carte Blanche Films Inc.  
of the City of Ottawa, in the Province of Ontario  
List "B"  
Secured Creditors

Carte Blanche Films Inc.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	VW Credit Canada Inc.	44865 Marc-Blain St., Suite 300 St. Laurent QC H4R 3B2	1.00			0.00		
Total:			1.00			0.00	0.00	0.00

27-Oct-2023

Date



Tracy Legault

District of: Ontario  
Division No. 12 - Ottawa  
Court No. 33-2991151  
Estate No. 33-2991151

FORM 78 -- Continued


In the Matter of the Proposal of  
Carte Blanche Films Inc.  
of the City of Ottawa, in the Province of Ontario  
List "C"  
Preferred Creditors for Wages, Rent, etc.

Carte Blanche Films Inc.

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
1	CRA - Tax - Ontario 809224819 RC RT &RP	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9			290,633.77	0.00	290,633.77
Total:					290,633.77	0.00	290,633.77

27-Oct-2023

Date



Tracy Legault

District of: Ontario  
Division No. 12 - Ottawa  
Court No. 33-2991151  
Estate No. 33-2991151

FORM 78 - Continued

In the Matter of the Proposal of  
Carte Blanche Films Inc.  
of the City of Ottawa, in the Province of Ontario  
List "D"  
Contingent or Other Liabilities

Carte Blanche Films Inc.

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

27-Oct-2023

Date



Tracy Legault

District of: Ontario  
 Division No. 12 - Ottawa  
 Court No. 33-2991151  
 Estate No. 33-2991151

FORM 78 – Continued

In the Matter of the Proposal of  
 Carte Blanche Films Inc.  
 of the City of Ottawa, in the Province of Ontario  
 List "E"  
 Debts Due to the Debtor  
 Carte Blanche Films Inc.

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
1	TFO	801 Aviation Drive, Suite D1320 Ottawa ON K1K 4R3	Account Receivables	0.00 0.00 0.00		01-Jan-2023	500.00	Account Receivables
Total:				0.00 0.00 0.00			500.00	

27-Oct-2023

Date



Tracy Legault



District of: Ontario  
 Division No. 12 - Ottawa  
 Court No. 33-2991151  
 Estate No. 33-2991151

FORM 78 -- Continued

In the Matter of the Proposal of  
 Carte Blanche Films Inc.  
 of the City of Ottawa, in the Province of Ontario  
 List "F"

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

Carte Blanche Films Inc.

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

27-Oct-2023

Date



Tracy Legault

District of: Ontario  
Division No. 12 - Ottawa  
Court No. 33-2991151  
Estate No. 33-2991151

FORM 78 -- Continued


In the Matter of the Proposal of  
Carte Blanche Films Inc.  
of the City of Ottawa, in the Province of Ontario  
List "G"  
Real Property or Immovables Owned by Debtor

Carte Blanche Films Inc.

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

27-Oct-2023

Date



Tracy Legault

District of: Ontario  
 Division No. 12 - Ottawa  
 Court No. 33-2991151  
 Estate No. 33-2991151

FORM 78 -- Concluded

In the Matter of the Proposal of  
 Carte Blanche Films Inc.  
 of the City of Ottawa, in the Province of Ontario  
 List "H"  
 Property

Carte Blanche Films Inc.

FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant			0.00	0.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
(m) Other		Various film rights receivable	0.00 52,029.00	1.00 52,029.00
			<b>Total:</b>	<b>52,030.00</b>

27-Oct-2023

Date



Tracy Legault

Court No. 33-2991151

Estate No. 33-2991151

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In the Matter of the Proposal of  
Carte Blanche Films Inc.  
of the City of Ottawa, in the Province of Ontario

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Form 78 (Bill C-12)  
Statement of affairs (Business bankruptcy)

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Trustee: Anna Koroneos  
License: 3543  
Email: akoroneos@bdo.ca

BDO Canada Limited / BDO Canada Limitée -  
Licensed Insolvency Trustee  
20 Wellington St E, Suite 500  
Toronto ON M5E 1C5  
Phone: (416) 865-0210 Fax: (416) 865-0904

**IN THE MATTER OF THE PROPOSAL OF  
CARTE BLANCHE FILMS INC.  
OF THE CITY OF OTTAWA,  
IN THE PROVINCE OF ONTARIO**

**Trustee's Report on the Proposal  
(Sections 50(10)(b) and 50(5) of the Bankruptcy and Insolvency Act)**

This report summarizes the background and financial position of Carte Blanche Films Inc. (“**CBF**” or the “**Company**”), including relevant information that should be of assistance to the creditors in considering their position with respect to the Proposal being voted on.

Enclosed are the following documents:

- Notice of Proposal to Creditors.
- Proposal of CBF, filed under Part III, Division I of the *Bankruptcy and Insolvency Act* (“**BIA**”) with BDO Canada Limited (“**BDO**” or the “**Proposal Trustee**”) and with the Office of the Superintendent of Bankruptcy (“**OSB**”) on October 27, 2023.
- The Company’s statement of affairs sworn on October 27, 2023.
- A Proof of Claim form and general Proxy.
- Voting Letter

In preparing this report, BDO has relied upon unaudited financial information provided by the Company’s representatives, discussions with the Company’s representatives and the Company’s legal counsel. The Proposal Trustee has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information.

Unless otherwise stated, monetary amounts contained herein are expressed in Canadian dollars. Any capitalized terms not defined herein have the meanings ascribed to them in the Proposal.

**SECTION A – INTRODUCTION AND BACKGROUND**

---

CBF (aka Films Carte Blanche Inc.) was incorporated under the Canada Business Corporation Act (**CBCA**) on April 15, 2008. CBF’s head office was registered as 450 Rideau, Suite 301, Ottawa, Ontario, however, it no longer occupies this location.

CBF was created as a film and television production house. CBF owns several rights to film and television productions directly and indirectly through the ownership of various entities.

The Covid-19 pandemic (“**Covid-19**”) was a challenging time for most. In addition to the challenges associated with the pandemic, the principal of CBF was dealing with a personal family matter during and after the Covid-19 shutdowns. This family matter required her to be physically and emotionally present at home and as a result she was unable to focus on the business affairs of CBF. In this regard, CBF began to fall behind on payments as they became due.

Furthermore, a disallowance of the film tax credits in 9678883 Canada Inc., a related entity (“**967**”) affected CBF directly as the parent company. Without the receipt of film credits by 967, it was difficult to make payments to creditors. Unfortunately, after a year of its best efforts to make payments and negotiate payment plans with creditors, CBF’s financial difficulties became unmanageable resulting in the Company filing a Notice of Intention to Make a Proposal (“**NOI**”) on September 27, 2023.

### ***Insolvency Proceedings***

As noted above, the Company’s NOI was filed on September 27, 2023, pursuant to Subsection 50.4(1) of the BIA. BDO was named as Proposal Trustee.

On October 10, 2023, the Company’s 13-week cash flow for the period October 7 through January 6, 2024 was filed with the OSB along with the required related reports.

On October 27, 2023, the Company’s Proposal was filed with the Proposal Trustee and the OSB.

## **SECTION B: SUMMARY OF PROPOSAL**

---

This section contains a summary of the Proposal, the terms of which would be effective if, among other things:

- (a) the unsecured creditors vote for the acceptance of the Proposal by a majority in number and two thirds in value of the class of unsecured creditors present, in person or by proxy, at the meeting and voting on the resolution; and
- (b) the Proposal is approved by the Court (“**Approval Order**”), in accordance with the provisions of the Act.

The Proposal provides for the restructuring of the Company's liabilities through a distribution to the Proven Unsecured Creditors. The Proposal funds will consist of proceeds of sale of rights to productions owned the Company as defined in Schedule "A" of the Proposal. A summary of the Proposal is set out below.

1. CBF, 967 and CB-LPM Productions Limited ("**LPM**"), which have all filed NOIs and are making proposals to their creditors, will be amalgamated immediately following the Implementation Date ("**Amalgamated Company**"). A copy of the Corporate Chart in relation to these entities is attached as **Appendix "A"**. The Implementation Date is defined to be following:
  - (a) the acceptance of the Proposal by the Unsecured Creditors; and
  - (b) the issuance of the Approval Order by the Court and the expiry of all applicable appeal periods.
2. Within sixty (60) days of the Implementation Date, each Unsecured Creditor who has a Proven Claim, will receive from the Company, in full and final satisfaction of their Claim, a certificate (the "**Certificates**") with a face value equal to that Unsecured Creditor's Claim as set forth in the Creditor's Proven Proof of Claim.
3. The Company shall, with the assistance of the Proposal Trustee, market the property identified on Schedule "A" to the Proposal (the "**Property**") for sale. The net proceeds realized from the sale of the Property after the payment of the Administrative Fees and Expenses, transaction costs and the claims of Secured Creditors if any, shall be distributed to the Proven Unsecured Creditors ("**Property Proceeds**").
4. The Property Proceeds shall be paid by the Proposal Trustee as follows:
  - (a) Payroll source deduction arrears, if any, to be paid in full within six months following the Approval Order.
  - (b) Amounts owing to Company employees, if any, that they would have qualified to receive payment under Section 136(1)(d) of the Act if the Company became bankrupt on the NOI Date, to be paid immediately upon the Approval Order being made.
  - (c) To each Preferred Creditor its Proven Claim in the priority established by the BIA.
  - (d) Unsecured Creditors will receive the remaining Property Proceeds, which will be distributed pro rata.
5. Additionally, for each year for the 5 following years, beginning on fiscal year end 2024, the Amalgamated Company will pay twenty-five per cent (25%) of the net income of the Amalgamated Company pro rata to Unsecured Creditors. No Creditor is entitled to receive more than 100% of the Proven Claim. Distributions will be made no later than ninety (90) days after each fiscal year end.
6. Each Unsecured Creditor will be entitled to vote to the extent of the amount that is equal to its Proven Unsecured Claim.

7. At the Creditors' Meeting, the Unsecured Creditors may appoint up to five Inspectors.
8. The Proposal sets out Unaffected Claims which will not be compromised and will not participate in any distribution from the Property Proceeds, as follows:
  - (a) claims against Directors that cannot be compromised due to the provisions of Section 50(14) of the BIA; and
  - (b) claims of secured creditors, properly registered under Personal Properties Securities Act ("PPSA").
9. All goods and services supplied to CBF after the date of the NOI shall be paid for in full in the ordinary course of business by CBF on terms agreed to between CBF and the relevant supplier.
10. Sections 95 to 101 of the BIA and any other related laws do not apply to the Proposal.
11. The release of claims against the Directors and Officers of the Company, as set out and defined in the Proposal.
12. Upon distribution of the Property Proceeds, the Company's Proposal shall have been fully performed and the Trustee shall issue to CBF and to the Official Receiver, a Certificate of Full Performance of Proposal referred to in section 65.3 of the BIA.
13. Upon distribution of the Property Proceeds, the Trustee shall have discharged its duties as Trustee and the Trustee shall be entitled to apply for its discharge as Trustee hereunder. For greater certainty, the Trustee will not be responsible or liable for any obligations of CBF before, on or after the date of the NOI and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by the Proposal, except for those acts resulting from gross negligence or willful misconduct. The Amalgamated Company will be responsible directly for issuing its annual distributions of 25% of net proceeds for 5 years.

**The description of the Proposal in this Report is a summary only and is provided for the assistance of the creditors. In the event there is any inconsistency between this report and the Proposal, the terms of the Proposal shall govern. Creditors are advised to read the Proposal.**



**SECTION C: FINANCIAL POSITION AND CAUSES OF DIFFICULTIES*****Causes of Insolvency***

CBF is the operating entity before and after production and prior to receipt of funding, grant approval and any tax credits, for all productions under CBF's umbrella.

Since Covid-19 starting in March 2020, CBF's principal had to turn her attention away from CBF to deal with a personal family matter. This was a stressful time which required her to be physically and emotionally present at home to allow her to focus on the health needs of her child. As a result, she was unable to provide her full attention to CBF and CBF began to fall behind on payments as they became due.

Further, when the anticipated tax credits in 967 were disallowed, it triggered a waterfall effect on CBF's cash flow. CBF continued attempts to stay current for over a year, including making informal payment plans with creditors, however, it was unable to see a clear path to viability.

***Financial Position***

Refer to Sections "L" of this Report.

***Operations***

CBF owns the rights to several film and television productions which were created from 2008-2022. There are currently two projects in its development slate for future production and a third joint venture with another production house.

**SECTION D: INTERIM RECEIVER**

---

Not applicable since an interim receiver was not appointed.

**SECTION E: IDENTIFICATION AND EVALUATION OF ASSETS**

---

The Company provided financial information which included a listing of its assets. The assets of CBF are comprised of film rights. Without exposing the Property to the market for sale, we are unable to provide information related the potential realizable value from a sale. The Proposal Trustee has been advised that there is a market for Canadian French Language television content. The Company other assets and the cash flow projects nominal receipts with disbursements only to accountants to prepare tax returns. Section L includes a chart with estimated values of the assets and estimated realizations in a bankruptcy scenario.

Based on discussions with the Company and review of the PPSA search results we understand there are two secured creditor registrations. One by Xerox for equipment that has been returned and the second by 9859870 Canada Inc. which, according to the Company, has been paid in full.

### *Cash*

As at October 7, 2023 the Company had approximately \$500 in its bank account.

### *Accounts Receivable*

Based on financial information provided by the Company, the CBF anticipates two receivables totaling \$52,529.

### *Intangible Assets*

The Company's intangible assets relate to its ownership in the various French language films and television productions (previously defined as Property).

The Proposal Trustee has not previously attempted to value the rights to these productions and will market them for sale in the Proposal. Our understanding is that there may be a market for the Property given the Canadian roots and French language content.

## **SECTION F: CONDUCT OF THE DEBTOR**

---

The Trustee has not, as at the date of this report, conducted a review of the Company's bank statements to determine whether there were any payments to related and unrelated parties in the twelve months and three months, respectively, prior to the date of the NOI which may be considered to be preferences and subject to review.

## **SECTION G: CREDITORS' CLAIMS**

---

According to the Company's Statement of Affairs as at October 27, 2023, and information provided to the Trustee, the Company's creditors consist of the following:

**Carte Blanche Films Inc.**

<b>Creditors</b>		<b>Per SOA</b>
Secured	\$	1
CRA Trust claim*		290,634
Preferred		0
Unsecured		324,000
<b>Total</b>	<b>\$</b>	<b>614,635</b>

\*CRA's trust claim may contain estimates for years where there were no payroll deductions.

**SECTION H: PREVIOUS BUSINESS DEALINGS WITH THE DEBTOR**

Not applicable.

**SECTION I: INFORMAL MEETINGS WITH MAJOR CREDITORS**

Not applicable.

**SECTION J: REMUNERATION OF TRUSTEE**

The Proposal Trustee has received a guarantee and retainer from the Company in the amount of \$6,667.

The terms of the Proposal provide for payment of Administrative Fees and Expenses. These include the fees and disbursements of the Proposal Trustee, its legal counsel and the Company's legal counsel which will be paid from the proceeds of the sale of the Property.

**SECTION K: OTHER**

Not applicable.

**SECTION L: STATEMENT OF ESTIMATED REALIZATIONS*****Proposal Accepted***

If the Proposal is accepted, we estimate the Property Proceeds distribution along with any distribution from the Amalgamated Company to be greater than a distribution in a bankruptcy. Given the nature of the Property that will be marketed for sale, the Trustee is unable estimate the realizable value of the Property at this time but anticipates that the value in a bankruptcy scenario would be the forced liquidation value. In a bankruptcy it is anticipated that Company would cease operating and there would be minimal realizations from the assets.

***Proposal Not Accepted***

If the Proposal is not accepted, CBF would become bankrupt on November 17, 2023 and the Company's assets would vest with the Trustee in Bankruptcy. The secured creditors, if any, would no longer be deemed Unaffected Creditors, and any estate assets would be subject to their security. The estimated realizable value of the Company's assets in a bankruptcy scenario is described in Section E of this Report and are summarized below.

	SOA value or estimated value	Estimated Value Bankruptcy
Cash	\$ 500	\$ 500
Accounts receivable (Note 1)	52,529	52,529
Film Rights (Note 2)	280,000	Unknown
25% of fiscal y/e 2024	Unknown	0.00
25% of fiscal y/e 2025	Unknown	0.00
25% of fiscal y/e 2026	Unknown	0.00
25% of fiscal y/e 2027	Unknown	0.00
25% of fiscal y/e 2028	Unknown	0.00
Minimum gross realizations (Note 3)	>333,029	Unknown
Less priority for deductions at source (Note 4)	TBD	-290,634
Balance for unsecured creditors (Note 5)	> NIL	NIL

## Notes:

1. The pending receivables in CBF total \$52,529.
2. The Proposal Proceeds cannot be estimated without marketing the Property for sale.
3. It is anticipated in the Proposal that the additional 5 fiscal year end payments will be made. If the Proposal is not accepted this value would be nil.
4. CRA's claim for unpaid source deduction currently includes estimates for periods where CBF had no payroll. The Proposal Trustee will work with CRA to confirm the past due amount as the Company completes filing its outstanding returns.
5. The Proposal Proceeds are assumed to be greater than in a bankruptcy realizations.

**SECTION M: RECOMMENDATION**

Based on financial information provided by the Company as set out herein, the Trustee believes that the amount available for distribution to the Company's creditors would be higher in a Proposal as compared to a bankruptcy. It is anticipated that, there may be minimal funds available to the unsecured creditors as the value of the Property could diminish with a bankruptcy and there would be no fiscal year end payments over 5 years.

**Accordingly, the Trustee recommends that the Proposal be accepted by the Company's creditors to allow them to attempt to maximize their return from the Company's indebtedness to them.**

**SECTION N: PROCEDURES FOR DEALING WITH PROPOSAL AND COMPLETING A PROOF OF CLAIM**

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In completing the proof of claim form submitted herewith, creditors should only include all amounts outstanding as at September 27, 2023.

It is expressly noted and should be clearly understood that BDO, in its capacity as Proposal Trustee, assumes no personal liability for any claims against the Company before, on or after the filing of the NOI.

Creditors may attend, in person or by proxy, at the meeting to consider the Proposal which will be held via telephone conference call, on the 17<sup>th</sup> day of November, 2023 at 10:00 a.m. (EST). Access to the meeting will be sent upon receipt of your Proof of Claim or by written request for the Trustee to maintain the attendance list for the conference call meeting.

Please note that in order for your vote to count in connection with the Proposal, it is necessary that you complete and submit the enclosed documents at this time, including the Voting Letter and/or Proxy.

Creditors who do not wish to attend or be represented at the meeting but who wish to vote, may forward their Proof of Claim and Voting letter to the Trustee to be received prior to the meeting.

Dated at Toronto, Ontario, this 31<sup>st</sup> day of October, 2023

BDO Canada Limited  
Solely in its capacity as the Trustee re:  
the Proposal of Carte Blanche Films Inc.  
and not in its personal or corporate capacity.



Anna Koroneos, CIRP, LIT

Corporate Chart (Proposal Companies Only)

