

District of Alberta  
Division No. 01-Edmonton  
Estate No. 24-1503003  
Court No. 24-1503003

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**IN THE MATTER OF THE SECOND AMENDED DIVISION I PROPOSAL OF**  
**PINNACLE IM-EX (CANADA) INC.**  
**AN INSOLVENT PERSON**  
**DIVISION I PROPOSAL**  
(Section 50 of the Act)

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Form 35

IN THE MATTER OF THE SECOND AMENDED DIVISION I PROPOSAL OF  
PINNACLE IM-EX (CANADA) INC.

AN INSOLVENT PERSON

DIVISION I PROPOSAL

(Section 50 of the Act)

Article 1. Interpretation

1.1 Definitions

**“Acceptance”** means the acceptance of the Proposal by the prescribed majority of the Creditors and by an Order of the Court for which all delays to appeal have expired and no appeal having been filed, or any appeal therefrom having been dismissed and such dismissal having become final;

**“Act”** means the Bankruptcy and Insolvency Act;

**“Business Day”** means a day, other than a Saturday or a Sunday on which banks are generally open for business in Edmonton, Alberta;

**“Certain Crown Claims”** means all those creditors of Pinnacle Im-Ex (Canada) Inc. defined in Article 10.2 herein;

**“Claims”** means any right of any person in connection with any indebtedness, liability or obligation of any kind against the Insolvent Person which indebtedness, liability or obligation is in existence at the Date of Filing, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by surety or otherwise and whether or not such a right is executor in nature including, without limitation, product warranty liabilities and the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause, 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 at the time of the Date of Filing, but does not include Unaffected Obligation;

**“Court”** means the Court of Queen's Bench of Alberta, Judicial District of Edmonton, In Bankruptcy and Insolvency;

**“Court Approval Date”** means the date on which the Court grants an Order approving the Proposal pursuant to the provisions of the Act, for which all appeal periods have

expired and no appeal having been filed, or any appeal therefrom having been dismissed and such dismissal having become final;

**"Creditor or Creditors"** means the creditors of Pinnacle Im-Ex (Canada) Inc. affected by the Proposal;

**"Date of Filing"** means the date of filing the Notice of Intention or of filing the Proposal under the Act, being the 27<sup>th</sup> day of May 2011;

**"Director's Liability"** means all those claims of Pinnacle Im-Ex (Canada) Inc. defined in Article 10.5 herein for which the director(s) is liable arising out of the director(s) legal capacity as director of the Insolvent Person;

**"Insolvent Person"** means Pinnacle Im-Ex (Canada) Inc.;

**"Inspector"** means one or more persons to a maximum of five persons appointed pursuant to the Act in respect of the Proposal of the Insolvent Person;

**"Interim Period"** means the period from the time of filing the Notice of Intention or of filing the Proposal and the Court Approval Date;

**"Meeting of Creditors"** means the Meeting of Creditors called to consider and vote upon the Proposal;

**"Notice of Meeting"** means notice of the Meeting of Creditors that is mailed or otherwise provided to the creditors by the Trustee;

**"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;

**"Post Filing Creditors"** means the ordinary creditors of Pinnacle Im-Ex (Canada) Inc. that have supplied goods or do supply services, utilities, goods or materials or advanced funds following the filing of the Notice of Intention or the filing of the Proposal, but only to the extent of their Claims in respect of the supply of such services, utilities goods or materials or funds during the period from the filing of the Notice of Intention or the filing of the Proposal and the Court Approval Date;

**"Post Filing Goods and Services"** means the goods, services utilities, materials or advanced funds or other consideration provided to Pinnacle Im-Ex (Canada) Inc. from the filing of the Notice of Intention or the filing of the Proposal and the Court Approval Date;

**"Preferred Creditor"** means all those creditors of Pinnacle Im-Ex (Canada) Inc. defined in Article 10.7 herein;

**"Proposal"** means the series of steps and arrangements contemplated herein, all of which are independent, by which the relations between Pinnacle Im-Ex (Canada) Inc. and the Creditors will be reconstructed pursuant to the Act together with any amendments or additions thereto;

**"Proposal Valuation Date"** means the date of filing the Notice of Intention or of filing the Proposal under the Act, being the 27<sup>th</sup> day of May 2011;

**"Proven Claim"** of a creditor means the amount of the Claim of such Creditor finally determined in accordance with the provisions of the Act and of the Proposal;

**"Secured Creditor"** means all those creditors of Pinnacle Im-Ex (Canada) Inc. defined in Article 9.3 herein;

**"Termination Date"** means the date upon which the claims of all creditors have been satisfied in accordance with the Proposal or otherwise satisfied;

**"Trustee"** means Faber Inc. and its successors and assigns;

**"Unaffected Creditor"** means a Person having a Claim in respect of an Unaffected Obligation but only in respect of such Unaffected Obligation;

**"Unaffected Obligation"** means the obligation of the Insolvent Person to Post Filing Creditors;

**"Unsecured Creditors"** means all those creditors of Pinnacle Im-Ex (Canada) Inc. defined in Article 10.8 herein;

**"Valuated Claim"** means the claim of a creditor valued by the Trustee as of the 27<sup>th</sup> day of May 2011;

**"Wage Claim"** means all those creditors of Pinnacle Im-Ex (Canada) Inc. defined in Article 10.4 herein.

## **1.2 Accounting Terms and Principles**

All accounting terms not otherwise defined herein shall have the meanings ascribed to them in accordance with Canadian generally accepted accounting principles including those prescribed by the Canadian Institute of Chartered Accountants. Accounting policies and standards of financial disclosure shall be in accordance with Canadian generally accepted accounting principles.

## **1.3 Currency**

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

## **1.4 Date of 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 shall be required to be taken on the next succeeding day which is a Business Day.

## **1.5 Time**

All times expressed herein are local time in Edmonton, Alberta unless otherwise stated.

## **1.6 Headings**

The division of this Proposal into articles, sections, subsections, clauses and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Proposal.

## **1.7 Number, etc.**

In this Proposal, where the context requires, a word importing the singular number shall include the plural and vice versa; and a word or words importing gender shall include all genders.

## **1.8 Successors and Assigns**

This Proposal shall be binding upon and shall enure to the benefits of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in this Proposal.

### **Article 2. Insolvent Person**

- 2.1** I, Pinnacle Im-Ex (Canada) Inc., the above named Insolvent Person, hereby submit the following Proposal under the Bankruptcy and Insolvency Act ("Act").

### **Article 3. Trustee of Proposal**

- 3.1** That Faber Inc. of the City of Edmonton in the Province of Alberta shall be the Trustee of the Proposal.
- 3.2** That Faber Inc, the Trustee, is acting in its capacity as Trustee under the Act and not in its personal capacity and no officer, director, employee or agent of Faber Inc. shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of the Insolvent Person.
- 3.3** That the fees and disbursements of the Trustee including legal and accounting fees incurred by the Trustee shall be paid in priority to the claims of all creditors from the distribution of property of the Insolvent Person or otherwise.
- 3.4** That the Trustee's fees, excluding legal fees, but specifically including the accounting fees, are estimated to total the sum of \$40,000 plus disbursements and GST. The foregoing sum includes the amount of \$20,000 representing the accounting fee for the work performed by the Trustee's Agent, Faber LLP, Chartered Accountants, to finalize the Insolvent Person's outstanding corporate year-ends, including bookkeeping and tax filings, for the fiscal years 2006 through 2010, inclusive. The accounting work was performed subsequent to the filing date for the Notice of Intention to File a Proposal. Any additional fees incurred by the Trustee shall be submitted to the Court for approval and taxation pursuant to the Act.
- 3.5** That any payments made by the Trustee to any of the proven claims herein shall be made by the Trustee net of any levies payable or due under the Act.

#### **Article 4. Purpose and Effect of Proposal**

- 4.1 The purpose of the Proposal is to allow the Insolvent Person, Pinnacle Im-Ex (Canada) Inc. to:
- a) offer a Compromise to its creditors in full and complete satisfaction of all claims against the Insolvent Person of every nature and kind whatsoever, whether due or not due, including contingent and unliquidated claims arising out of any transaction entered into by the Insolvent Person at law or in equity prior to the date of filing the Notice of Intention or of filing the Proposal; and
  - b) offer a Compromise with respect to director's liabilities arising out of claims for which the director of the Insolvent Person is personally liable in his legal capacity as director for wage claims, employee source deduction claims, goods and services tax claims, WCB claims and environmental claims.
- 4.2 The Insolvent Person wishes to avoid further collection action and judicial proceedings and also wishes to avoid subjecting the creditors to the uncertainties and potential losses involved in a bankruptcy.
- 4.3 That it is the expectation that the stakeholders will derive a greater benefit from the continued operation of the Insolvent Person than would otherwise result from the discontinuation of operations and the liquidation of assets.
- 4.4 That on and after the Court Approval Date, this Proposal will become effective on and, subject to the fulfilment by the Insolvent Person of its obligations hereunder, shall be binding on the Insolvent Person, the Shareholders and the Creditors.

#### **Article 5. Meeting of Creditors**

- 5.1 The Creditors of the Insolvent Person shall be given formal notice to attend a Meeting of Creditors at the office of the Trustee, Faber Inc. located at Suite 200, 17510 – 107 Avenue, Edmonton, Alberta.
- 5.2 That the creditors, with the consent of the Insolvent Person, may include such provisions or terms in the Proposal with respect to the supervision of the affairs of the Insolvent Person as they may deem advisable.
- 5.3 That the creditors may appoint one or more, but not exceeding five, Inspectors of the Proposal of the Insolvent Person.

#### **Article 6. Conditions for Implementation of the Proposal**

- 6.1 That the Proposal shall be implemented upon the fulfilment of the following conditions:
- a) a resolution of the creditors to accept the Proposal as made or as altered at the Meeting of Creditors or any adjournment thereof; and



b) an Order of the Court approving the Proposal.

6.2 That the Proposal shall be terminated upon the date on which the claims of all creditors have been satisfied pursuant to the terms of the Proposal, or upon the bankruptcy of the Insolvent Person, or upon default under the terms of the Proposal by the Insolvent Person.

#### **Article 7. Third Party Undertakings**

7.1 There are no Guarantee Agreements or Third Party Deposit Agreements or Letters of Intent with respect to this Proposal.

#### **Article 8. Monitoring and Supervision**

8.1 That the Trustee is not providing any monitoring or supervision with respect to this Proposal.

#### **Article 9. Default in the Performance of the Proposal**

9.1 A default under Articles 11.5 to 11.7, inclusive shall be deemed to have occurred on the date the Trustee is advised in writing by Canada Revenue Agency of such default having occurred.

9.2 A default under Article 20.1 shall be defined as any payment that is overdue to the extent of one day.

9.3 That where default occurs in the performance of any provision of the Proposal by the Insolvent Person and the default is not remedied by the Insolvent Person within thirty (30) days immediately following the date of default or the default is not waived by the Inspectors, or if there are no Inspectors, by a majority of the creditors as defined in dollar value of proven claims, within thirty (30) days immediately following the date of default, the trustee shall so inform all the creditors and the Official Receiver in the manner prescribed pursuant to the Act.

#### **Article 10. Definition of Creditor Claims**

10.1 That the claims of creditors shall be defined as follows:

10.2 Certain Crown Claims means any claim of Her Majesty in the Right of Canada or a Province of all amounts of a kind that could be subject to a demand under:

a) subsection 224(1.2) of the Income Tax Act;

b) any provision of the Canada Pension Plan or the Employment Insurance Act that refers to subsection 224(1.2) of the Income Tax Act; or

c) under any substantially similar provincial legislation that has a similar purpose to subsection 224(1.2) of the Income Tax Act.

- 10.3** Secured claim means a person holding a mortgage, hypothec, pledge, charge or lien on or against the property of the Insolvent Person or any part of that property as security for a debt due or accruing due to the person from the Insolvent Person, or a person whose claim is based on, or secured by, a negotiable instrument held as collateral security and on which the Insolvent Person is only indirectly or secondarily liable.
- 10.4** Wage claim includes any claim of employees and former employees of amounts equal to the amounts that employees may be qualified to receive pursuant to subsection 136(1)(d) of the Act as at the time of the filing of the Notice of Intention or of filing the Proposal. Wage claim shall also include any wages, salaries, commissions or compensation for services rendered after that date and before Court approval of the Proposal, together with, in the case of travelling sales persons, disbursements properly incurred by those sales persons in and about the Insolvent Persons business during the same period.
- 10.5** Director's liability claim shall include any claim for obligations of the Insolvent Person where the claim extends to the Director(s) of the Insolvent Person and the Director(s) are by law personally liable in their legal capacity as Director of the Insolvent Person for:
- a) certain crown claims as defined in Article 10.2;
  - b) wage claims as defined in Article 10.4;
  - c) goods and services tax claims as defined pursuant to the Excise Tax Act;
  - d) workers' compensation claims as directed under any provincial Workers' Compensation Act; and
  - e) any claim respecting any environmental contamination or condition under any federal or provincial Environmental Act.
- 10.6** That for greater certainty, director's liability claim shall exclude any claims that relate to obligations arising out of contractual obligations or claims that are based on allegations of misrepresentation or wrongful or oppressive conduct.
- 10.7** Preferred claim includes any claim defined pursuant to subsection 136 (1) of the Act, however preferred claim shall exclude any wage claim coming within subsection 136 (1)(d) of the Act as defined in Article 10.4.
- 10.8** Unsecured claim includes all obligations of the Insolvent Person of any nature and kind whatsoever, whether due or not due for payment at the time of the filing of the Notice of Intention or of filing the Proposal and including contingent or unliquidated claims arising out of any transactions entered into by the Insolvent Person at law or in equity prior to the time of the filing of the Notice of Intention or of filing the Proposal.

#### **Article 11. Arrangements Affecting Post Filing Creditors**

- 11.1** That any indebtedness incurred by the Insolvent Person for the provision of goods or the supply of services, utilities, goods or materials or advanced funds but only to the extent of their Claims in respect of the supply of such services, utilities goods or materials or

funds during the period from the filing of the Notice of Intention or the filing of the Proposal and the Court Approval Date; shall be paid in full by the Insolvent Person from proceeds realized in relation to the business operations in the ordinary course of business pursuant to regular trade terms or as may be negotiated in priority only to the claims of the unsecured creditors as defined in Article 10.8 existing at the time of the filing of the Notice of Intention or of filing the Proposal.

- 11.2 That creditors dealing with the Insolvent Person following the time of the filing of the Notice of Intention or of filing the Proposal shall have no right of set-off.

**Article 12. Arrangements Affecting Canada Revenue Agency ("CRA")**

- 12.1 That the indebtedness of the Insolvent Person to Canada Revenue Agency shall include all amounts owing up to and including the time of filing the Notice of Intention or of filing the Proposal which shall, with the exception of Certain Crown Claims defined in Article 10.2, be included as an unsecured claim pursuant to Article 10.8.
- 12.2 That the Insolvent Person shall file a provisional corporate tax return for the current calendar year being the period commencing on the 1<sup>st</sup> day following its year end to the time of filing the Notice of Intention or of filing the Proposal to reasonably calculate the estimated pre Proposal corporate tax debt.
- 12.3 That the Insolvent Person shall file a corporate tax return for the corporate year end being the period October 1<sup>st</sup> 2010 to September 30<sup>th</sup> 2011 together with a detailed calculation of the actual pre Proposal corporate tax debt to disclose any variance between the estimated pre Proposal corporate tax debt as calculated in the provisional corporate tax return and the actual pre Proposal corporate tax debt as calculated in the corporate year end return.
- 12.4 That the Insolvent Person shall pay to Canada Revenue Agency any amount in excess of the estimated corporate tax payable in the provisional corporate tax return and the actual amount calculated in the corporate year end return and further acknowledges that the excess corporate tax payable shall become a post Proposal corporate tax liability.
- 12.5 That the Insolvent Person shall comply with the Income Tax Act and the Excise Tax Act and all other applicable tax related matters including, but not necessarily limited to, the filing of all pertinent statutory returns on or before the date upon which the returns become due and the payment all monies for source deductions, including the employer's portion where applicable, goods and services tax, and corporate tax, on or before the date upon which the payments become due.
- 12.6 That the Insolvent Person shall, commencing no later than thirty (30) days following Court approval of the Proposal, file GST returns with CRA on a monthly basis on or before the 15<sup>th</sup> day of the following month and shall remit any balance payable upon filing the said GST return. The monthly filing of GST returns and the monthly payment of any and all amounts due upon filing the GST return shall continue for the complete term of the Proposal.
- 12.7 That the Insolvent Person shall, commencing no later than thirty (30) days following Court approval of the Proposal, file Employer Remittance Forms for all employee source deductions, which shall include the employer's portion where applicable, for Income Tax,

Canada Pension Plan and Employment Insurance for all employees of the Pinnacle Im-Ex (Canada) Inc., on a monthly basis on or before the 15<sup>th</sup> day of the following month and shall remit all source deductions payable upon filing the said Employer Remittance Form. The monthly filing of the Employer Remittance Form and the monthly remittance of all amounts owing for source deductions including the employer's portion, where applicable, shall continue for the complete term of the Proposal.

- 12.8** That CRA shall apply as a credit all remittances for GST and source deductions made by the Insolvent Person following the time of the filing of the Notice of Intention or of filing the Proposal to the Insolvent Person's respective post proposal tax accounts, with the exception of any one or more payments identified by the Trustee as being payment of Certain Crown Claims as defined in Article 10.2.
- 12.9** CRA shall have no right of set off for any indebtedness of the Insolvent Person at the time of filing the Notice of Intention or of filing the Proposal against any remittances made by the Insolvent Person or any federal or provincial corporate tax refunds payable to the Insolvent Person for the period following the time of the filing of the Notice of Intention or of filing the Proposal.

#### **Article 13. Arrangements Affecting Certain Crown Claims**

- 13.1** That the claims defined in Article 10.2, comprised of all amounts outstanding at the time of the filing of the Notice of Intention or of filing the Proposal, shall be paid in full by the {(\* Trustee from the distribution of the property of the Insolvent Person) or (Insolvent Person from proceeds realized in relation to the business operations)}.within six (6) months following Court approval of the Proposal or in an extended period of time if approved by Her Majesty in Right of Canada as represented by Canada Revenue Agency.
- 13.2** That the Insolvent Person is not aware of any indebtedness to Her Majesty in the Right of Canada or a Province as defined in Article 10.2.

#### **Article 14. Arrangements Affecting Secured Creditors**

- 14.1** That the creditors with secured claims shall prove the secured claims with the Trustee by submitting to the Trustee a Proof of Claim together with pertinent documentation in support of its secured claim.
- 14.2** That where a creditor with a secured claim(s) fails to submit to the Trustee a Proof of Claim in the prescribed form together with all pertinent documentation in support of the secured claim, the Trustee may serve upon the creditor a Notice to Prove Claim.
- 14.3** That where the Trustee serves upon a creditor with a secured claim(s) a Notice to Prove Claim and the creditor fails to respond to the notice within thirty (30) days, the Trustee may, with leave of the Court sell or otherwise dispose of the property free of the security; and
- a) all proceeds arising from the realization of the aforesaid property by the Trustee shall be distributed pursuant to Article 22.1 to the creditors with unsecured claims as defined in Article 10.8, in addition to any other sums payable to the creditors with unsecured claims as provided in this Proposal to the maximum sum of one hundred

(100) cents on the dollar on the amount of the proven unsecured claims or such greater amount as may be otherwise provided in this Proposal.

- 14.4** That where the security interest held by a creditor is unperfected or invalid for any reason whatsoever and such imperfection or invalidity renders the security interest held by the creditor subordinate to the security interest held by the Trustee, the Trustee may disallow the secured claim; and
- a) where the secured claim is disallowed by the Trustee, all property that comprises the security interest held by the secured creditor shall vest in the Trustee in priority to the secured creditor for the general benefit of the unsecured creditors; and
  - b) all proceeds arising from the realization of the aforesaid property by the Trustee shall be distributed pursuant to Article 22.1 to the creditors with unsecured claims as defined in Article 10.8, in addition to any other sums payable to the creditors with unsecured claims as provided in this Proposal to the maximum sum of one hundred (100) cents on the dollar on the amount of the proven unsecured claims or such greater amount as may otherwise be provided in this Proposal.
- 14.5** That subject to Articles 14.1 and 14.2, payment by the Insolvent Person from proceeds realized from business operations to the creditors with secured claims shall be made subject to the terms and conditions of the security agreement in respect of the collateral held by it.
- 14.6** That subject to Articles 14.1 and 14.2 and in the alternative to Article 14.5, payment by the Insolvent Person from proceeds realized from business operations to the creditors with secured claims shall be made as may be negotiated between the Insolvent Person and the holders of the secured claims.
- 14.7** That from and after the Court Approval Date, the recourse of a creditor with a secured claim against the Insolvent Person or any property, assets or undertaking of the Insolvent Person shall for all purposes be limited to the rights and remedies of the creditor with a secured claim under its security in respect of any collateral held by it and the creditor with a secured claim shall have no rights against the property, assets or undertaking of the Insolvent Person other than the collateral and its entitlement under Article 14.5 or Article 14.6.

#### **Article 15. Arrangements Affecting Employees and Former Employees**

- 15.1** That the claims defined in Article 10.4 of all amounts outstanding at the time of the filing of the Notice of Intention or of filing the Proposal, together with all amounts accrued due for services rendered after that date and before Court approval of the Proposal, shall be paid by the Insolvent Person in full immediately following Court approval of the Proposal from proceeds realized in relation to business operations and in priority to the claims of all other creditors.
- 15.2** That the Insolvent Person is not aware of any indebtedness to employees or former employees as defined in Article 10.4.

**Article 16. Arrangements Affecting Director's Liabilities**

- 16.1 That upon the full performance of the terms of the Proposal, the Directors of the Insolvent Person shall be released from all claims as defined in Article 10.5 including contingent claims that arose prior to the filing of the Notice of Intention or of filing the Proposal, but the Directors of the Insolvent Person shall not be released from claims that relate to obligations arising out of contractual obligations or claims that are based on allegations of misrepresentation or wrongful or oppressive conduct.

**Article 17. Arrangements Affecting Preferred Claims**

- 17.1 That the funds available for distribution in this Proposal shall be distributed by the Trustee to the creditors with preferred claims as defined in Article 10.7, from the distribution of the property of the Insolvent Person in priority only to the creditors with unsecured claims.
- 17.2 That the Insolvent person is not aware of any indebtedness to creditors with preferred claims as defined in Article 10.7.

**Article 18. Arrangements Affecting Unsecured Claims**

- 18.1 That the funds available for distribution in this Proposal shall be distributed by the Trustee to the creditors with unsecured claims as defined in Article 10.8 from the distribution of the property of the Insolvent Person in subordination to the claims of all other creditors.

**Article 19. Classes of Preferred and Unsecured Claims**

- 19.1 That for the purpose of this Proposal the preferred and unsecured claims shall be included in a single Class of creditors.

**Article 20. Contributions to the Proposal by the Insolvent Person**

- 20.1 That the Insolvent Person shall contribute to the Trustee for the purpose of this Proposal the sufficient sum required to pay the claim of Canada Revenue Agency for source deductions in full and such further sum required to provide a distribution to the proven unsecured creditors at a rate of 10%. The estimated sum of \$90,304 shall be paid as follows:

The Insolvent Person has provided the Trustee with an initial deposit of \$2,975. The estimated balance of \$87,329 shall be paid to the Trustee as follows:

- i) minimum consecutive monthly payments of \$4,000 for six (6) months commencing the 15<sup>th</sup> day of December 2011

AND

- ii) minimum consecutive monthly payments of \$2,250 for twenty eight (28) months commencing the 15<sup>th</sup> day of June 2012

AND

- iii) such further sum required to provide for gross distribution to the proven unsecured creditors in the sum of 10 cents on the dollar by way of consecutive minimum monthly payments of \$2,250 commencing the 15<sup>th</sup> day of October 2015 until the required sum has been paid.

20.2 That the aforesaid sum may be pre-paid by the Insolvent Person at any time without penalty.

20.3 That, as a condition of the Canada Revenue Agency's approval of this Second Amended Proposal, the Insolvent Person will be forthwith amalgamated with Curry Fix Restaurants Ltd., a related company. The purpose of the amalgamation is to offset losses in the Curry Fix Restaurants Ltd. with corporate income tax payable in the Insolvent Person.

20.4 The Insolvent Person will apply any net losses for tax purposes, incurred during post proposal operations, first to pre-proposal fiscal years until such time that the pre-proposal corporate income tax liability has been extinguished in full. Any such loss carry-backs should be subject to the timelines prescribed by the Income Tax Act.

#### **Article 21. Distribution and Priority of Payments**

21.1 That the claims of the creditors shall be paid by the Trustee from the distribution of the property of the Insolvent Person in the following manner and priority:

- a) payment of the fees and disbursements of the Trustee including GST;
- b) payment of the claims of Her Majesty in the Right of Canada or a Province as defined in Article 10.2;
- c) payment on a pro rata basis of the claims of the preferred claims as defined in Article 10.5;
- d) payment on a pro rata basis of the claims of the unsecured claims as defined in Article 10.7; and
- e) payment of the Superintendent's levy.

21.2 That the Trustee shall distribute dividends, where applicable, once every three (3) months following Court approval of the Proposal or as funds are made available.

#### **Article 22 Comparative Analysis – Division I Proposal vs. Bankruptcy**

22.1 That the Comparative Analysis of Projected Dividends, attached hereto as Exhibit "A" to this Proposal, calculates the estimated funds available for distribution to the creditors

with unsecured claims pursuant to the Proposal at the sum of \$19,912 representing a dividend of 10%.

The Comparative Analysis of Projected Dividends further shows that pursuant to the Proposal the claim of Canada Revenue Agency for source deductions will be paid in full.

- 22.2 That conversely, the Comparative Analysis calculates the estimated funds available for distribution to the unsecured creditors in a Bankruptcy at the sum of \$0 representing a dividend of 0%.

The Comparative Analysis of Projected Dividends further shows that in a Bankruptcy the claim of Canada Revenue Agency for source deductions will be paid the estimated 0%.

### **Article 23. Security for the Performance of the Proposal**

- 23.1 That the assets of the Insolvent Person are not of a value equal to fifty (50) cents on the dollar on the amount of the Insolvent Person's unsecured liabilities.
- 23.2 That the Proposal provides for payment to the unsecured creditors of an amount less than fifty (50) cents on the dollar on all the unsecured claims.
- 23.3 That the security for the performance of the Proposal shall be the sum of \$2,975, being the amount of the deposit provided to the Trustee by the Insolvent Person.

### **Article 24. Applicable Dates, Valuation of Claims, Voting and Acceptance**

- 24.1 That the Claims of all proven creditors shall be valued by the Trustee as at the 27<sup>th</sup> day of May 2011, at or before the Meeting of Creditors.
- 24.2 That proofs of claim, proxies and voting letters intended to be used at the Meeting of Creditors must be lodged with the Trustee prior to the Meeting of Creditors.
- 24.3 That the creditors must vote their claims by either returning a properly completed Voting Letter to the Trustee prior to the Meeting of Creditors, or by attending at the Meeting of Creditors and voting in person or by proxy.
- 24.4 That acceptance of the Proposal by the creditors requires a majority of creditors of each Class, either by Voting Letter or present personally or by proxy, at the Meeting of Creditors representing at least two-thirds (2/3) or 66.66% in dollar value of the proofs of claim lodged with the Trustee prior to the Meeting of Creditors and voting for the acceptance of the Proposal.

### **Article 25. Modifications and Amendments**

- 25.1 That the Insolvent Person reserves the right to file an Amended Proposal at any time prior to the Meeting of Creditors held to consider and vote on the acceptance of the Proposal and in the event of any Amended Proposal being filed the Amended Proposal shall be provided to the creditors prior to any vote being taken by the creditors to approve the Proposal or Amended Proposal.



- 25.2** That the Insolvent Person reserves the right to propose any amendment or modification to the Proposal or Amended Proposal at any Meeting of Creditors.
- 25.3** The Trustee, with the approval of the Court and without notice to the Creditors, may agree to concur in any modification or amendment to the Proposal after the Creditors have voted on the Proposal, including without limiting the generality of the foregoing, any extension of time for carrying out the terms of the Proposal or for taking any steps or proceedings hereunder, other than any modification or amendments which would materially adversely affect the rights of any creditor.

**Article 26. Non-Application of Sections 91 to 101 of the Act**

- 26.1** That Sections 91 to 101 of the Act under the heading "Preferences and Transfers at Undervalue", shall not apply to the within Proposal. The Trustee and the Creditors shall not be entitled to avail themselves of these sections of the Act.

**Article 27. Notice**

- 27.1** Unless otherwise indicated, any notice required or permitted to be given pursuant to the Proposal shall be sufficiently given or made if delivered, faxed or mailed by prepaid post as follows:

To the Trustee:

**FABER INC.**  
Insolvency and Restructuring  
10047 81 Avenue  
Edmonton, Alberta  
T5E 2T1  
Telephone: 780.944.1177  
Facsimile: 780.944.6979

Attention: Dan Faber, CA, CIRP  
Trustee in Bankruptcy

To the Creditors:

At their last known address according to the Insolvent Person or such other addresses as any of the foregoing may designate from time to time.

Any notice delivered as aforesaid shall be deemed to have been received when delivered, if delivered on a day other than Saturday, Sunday or statutory holiday, and otherwise on the next following business day. Any notice mailed as aforesaid shall be deemed to have been received on the 7th business day following the day on which such notice is mailed.

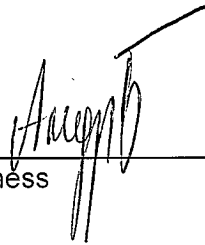
✓ 13<sup>th</sup> ✓ AB ✓ February 2012 ✓ AB

Dated at the City of Edmonton in the Province of Alberta this 10<sup>th</sup> day of ~~December~~ 2014.

**Pinnacle Im-Ex (Canada) Inc.,**  
Insolvent Person  
By its Duly Authorized Representative



Per: Haneef Gaffar



Witness

**IN THE MATTER OF THE SECOND AMENDED DIVISION I PROPOSAL OF  
PINNACLE IM-EX (CANADA) INC.  
OF THE CITY OF EDMONTON IN THE PROVINCE OF ALBERTA  
SCHEDULE OF PROJECTED DISTRIBUTION TO CREDITORS**

<b>Projected Receipts</b>	<b>Bankruptcy</b>	<b>Proposal</b>
Payment by the Bankrupt	-	N/A
Payment by the Debtor	N/A	90,304
Net Realizations from the Sale of Assets:	1,850	-
Total Projected Receipts	1,850	90,304
Projected Trustee's Fees, G.S.T., and Disbursements	42,500	42,500
<b>Canada Revenue Agency ("CRA") - Source Deductions Claim</b>	<b>-</b>	<b>27,892</b>
<b>Percentage Distribution - CRA Source Deductions Claim (Note 1)</b>	<b>0%</b>	<b>100%</b>
<b>Projected Distribution to the Unsecured Creditors</b>	<b>-</b>	<b>19,912</b>
<b>Percentage Distribution (Note 2)</b>	<b>0%</b>	<b>10%</b>

Notes:

1. For purposes of this presentation we have assumed that the value of the CRA proven claim for source deductions will be \$27,892.

2. The percentage dividend to creditors will vary in accordance with the total value of proven unsecured creditors. For purposes of this presentation we have assumed that the value of proven unsecured creditors will be \$199,119.