

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
MALONE'S SOCIAL LOUNGE AND TAPHOUSE INC.

PROPOSAL

**ARTICLE I
DEFINITIONS & INTERPRETATION**

1.1 DEFINITIONS

In the Proposal:

"BIA" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended.

"Business Day" means any day which is not a Saturday or Sunday, or statutory holiday in British Columbia.

"Claim" means any right or claim of any person against the Companies whether or not asserted in connection with any indebtedness, liability or obligation of any kind whatsoever owed to such person, including any indebtedness, liability or obligation owed to such person as a result of any breach of duty (including, without limitation, any legal, statutory, equitable, or fiduciary duty), any right of ownership of or title to, or to a trust or deemed trust against, any of the property or assets of the Companies, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including 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 of action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts which existed prior to or at the Filing Date, and, for certainty, includes Priority Claims.

"Claims Process" means the process pursuant to the BIA by which the Trustee will determine the Proven Claims against the Companies.

"CMDC" means Cambie Malone's Development Corp.

"Companies" means CMDC and "MSLT".

"Conditions Precedent" means the conditions precedent set out in Section 5.1 of the Proposal.

“**Court**” means the Supreme Court of British Columbia.

“**Creditor**” means any person that has a Claim against the Companies.

“**Creditors Meeting**” means the meeting of the Creditors to be called and held pursuant to Section 51(1) of the BIA for the purpose of considering, and if thought fit, voting to approve the Proposal, as same may be amended at any such meeting, and agreeing to the compromise and arrangement constituted thereby, and any adjournment thereof.

“**Crown**” means Her Majesty in the Right of Canada or a province.

“**Crown Claim**” means a Claim of the Crown for amounts that are outstanding as at the Filing Date and are of the 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 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*, an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or
- (c) 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:
 - (i) 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
 - (ii) 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.

“**Covenant Not to Sue**” has the meaning ascribed to it in section 3.4 of the Proposal.

“**Director**” means Sally Negus in her capacity as the director of the Companies.

“**Disputed Claim**” means any Claim of an Unsecured Creditor which has been received by the Trustee in accordance with the BIA but has not been accepted as a Proven Claim, or which is being disputed in whole or in part by the Trustee or any other person entitled to do so and has not been resolved by agreement or in accordance with the BIA.

“**Employee Claims**” means any Proven Claim of any employees and former employees of the Companies, including the amounts that such employees and former employees would have been qualified to receive under Paragraph 136(1)(d) of the BIA if the Companies had become bankrupt on the Filing Date.

"**Excluded Claim**" means, subject to further order of the Court:

- (a) any Employee Claims;
- (b) any Priority Claims; and
- (c) any Crown Claims.

"**Excluded Creditors**" means Creditors having Excluded Claims.

"**Filing Date**" means January 18, 2021, the date when the Notice of Intention to File a Proposal pursuant to the BIA was filed by the Companies.

"**Funds for Distribution**" shall have the meaning ascribed to it in Section 2.1 of the Proposal.

"**Inspectors**" has the meaning ascribed to it in Section 8.5 of the Proposal.

"**Investors**" means the Unsecured Creditors who were formerly the preferred shareholders of the Companies.

"**Implementation Date**" means the date on which the Conditions Precedent to the Proposal set forth in Article V hereof have been satisfied or waived.

"**Malone's Group**" has the meaning ascribed to it in Section 2.1 of the Proposal.

"**MSLT**" means Malone's Social Lounge and Taphouse Inc.

"**Priority Claim**" means a Proven Claim of a Creditor entitled to receive a payment of any amount owed to it in priority to any payments to Unsecured Creditors as provided for in Section 136 of the BIA.

"**Proof of Claim**" means the proof of claim delivered to the Trustee in accordance with the BIA.

"**Proposal**" means the consolidated proposal herein among the Companies and the Unsecured Creditors, as from time to time amended, modified or supplemented pursuant to an order of the Court, or pursuant to an agreement among the Companies and the Unsecured Creditors, as provided for herein or pursuant to any Creditors Meeting.

"**Proposal Proceeding**" means the proceedings commenced by the Companies under the BIA, being British Columbia Supreme Court, Vancouver Registry Action No. B-210092.

"**Proven Claim**" means the aggregate amount of any and all Claims held by a Creditor which has been accepted by the Trustee and the Companies in accordance with the BIA.

"**Receivables**" has the meaning ascribed to it in Section 2.1 of the Proposal.

"**Required Majority**" means the affirmative vote, at the Creditors Meeting, of:

- (a) a simple majority in number of those Unsecured Creditors with Proven Claims in the Unsecured Creditor Class who vote upon the Proposal (in person or by proxy); and

- (b) a two-thirds majority in value of the Proven Claims of Unsecured Creditors in the Unsecured Creditor Class who vote upon the Proposal (in person or by proxy).

“Sanction Order” means the order of the Court made in the Proposal Proceeding approving the Proposal and directing the implementation of the Proposal.

“Trustee” means FTI Consulting Canada Inc. in its appointed capacity as trustee of the Proposal, and not in its personal capacity.

“Trustee’s Fees” means all proper fees, expenses and legal costs of the Trustee on and incidental to the proceedings arising out of the Proposal and all proper fees, expenses and legal costs of the Trustee arising in relation to the Proposal.

“Unsecured Creditor Claim” means a Proven Claim of a Creditor against the Companies that is not an Excluded Claim.

“Unsecured Creditor Class” means the class comprising all Creditors with Unsecured Creditor Claims.

“Unsecured Creditors” means those Creditors with Unsecured Creditor Claims.

1.2 HEADINGS

The division of the Proposal into Sections and the insertion of headings are for convenience only and do not form part of the Proposal and will not be used to interpret, define or limit the scope, extent or intent of the Proposal.

1.3 STATUTORY REFERENCE

Unless otherwise specified, each reference to a statute is deemed to be a reference to that statute and to the regulations made under that statute, as amended or re-enacted from time to time.

1.4 NUMBER AND GENDER

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.5 CURRENCY

All references to amounts of money means lawful currency of the Dominion of Canada unless otherwise expressly indicated. All Proofs of Claim submitted by Creditors in any other currency will be converted to Canadian dollars at the rate of exchange applicable at the Filing Date.

1.6 DATE FOR ANY ACTION

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

1.7 GOVERNING LAW

The Proposal shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable thereto. All questions as to the interpretation or application of the Proposal and all proceedings taken in connection with the Proposal shall be subject to the exclusive jurisdiction of the Court.

ARTICLE II PURPOSE AND EFFECT OF THE PROPOSAL

2.1 PURPOSE OF THE PROPOSAL

The Malone's group of companies (the "Malone's Group") successfully operated several businesses in Vancouver, Nanaimo and Esquimalt, British Columbia over the last several decades. These businesses included significant real estate holdings, hostels, liquor stores and public houses. Its former controlling shareholder was Sam Yehia. Mr. Yehia sought investment funds from the Investors by issuing them preferred shares in the Companies. To persuade the Investors to subscribe for these preferred shares, Mr. Yehia assured the Investors that the Companies' preferred shares were fully redeemable after five years, and that the Companies' revenues were backed by contracts with companies within the Malone's Group. In fact, the Companies were shell companies that had no assets. Mr. Yehia was the sole director of all of the companies within the Malone's Group, including the Companies, at the time that funds were solicited from the Investors. The Companies were used simply for the purposes of raising money. The Companies do not have records that evidence how the Investors' funds were used and the Companies have reason to believe that Mr. Yehia may have received some or all of their funds personally. Mr. Yehia used personal relationships to raise money through the Companies and to obtain funds from the Investors. While the Companies paid dividends to the Investors, the Companies did not earn revenues and did not have contracts with other companies within the Malone's Group.

Until recently, the Director was married to Mr. Yehia. Following an extremely contentious divorce proceeding, the Director, pursuant to an Order of the Supreme Court of British Columbia, acquired Mr. Yehia's interest in the Malone's Group and, *inter alia*, became the director of both Companies.

After the Director purchased Mr. Yehia's interests in the Malone's Group, she discovered that the Companies had not kept proper corporate or accounting records and there were little to no records showing how Mr. Yehia had dealt with the Investors' funds. The financial records of the Companies showed that the only assets were receivables owing to the Companies (the "Receivables"). The Receivables – even if fully collected by the Companies – would not be sufficient to pay the Investors if they choose to redeem their preferred shares.

After becoming the director of the Companies, the Director continued the dividend payments to the Investors whilst investigating how Mr. Yehia had used the Investors' funds. The Director completed her investigation in 2020. The results of her investigation showed that the Companies did not, and had never had, any revenues, that there was no contractual relationship between the Companies and any other company within the Malone's Group to pay more than the Receivables, and that the Receivables were incapable of repaying the redemption amounts due to the Investors. Further, the Director discovered that Mr. Yehia had treated the funding of the dividend payments to the Investors as a reduction of the inter-company loan owing to the Companies. The dividend payments were halted after the Covid-19 pandemic effectively closed restaurant operations.

The Companies have no, and have never had any assets that were capable of funding share redemptions. Further, contrary to the statements that Mr. Yehia made to the Investors when they subscribed for their preferred shares the Investors essentially advanced funds to the Companies on an unsecured basis with no security. The Companies are insolvent. Due to the COVID-19 pandemic, the Malone's Group's operations are effectively closed. The Companies' only assets consist of receivables owing by other related companies, which also do not have assets that are capable of being liquidated to pay for the Receivables. Even if all the Receivables were fully collected, the Companies would not have sufficient funds to pay for share redemptions due to the Investors. Further, based upon the Director's investigations, the Companies were never able to fully fund share redemptions. In light of this, the Companies filed the Notice of Intention to File a Proposal as of the Filing Date and commenced the Proposal Proceeding.

The Proposal contemplates pooling all the Investors together into one group. The group would share equally. If the Investors were put into separate classes based on which company they invested in, this would disproportionately benefit the Investors whose shares were acquired in MSLT due to the vast majority of the Companies' receivables owing to it despite not having control over which of the two Companies they invested in. This would be unfair to those Investors who are invested in CMDC.

Pursuant to the Proposal, if the Proposal is implemented, the Director will advance the Funds for Distribution in the amount of \$1,200,000 to distribute to the Unsecured Creditors on a consolidated, pro rata basis in satisfaction of their Claims. These funds, or a portion thereof, will be borrowed from a third party lender.

The implementation of the Proposal is subject to the Conditions Precedent, including the approval by the Unsecured Creditor Class, approval by the Court of the Proposal, and a Covenant Not to Sue given to the Director by each of the Unsecured Creditors.

If the Proposal is not accepted by the Unsecured Creditors, the Companies will be deemed bankrupt. The liquidation and sale of the Companies' assets upon bankruptcy will result in less return to the Creditors than under the terms of the Proposal.

2.2 EFFECT OF THE PROPOSAL

Upon the Companies meeting their obligations to the Unsecured Creditors under the Proposal and subject to the satisfaction or waiver of the Conditions Precedent, all Claims which the Unsecured Creditors have against the Companies shall be irrevocably extinguished, released and discharged. On the Implementation Date, the Proposal will be binding on the Companies and the Unsecured Creditors.

The Proposal does not affect Excluded Creditors.

The Proposal is made pursuant to the provisions of the BIA.

2.3 VOTE BY UNSECURED CREDITORS

Subject to order of the Court, the Unsecured Creditors shall be entitled to attend and vote at the Creditors Meeting.

Subject to order of the Court, in order to be approved, the Proposal must receive an affirmative vote, in accordance with the provisions of the BIA, by the Required Majority of the Unsecured Creditor Class.

2.4 TRUSTEE UNDER THE PROPOSAL

Subject to the provisions of the BIA, the Trustee shall act as the administrator for certain purposes connected with the Proposal, including administration of the Creditors Meeting and any adjournments thereof.

ARTICLE III CREDITOR CLASS AND PRIORITY OF PAYMENTS

3.1 UNSECURED CREDITOR CLASS

There will be one class of Creditors for the purpose of considering and voting upon the Proposal being the Unsecured Creditor Class.

3.2 PAYMENT TO THE UNSECURED CREDITORS

If the Proposal is approved by the Required Majority, and the Conditions Precedent have been satisfied or waived, then Unsecured Creditors shall be paid their pro rata share of the Funds for Distribution on account of their Unsecured Creditor Claims within 5 (five) Business Days of the Implementation Date, in full and final satisfaction of their Unsecured Creditor Claims.

3.3 CREDITORS WITH DISPUTED CLAIMS

Unsecured Creditors with Disputed Claims shall be entitled to attend the Creditors Meeting and cast a vote in respect of the Proposal up to the value of their Disputed Claim. The Trustee shall keep a separate record and tabulation of any votes cast in respect of Disputed Claims. The Trustee shall report the result of the vote and the tabulation of votes of Proven Claims and Disputed Claims to the Court and, if the decision by Unsecured Creditors whether to approve or reject the Proposal is affected by the votes cast in respect of Disputed Claims, the Companies shall seek direction from the Court in respect thereof. The fact that a Disputed Claim is allowed for voting purposes shall not preclude the Companies or the Trustee from disputing the Disputed Claim for distribution purposes.

Any Unsecured Creditors with Disputed Claims on the date of distribution of payments under Section 3.2 shall not be entitled to receive any distribution hereunder with respect to such Disputed Claim unless, until and to the extent that such Disputed Claim is accepted as a Proven Claim, either by agreement or in accordance with the Claims Process.

Pending resolution of each Disputed Claim, either by agreement or by Order of the Court, the Trustee shall withhold such amount as would be payable to the Unsecured Creditor with such Disputed Claim if that Disputed Claim were a Proven Claim. If and to the extent a Disputed Claim is determined to be a Proven Claim, the Trustee shall distribute the appropriate payment to that Unsecured Creditor in respect of its Proven Claim within 10 days of that determination. If a Disputed Claim is not determined to be a Proven Claim, then such withheld amount shall be dealt with in accordance with the BIA.

3.4 COMPROMISE AND RELEASE

Upon the Companies meeting their obligations to each Unsecured Creditor under the Proposal, each Unsecured Creditor shall be deemed to have:

- (a) released the Companies in relation all Claims that arose before the Filing Date and that relate to the obligations of the Companies prior to the Filing Date, regardless of the date of crystallization of such Claims; and
- (b) released the Director and current officers of the Companies from all Claims that arose before the Filing Date, and that relate to the obligations of the Companies prior to the Filing Date, regardless of the date of crystallization of such Claims, where the Director is, by law, liable in her capacity as a director or officer for the payment of such obligation, but such claims shall not include Claims based on allegations of misrepresentations made by directors to creditors or of wrongful or oppressive conduct by directors.

It is a Condition Precedent to the Proposal that, before the hearing for the Sanction Order, each and every Investor that is an Unsecured Creditor shall have signed and executed a covenant, individually, in favour of the Director and her associated operating companies with respect to all and any Claims that relate to or have any connection with the obligations of the Companies to the Investors prior to the Filing Date, regardless of the date of crystallization of such claims (the "Covenant Not to Sue"). For greater certainty, the releases in this Section 3.4 and the Covenant Not to Sue shall not have any effect on any Claims against any former directors or officers of the Companies, including Mr. Yehia.

ARTICLE IV PRIORITY PAYMENTS

4.1 TRUSTEE'S FEES

The Trustee's Fees will be paid by the Companies in priority to payment of all Proven Claims in accordance with the provisions of the BIA.

4.2 PAYMENT OF PRIORITY CLAIMS

The Trustee shall pay the following from funds provided by the Companies if applicable:

- (a) all Crown Claims within 6 months of the date the Sanction Order is made;
- (b) all Employee Claims immediately after the granting of the Sanction Order; and
- (c) any other Priority Claims in accordance with Subsection 136(1) of the BIA prior to any distribution to the Unsecured Creditors Class.

**ARTICLE V
PAYMENT TO THE UNSECURED CREDITORS**

5.1 CONDITIONS PRECEDENT TO THE IMPLEMENTATION DATE

The Implementation Date is subject to the satisfaction or waiver of the following Conditions Precedent:

- (a) The Proposal has been approved by the Required Majority of the Unsecured Creditor Class;
- (b) The Funds for Distribution have been raised by the Director;
- (c) Each Investor has executed a Covenant Not to Sue individually before the date of the hearing for the Sanction Order;
- (d) The Sanction Order has been granted by the Court and has not been stayed;
- (e) The Funds for Distribution have been paid to the Trustee pursuant to Subsection 60(2) of the BIA;
- (f) All other actions, documents and agreements necessary to implement the Proposal have been effected and executed.

5.2 WAIVER OF CONDITIONS PRECEDENT

Any of the Conditions Precedent contained in Section 5.1, other than Subsections 5.1(a) and 5.1(d) may be waived by the Companies, with the consent of the Trustee.

5.3 TRUSTEE'S CERTIFICATE OF PROPOSAL IMPLEMENTATION

Upon being advised in writing by counsel to the Companies that the Conditions Precedent have been satisfied or waived in accordance with Section 5.2 hereto and that the Proposal is capable of being implemented, the Trustee shall file with the Court a certificate stating that all Conditions Precedent have been satisfied or waived in accordance with the Proposal and that the Proposal is capable of being implemented forthwith.

5.4 FAILURE TO SATISFY CONDITIONS TO PLAN IMPLEMENTATION

If the Conditions Precedent are not satisfied or waived in accordance with Section 5.2 hereof on or before the day which is five (5) Business Days after the date on which the Sanction Order is issued or such later date as may be specified by the Companies, with the consent of the Trustee or by order of the Court, the Proposal shall not be implemented and the Proposal and the Sanction Order shall cease to have any further force or effect.

**ARTICLE VI
DELIVERY OF NOTICES UNDER THE PROPOSAL**

6.1 NOTICES AND PAYMENTS TO CREDITORS

Any notices, correspondence and payments to Creditors under or in relation to the Proposal shall be a) delivered to the address provided by each Creditor in its Proof of Claim unless the Trustee is notified by a Creditor in writing of an alternative address for delivery, or b) made in accordance with an order of the Court.

6.2 UNDELIVERABLE PAYMENTS

If any payments to a Creditor under the Proposal is returned to the Trustee as undeliverable, no further payments to that Creditor shall be made unless and until the Trustee is notified by such Creditor, in writing, of their current address, at which time any missed payments shall be delivered to such Creditor without interest. Undeliverable payments shall be retained by the Trustee until they are claimed or until the date of the Trustee's discharge, after which they shall, subject to Section 154(1) of the BIA and Directive No. 18 of the Superintendent of Bankruptcy, be paid over by the Trustee to the Office of the Superintendent of Bankruptcy.

6.3 WITHHOLDING TAXES AND SUPERINTENDENT'S LEVY

All payments made by the Trustee to Creditors pursuant to the Proposal shall be made net of all applicable levies in accordance with the BIA and regulations thereto, including the levy imposed by the Superintendent of Bankruptcy under the BIA.

Notwithstanding any other provision of the Proposal, each Creditor that is to receive a payment pursuant to the Proposal shall have the sole and exclusive responsibility for the satisfaction and payment of any taxes or tax obligations imposed by any governmental entity (including income, withholding and other tax obligations on account of such distribution).

**ARTICLE VII
PROCEDURE FOR VALIDATION OF CLAIMS**

7.1 FILING OF PROOFS OF CLAIM

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

7.2 ALLOWANCE OR DISALLOWANCE OF CLAIMS BY THE TRUSTEE

Upon receipt of the completed Proof of Claim, the Trustee shall examine the Proof of Claim and shall deal with each 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. The Companies and/or the Trustee reserve the right to seek the assistance of the Court in valuing the Claim of any Unsecured Creditor, if required, to ascertain the result of any vote on the Proposal, as the case may be.

**ARTICLE VIII
CREDITORS MEETING**

8.1 CREDITORS MEETING

Subject to order of the Court:

- (a) the Creditors Meeting to consider and vote on the Proposal shall be conducted in accordance with Part III, Division I – General Scheme for Proposals of the BIA; and
- (b) the Creditors Meeting shall be held within 21 days after the date of filing of the Proposal.

8.2 VOTING

Subject to order of the Court, the Proposal shall be voted on by the Unsecured Creditors Class at the Creditors Meeting. For the purposes of voting, each Unsecured Creditor shall have one vote for the purposes of determining a majority in number in the Unsecured Creditor Class and each shall be entitled to one vote for each \$1.00 of its Proven Claim for the purpose of determining two-thirds in value.

8.3 PROXIES AND VOTING LETTERS

Unsecured Creditors will be entitled to vote at the Creditors Meeting by proxy or voting letter. The particulars with respect to voting by proxy or voting letter will be detailed in the package provided to the Unsecured Creditors by the Trustee and will be binding upon the Unsecured Creditors.

8.4 ADJOURNMENT OF MEETING

The Creditors Meeting may be adjourned in accordance with Section 52 of the BIA.

8.5 INSPECTORS

At the Creditors Meeting, the Creditors may appoint one or more but not exceeding five inspectors (the “**Inspectors**”) under the Proposal pursuant to Section 56 of the BIA, whose duties will be restricted to the following:

- (a) to advise the Trustee in connection with its actions under the Proposal or any amendment thereto as the Trustee may, from time to time, request;
- (b) to advise the Trustee concerning any dispute which may arise as to the validity of claims of Creditors under the Proposal;
- (c) to extend the date(s) of distribution of payments under Section 3.2; and
- (d) to advise the Trustee in respect of such other matters as may be referred to the Inspectors by the Trustee.

The powers of the Inspectors will be exercised by a majority of them in accordance with Section 116(3) of the BIA.

In the event Creditors do not elect to appoint Inspectors under the Proposal, the Trustee shall be entitled to proceed as if authorized by the Inspectors and, subject to taxation thereof, to be paid by the Companies for services rendered by it pursuant and in relation to the Proposal.

The Trustee, and the Inspectors, should any be appointed, shall be exempt from all personal liability for any wrongful act, default or neglect (other than fraud, willful misconduct or gross negligence) in fulfilling any duties or exercising any powers conferred upon them by the Proposal, the BIA or generally in carrying out the terms of the Proposal.

ARTICLE IX AMENDMENTS AND MODIFICATIONS

9.1 AMENDMENT OF PROPOSAL

The Companies reserve the right, with the consent of the Trustee, to amend the Proposal at any time prior to the Creditors Meeting, and after the Creditors Meeting and prior to obtaining the Sanction Order to amend any approved Proposal, and re-submit it to the Creditors.

9.2 MODIFICATION OF PROPOSAL

After the Creditors Meeting, the Proposal may be modified from time to time:

- (a) if the amendment is considered by the Trustee and the Inspectors (should any be appointed) to be non-substantive in nature, with the approval of the Trustee and the majority of the Inspectors (should any be appointed);
- (b) upon a vote conducted by the Trustee at a further meeting of Creditors; or
- (c) by the Court at any time on application of the Companies or the Trustee and upon notice to those determined by the Companies and the Trustee to be directly affected by the proposed modification, whether a Creditor or not.

9.3 WAIVERS

Other than the Conditions Precedent contained in Section 5.1, any provision of the Proposal may be waived, with the consent of the Trustee, by the Inspectors, or if no Inspectors are appointed, with the consent of a simple majority of the Unsecured Creditors or by an Unsecured Creditor affected by the provision.

**ARTICLE X
APPLICATION FOR SANCTION ORDER**

10.1 APPLICATION FOR SANCTION ORDER

Within 5 days after the Proposal has been approved by the Required Majority of the Unsecured Creditor Class, the Trustee will apply to the Court for an appointment for a hearing of the application of the Sanction Order in accordance with Section 58 of the BIA.

10.2 CONTINUATION OF THE STAY OF PROCEEDINGS

The stay of proceedings provided for in Subsection 69.1(1) of the BIA will be continued in full force and effect from the date of filing of the Proposal until the later of the date of the completion of the distributions to the Creditors in accordance with the Proposal, or if the Companies become bankrupt, the date of bankruptcy.

**ARTICLE XI
GENERAL**

11.1 CERTIFICATE OF COMPLETION AND DISCHARGE OF TRUSTEE

Following the completion of the distributions to the Creditors in accordance with the Proposal, the terms of the Proposal shall be deemed to be fully performed and the Trustee shall give to the Companies and the official receiver a certificate, in the prescribed form, in accordance with Section 65.3 of the BIA and the Trustee shall thereupon be entitled to be discharged.

11.2 FURTHER ACTIONS

The Companies will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Proposal and to give effect to the transactions contemplated hereby.

11.3 NOTICES

All notices and correspondence relating to the Proposal and to be delivered to the Companies or the Trustee shall be made in writing and shall be delivered either personally, by email, by telecopy, by regular mail, by registered mail or by certified mail, return receipt request, at the following address:

- (a) If to the Companies:

Clark Wilson LLP
900-885 West Georgia St.
Vancouver, BC V6C 3H1

Attn: Christopher Ramsay / Nick Carlson
Tel: 604-687-6314 / 604-891-7797
Email: cramsay@cwilson.com / ncarlson@cwilson.com

(b) If to the Trustee:

FTI Consulting Canada Inc.
Suite 1450, P.O. Box 10089
701 West Georgia St.
Vancouver, BC V7Y 1B6

Attn: Craig Munro
Tel: (604) 757-6108
Email: craig.munro@fticonsulting.com

And if to a Creditor, at its address set forth in the last Proof of Claim deposited with the Trustee, or at such other address of which the Creditor has subsequently given the Trustee notice in writing.

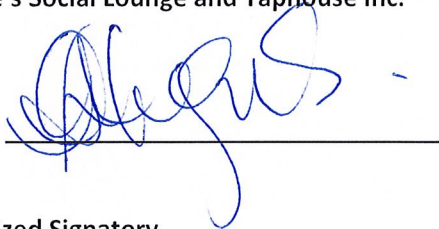
11.4 SUCCESSORS AND ASSIGNS

The Proposal is binding upon the Companies and the Creditors and their respective heirs, executors, administrators, successors and assigns.

DATED this 16th day of February, 2021.

Malone's Social Lounge and Taphouse Inc.

Per: _____



Authorized Signatory