

District of: Ontario
Division No. 09 – Toronto
Court No. 31-2801364
Estate No. 31-2801364

CREDITOR PACKAGE

**BREAKTHROUGH ENTERPRISES INC.,
Breakthrough Entertainment Inc., Breakthrough Films &
Television Inc., Breakthrough Merchandising Inc.,
Breakthrough New Media Inc., Breakthrough Post Inc.,
Breakthrough Publishing Inc., 2447134 Ontario Inc., Oak
Room Productions Inc., consolidated under
Breakthrough Enterprises Inc. by a Substantive
Consolidation Order dated June 13, 2022
all of the city of Toronto
in the Province of Ontario**

**Dodick Landau Inc.
6-4646 Dufferin Street
Toronto, ON M3H 5S4**

District of: Ontario
Division No. 09 – Toronto
Court No. 31-2801364
Estate No. 31-2801364

TABLE OF CONTENTS

BREAKTHROUGH ENTERPRISES INC.,

Breakthrough Entertainment Inc., Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc., Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a Substantive Consolidation Order dated June 13, 2022

Included in this package:

- 1. Letter to Creditors**
- 2. Helpful Hints/Filing a Claim/Voting/Proxies**
- 3. Notice of Proposal**
- 4. Proposal**
- 5. Report on Proposal**
- 6. Statement of Affairs**
- 7. Proof of Claim with instructions**
- 8. Proxy**
- 9. Voting Letter**
- 10. Convenience Class Election form**

LETTER TO CREDITORS

DODICK LANDAU

July 13, 2022

CREDITOR PACKAGE

**To the Creditors of BREAKTHROUGH ENTERPRISES INC.,
Breakthrough Entertainment Inc., Breakthrough Films &
Television Inc., Breakthrough Merchandising Inc., Breakthrough New
Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc.,
2447134 Ontario Inc., Oak Room Productions Inc., (“Breakthrough”)
consolidated under Breakthrough Enterprises Inc. by a
Substantive Consolidation Order dated June 13, 2022
 (“Breakthrough” or the “Company”)**

Please be advised that on July 12, 2022, Dodick Landau Inc., in its capacity as Proposal Trustee (the **“Proposal Trustee”**) of the Estate of Breakthrough Enterprises Inc., filed with the Official Receiver a proposal in the name, and on behalf, of Breakthrough Enterprises Inc. (the **“Proposal”**).

The reason you are receiving this letter and the enclosed creditor information (**“Creditor Package”**) is because Breakthrough advised the Proposal Trustee that you are a creditor of Breakthrough and may be eligible to vote in the Proposal. The purpose of the Creditor Package is to provide you with the information you require to evaluate, and vote on, the Proposal.

Enclosed in this Creditor Package are the following documents:

- 1) Notice of Proposal to Creditors;
- 2) Proposal;
- 3) Trustee’s Report on Proposal;
- 4) Statement of Affairs;
- 5) Proof of Claim form with instructions;
- 6) Proxy;
- 7) Voting Letter/Convenience Class Election Form

A Meeting of the Creditors to consider the Proposal will be held by Zoom videoconference on the 2nd day of August, 2022 at 11:00 a.m. The Zoom link is as follows:

<https://us06web.zoom.us/j/87245065237?pwd=WC9oZjhyTXRRRmN5WHdOa0hwVnlUdz09>

DODICK LANDAU

In order to be eligible to attend and vote at the meeting of creditors, creditors must have filed with the Proposal Trustee before the meeting, a proof of claim form signed and witnessed as required and accompanied by a statement of account. Those Creditors who do not intend to have a personal representative at the meeting held on August 2, 2022, may complete and submit the voting letter which is enclosed in this Creditor Package prior to the meeting indicating their vote for or against the acceptance of the Proposal. The Trustee has also enclosed a form of proxy should a Creditor wish to appoint a proxy to represent them at the meeting. Additional details relating to the filing of claims prior to the meeting of creditors are outlined in the Report of the Trustee on the Proposal.

Please read the instruction sheet located behind the Proof of Claim form in Section 7 of this Creditor Package.

Completed proofs of claim, and other documents may be returned to the Proposal Trustee to the attention of Brenda McKnight by fax (416-649-7725), electronic mail (brenda.mcknight@dodick.ca), courier or regular mail. Should you need further assistance, you may contact our office by telephone at 416-645-0542.

Properly completed Proofs of Claim not received at the Proposal Trustee's office prior to the start of the August 2, 2022, 11:00 a.m. meeting will result in that creditor not being able to vote at the meeting on the Proposal. We encourage all creditors who wish to vote at the meeting to send to the Proposal Trustee's office their completed proof of claim as soon as possible and at least 24 hours prior to the start of the meeting. We also encourage creditors to vote by voting letter in advance as well if they are able.

Please refer to the Trustee's Report on the Proposal. Please note that the Proposal Trustee is recommending that creditors vote in favour of the Proposal for the reasons as noted in the report.

For assistance in understanding the convenience claim process, please see the Helpful Hints/Filing a Claim/Voting/Proxies section of this Creditor Package.

DODICK LANDAU

To access further information pertaining to the Breakthrough proceedings, including an electronic copy of the Creditor Package, and link to the August 2, 2022 Zoom meeting, please visit the Trustee's website (<http://dodick.ca/public-documents/>).

Yours very truly,

DODICK LANDAU INC.,

Proposal Trustee of the estate of Breakthrough Enterprises Inc.
Breakthrough Entertainment Inc., Breakthrough Films & Television Inc., Breakthrough Merchandising
Inc., Breakthrough New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134
Ontario Inc., Oak Room Productions Inc., ("Breakthrough") consolidated under Breakthrough
Enterprises Inc. by a Substantive Consolidation Order dated June 13, 2022
and not in its personal or
corporate capacity.

Per:



Rahn Dodick, CPA, CA, CIRP, LIT
President

**HELPFUL HINTS
FILING A CLAIM
VOTING
PROXIES**

DODICK LANDAU

Helpful Hints

- You are receiving this Creditor Package as **Breakthrough Enterprises Inc. (“Breakthrough”)** has informed the Proposal Trustee that you are one of their creditors.
- Please note that a Meeting of Creditors (“**Meeting**”) will be held on **August 2, 2022 at 11:00 a.m.** via Zoom. The Zoom link is noted on the cover page of the Creditor Package letter, or contact Brenda McKnight for the link.
- **To participate in the Proposal, all creditors MUST file a Proof of Claim and submit it to the Proposal Trustee.**
- To vote in the Proposal, all creditors MUST file a Proof of Claim form and submit it to the Proposal Trustee IN ADVANCE of the Meeting of Creditors. The Proof of Claim and the instruction sheet can be found close to the end of the Creditor Package. For help in understanding the Convenience Class claims, please see the section below on that topic.
- Please remember that your claim must include a Schedule “A” which is proof of the amount that you are claiming. This should be invoices showing the amount owing to you or similar documentation. .
- You can submit your claim by email, mail or by fax. If you use the fax, please be sure to direct your fax to Dodick Landau Inc. In order to be eligible to vote at the Meeting, the Proof of Claim with supporting documents MUST arrive at the office of the Proposal Trustee in advance of the Meeting
- Please read the Proposal document and the Report on the Proposal written by the Proposal Trustee in order to understand the Proposal and the voting at the meeting.

Convenience Class Creditors and Other Unsecured Creditors

- Breakthrough is offering a Convenience Class provision in its Proposal. The Convenience Class is offered to creditors who may wish to accept a payment for the lesser of \$1,500.00 or the amount of their claim in full. Please note that if you elect to be a Convenience Class Creditor, you must do so BEFORE the Meeting of Creditors to be held on August 2, 2022 at 11:00 a.m.
 - Example #1: If you elect to be part of the Convenience Class and are owed **\$1,500.00 or more**, you would receive \$1,500.00 (less the 5% levy). The documents you should submit are the Proof of Claim form with Schedule “A” attachments; the Proxy for a Corporation; the Convenience Class Election form found at the back of the Creditor Package. By completing the Convenience Class documents, your vote is deemed to be FOR the passing of the Proposal. Payment will be made when sufficient funds are available as determined by the Proposal Trustee. Payment to Convenience Class creditors will be made in advance of a payment to those unsecured creditors who elect not to participate in the Convenience Class.
 - Example #2: If you elect to be part of the Convenience Class and are owed **\$1,500.00 or less**, you would receive \$1,500.00 or the amount of your claim if your claim is less than \$1,500.00 (less the 5% levy). The documents you should submit are the Proof of Claim form with Schedule “A” attachments; and the Proxy for a Corporation. By filing a Proof of Claim in this Proposal, your vote is deemed to be FOR the passing of the Proposal. Payment will be made when sufficient funds are available as determined by the Proposal Trustee. Payment to Convenience Class creditors will be made in advance of a payment to those unsecured creditors who elect not to participate in the Convenience Class.
- If you elect not to join the Convenience Class you will receive a dividend from the Proposal estate at various times throughout the Proposal. The percentage you will receive is estimated in the Report on Proposal which is at #5 in this Creditor Package. The documents you should submit are the Proof of Claim form with Schedule “A” attachments; the Proxy form for a Corporation; and the Voting Letter included in this Creditor Package.

Voting

- The Meeting of Creditors will be held using Zoom videoconferencing. As carrying out a vote by videoconference can at times be challenging, we are encouraging all creditors to vote by voting letter in advance of the Meeting. In order to vote in advance of the Meeting, the voting letter (form is at the back of the creditor package) with your completed Proof of Claim and proxy (if applicable) must be submitted to the Proposal Trustee’s office in advance of the Meeting of Creditors. **Please note that all corporations voting on the proposal must appoint a proxy to vote on behalf of the corporation.**

General Proxy:

- If you are representing a corporation, you must have a proxy from the corporation to act on its behalf and vote at the Meeting, whether you vote in advance by voting letter or in person at the Meeting.
 - If you are an individual, you may wish to have someone else represent you at the Meeting of Creditors. You must give that individual a signed proxy form. We must receive the proxy form in advance of the Meeting of Creditors.
 - The Proposal Trustee must receive the proxy form in advance of the Meeting.
-
- **If there are any questions in completing the proof of claim, please write, email or telephone the office of the Proposal Trustee:**

Dodick Landau Inc.
6 – 4646 Dufferin Street
Toronto, ON M3H 5S4
Telephone: 416-645-0542
Fax: 416-649-7725

Email: brenda.mcknight@dodick.ca

NOTICE OF PROPOSAL

District of: Ontario
Division No. 09-Toronto
Court No. 31-2801364
Estate No. 31-2801364

FORM 92
Notice of Proposal to Creditors

In the matter of the Proposal of
BREAKTHROUGH ENTERPRISES INC.,
Breakthrough Entertainment Inc., Breakthrough Films &
Television Inc., Breakthrough Merchandising Inc., Breakthrough New
Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc.,
2447134 Ontario Inc., Oak Room Productions Inc., ("Breakthrough")
consolidated under Breakthrough Enterprises Inc. by a
Substantive Consolidation Order dated June 13, 2022
("Breakthrough" or the "Company")

Take notice that Breakthrough Enterprises Inc. of the City of Toronto 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 2nd day of August, 2022 at 11:00 a.m. to be held by Zoom videoconferencing at:


<https://us06web.zoom.us/j/87245065237?pwd=WC9oZjhyTXRRRmN5WHdOa0hwVnlUdz09>

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.

Dodick Landau Inc. – Licensed Insolvency Trustee
Per:


Rahn Dodick (10/12/2022) 10:01:01 PM

Rahn Dodick – Licensed Insolvency Trustee
4646 Dufferin St., Suite 6
Toronto, ON M3H 5S4
Phone: (416) 645-0542 Fax: (416) 649-7725

PROPOSAL

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

**AND IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A JOINT
PROPOSAL OF BREAKTHROUGH ENTERPRISES INC. (TOGETHER WITH
BREAKTHROUGH ENTERTAINMENT INC., BREAKTHROUGH FILMS &
TELEVISION INC., BREAKTHROUGH MERCHANDISING INC., BREAKTHROUGH
NEW MEDIA INC., BREAKTHROUGH POST INC., BREAKTHROUGH PUBLISHING
INC., OAK ROOM PRODUCTIONS INC. and 2447134 ONTARIO INC.) OF THE CITY
OF TORONTO IN THE PROVINCE OF ONTARIO**

**PROPOSAL
(July 7, 2022)**

The Company (as defined below) hereby submits the following Proposal under Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3.

**PART I
INTERPRETATION**

Definitions

1. In this Proposal:
 - (a) “**Act**” means the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended;
 - (b) “**Administrative Fees and Expenses**” means the fees and expenses of the Trustee and its counsel incidental to the NOI and the preparation and facilitation of the Proposal and any amendments thereto, including, without limitation, fees incurred by the Trustee in the administration of the Unsecured Creditor Payment Pool, and the legal fees and expenses incurred by the Trustee and the Company before and following execution, acceptance and approval of this Proposal, and in connection with the NOI and the preparation of this Proposal, as well as advice to the Company in connection therewith;
 - (c) “**Affected Creditors**” means those Unsecured Creditors of the Company holding Proven Claims;

- (d) **“Affected Creditor Claim”** means a Proven Claim of an Unsecured Creditor;
- (e) **“Bankruptcy Reserve”** means a reserve amount of \$40,000 to be held by the Trustee as security for the administrative costs of the bankruptcies of the Company, in the event that this Proposal is annulled and the Company is adjudged bankrupt;
- (f) **“Business Day”** means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (g) **“Certificate of Full Performance”** means the certificate that the Trustee issues to the Company and to the Official Receiver pursuant to Section 65.3 of the Act;
- (h) **“Claim”** means any right of any Person with indebtedness, liability or obligation of any kind against the Company which indebtedness, liability or obligation is in existence as at the Date of Filing, whether or not reduced to judgement, 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 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, 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;
- (i) **“Company”** means collectively Breakthrough Enterprises Inc., Breakthrough Entertainment Inc., Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., Oak Room Productions Inc. and 2447134 Ontario Inc.;
- (j) **“Convenience Claim”** means (i) any Proven Claim of an Affected Creditor submitted prior to the Creditors Meeting that is in an amount less than or equal to \$1,500; and (ii) any Proven Claim of an Affected Creditor in an amount greater than \$1,500 if the relevant Affected Creditor has made an election to be treated as a Convenience Creditor for the purposes of this Proposal pursuant to and in accordance with the Convenience Claim Election Form;
- (k) **“Convenience Claim Election Form”** means the form to be filled out by Affected Creditors with Proven Claims in the event they wish to be a Convenience Creditor, a copy of which is attached as Schedule “A” hereto;
- (l) **“Convenience Creditors”** means an Affected Creditor with a Convenience Claim, provided that in order to be a Convenience Creditor, an Affected Creditor must either have submitted a Proven Claim in an amount less than or equal to \$1,500 prior to the Creditors Meeting or make an election in its Convenience Claim Election Form for the purposes of this Proposal prior to the Creditors Meeting;
- (m) **“Convenience Creditor Payment”** means in respect of a Convenience Claim, payment of cash in the lesser amount of \$1,500 or the amount of the Proven Claim

of such Convenience Creditor, which cash shall be funded from the Unsecured Creditor Payment Pool;

- (n) **“Court”** means the Ontario Superior Court of Justice (Commercial List);
- (o) **“Court Approval Date”** means the date on which the Proposal Approval and Vesting Order is issued;
- (p) **“Creditor”** means any Person having a Claim;
- (q) **“Creditors Meeting”** means the meeting of the Affected Creditors called for the purpose of considering and voting upon this Proposal;
- (r) **“Crown”** means Her Majesty in Right of Canada or of any Province of Canada and their agents;
- (s) **“Crown Claims”** means the Claims of the Crown set out in Section 60(1.1) of the Act outstanding as at the Date of Filing against the Company, if any, payment of which will be made in priority to the payment of the Preferred Claims and to distributions in respect of Affected Claims, and specifically excludes any other claims of the Crown;
- (t) **“Date of Filing”** means February 1, 2022, being the date on which the Company each filed an NOI;
- (u) **“Effective Date”** means 10 calendar days from the date of the Proposal Approval and Vesting Order, unless the Proposal Approval and Vesting Order is appealed, in which case the Effective Date means the later of: (i) one Business Day after the full and final determination of the appeal; and (ii) the expiry of any further appeal periods;
- (v) **“Employee Preferred Claim”** means a Proven Claim by a current or former employee of the Company, or such portion of such Proven Claim, that would be payable in priority under Subsection 136(1) of the Act;
- (w) **“Equity Claim”** has the meaning given to it in Section 2 of the Act;
- (x) **“Event of Default”** has the meaning given to it in Part IX of this Proposal;
- (y) **“HSBC”** means HSBC Bank Canada;
- (z) **“HSBC Secured Indebtedness”** means the amounts owing by the Company to HSBC for which HSBC holds security over the Company’s assets, property and undertaking;
- (aa) **“Inspectors”** means the inspectors appointed pursuant to Part XI of this Proposal;

- (bb) “**Levy**” means the levy imposed by the Superintendent of Bankruptcy under the Act;
- (cc) “**Maturity Date**” means the date on which all payments to the Affected Creditors have been made and the Certificate of Full Performance has been issued by the Trustee to the Company, provided that no Event of Default has occurred that has not been cured or waived;
- (dd) “**NOI**” means the Notice of Intention to Make a Proposal filed by each Company on the Date of Filing;
- (ee) “**Permitted Encumbrances**” means those encumbrances on the Proposal Acquired Assets listed in Schedule “B” hereto;
- (ff) “**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;
- (gg) “**Preferred Claim**” means any Proven Claim that is afforded priority under Section 136(1) of the Act;
- (hh) “**Preferred Creditor**” means any Creditor holding a Preferred Claim, solely in respect to that Preferred Claim;
- (ii) “**Proposal**” means this proposal together with any amendments or additions thereto;
- (jj) “**Proposal Acquired Assets**” means all of the property and assets of Breakthrough Enterprises Inc.;
- (kk) “**Proposal Approval and Vesting Order**” means an order of the Court approving this Proposal, including the vesting of the Proposal Acquired Assets as described herein, such order to be granted pursuant to the provisions of the Act, the appeal period having expired, and no appeal having been filed or any appeal therefrom having been dismissed and such dismissal having become final;
- (ll) “**Proposal Period**” means the period between the Court Approval Date and the Maturity Date;
- (mm) “**Proposal Sponsor**” means 1000242627 Ontario Inc., a corporation controlled by Michael McGuigan;
- (nn) “**Proven**” as used in relation to any Claim means such Claim as finally accepted or determined by the Trustee in accordance with the provisions of the Act and this Proposal, subject to the Creditor’s right of appeal to Court, the Court’s determination of that Claim or any applicable appeal periods having expired and no appeal having been made;

- (oo) **“Released Parties”** means, collectively, the Company, the Proposal Sponsor, the Trustee, and each of the foregoing Persons’ respective advisors, agents, officers, directors, and assigns, each in their capacity as such;
- (pp) **“Secured Claim”** means any Claim by a Secured Creditor, excluding the Crown Claims and including the claim of HSBC in respect to the HSBC Secured Indebtedness;
- (qq) **“Secured Creditor”** means a Person holding a mortgage, hypothec, pledge, charge, lien or privilege on or against the property of the Company or any part thereof as security for a Claim including HSBC, but excludes Canada Revenue Agency to the extent of its Crown Claims;
- (rr) **“Trustee”** means Dodick Landau Inc. solely in its capacity as proposal trustee of the Company;
- (ss) **“Unsecured Claim”** means the value of any Proven Claim in respect of which no security is held;
- (tt) **“Unsecured Creditors”** means those Persons with Claims in respect of which no security is held, and which is not afforded priority under Section 136(1) of the Act;
- (uu) **“Unsecured Creditor Payments”** means the payments to be made by the Trustee from the Unsecured Creditor Payment Pool to Affected Creditors, including Convenience Creditors, net of the Levy pursuant to paragraph 23 of this Proposal; and
- (vv) **“Unsecured Creditor Payment Pool”** means the aggregate amount of \$350,000 to be funded by the Proposal Sponsor to the Trustee pursuant to paragraph 21 of this Proposal.

Headings

2. The division of this Proposal into parts, paragraphs and subparagraphs, and the insertion of headings herein, is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

Number, etc.

3. In this Proposal, where the context requires, a word importing the singular includes the plural and vice versa, and a word importing gender includes the masculine, feminine and neuter genders.

Date for Action

4. 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 day that is a Business Day.

Accounting Principles

5. Accounting terms not otherwise defined in this Proposal have the meanings assigned to them in accordance with generally accepted Canadian accounting principles.

PART II PURPOSE AND EFFECT OF THIS PROPOSAL

Purpose of Proposal

6. This Proposal is intended to provide all Affected Creditors a greater recovery than they would otherwise receive if the Company were to become bankrupt under the Act. More specifically, the Proposal will provide for recovery in respect of Affected Creditor Claims. While the exact recovery cannot be determined until all Claims have been determined, the Company expects Affected Creditors to receive recovery on their Claims in an amount greater than the recovery they would occur if the Company were to become a bankrupt under the Act.
7. In consideration for, among other things, its sponsorship of this Proposal, including the assumption of Secured Claims, including the HSBC Secured Indebtedness, the satisfaction of all Preferred Claims and the distribution of the Unsecured Creditor Payments, on the Effective Date title to the Proposal Acquired Assets shall be acquired and transferred free and clear of all Claims other than Permitted Encumbrances, to the Proposal Sponsor, in accordance with the terms hereof.

Effect of Proposal

8. During the Proposal Period, and provided that an Event of Default has not occurred and is continuing hereunder, all Affected Creditors will be stayed from commencing or continuing any proceeding or remedy against the Company or any of its property or assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies, to recover or enforce any judgment against the Company in respect of a Claim or to commence any formal proceedings against it other than as provided for under this Proposal.
9. Upon implementation of all elements of this Proposal, and the filing of the Certificate of Full Performance by the Trustee, all Claims against the Company and its current and former directors shall be fully, finally and completely satisfied pursuant to and in accordance with paragraphs 45 and 46 herein.

PART III CLASSIFICATION OF CREDITORS

10. For the purpose of this Proposal, there is only one class of creditors, being the Affected Creditors Class. For the purposes of voting on the Proposal, each Convenience Creditor

shall be deemed to vote in favour of the Proposal and as part of the class of Affected Creditors.

PART IV SECURED CREDITORS

11. The treatment and payment of Claims of Secured Creditors shall be made outside of this Proposal. The Proposal Sponsor shall assume the obligations and indebtedness owing in respect to all Secured Claims.

PART V TREATMENT OF VARIOUS CLAIMS, FUNDING OF PROPOSAL AND DISTRIBUTION

Crown Claims

12. The Company covenants and agrees to, within six months after the Effective Date, pay in full all amounts that were outstanding at the Date of Filing 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, penalty or other amounts; or (iii) under any substantially similar provision of provincial legislation, including all amounts contemplated by Section 60(1.1) of the Act. The payment of Crown Claims (if any) will be made by the Proposal Sponsor in addition to the funding by the Proposal Sponsor of the Unsecured Creditor Payment Pool.

Preferred Claims

13. Preferred Claims, including Employee Preferred Claims, if any, shall be paid without interest, in priority to Affected Claims. The Proposal Sponsor shall fund the amount of any Preferred Claims to the Trustee for payment to Preferred Creditors in respect of their Preferred Claims. The payment of Preferred Claims (if any) will be made by the Proposal Sponsor in addition to the funding by the Proposal Sponsor of the Unsecured Creditor Payment Pool.

Affected Creditors

14. All Convenience Creditors shall receive in respect of such Convenience Creditor Claims the Convenience Creditor Payment, net of the Levy.
15. Affected Creditors, other than Convenience Creditors, shall receive in respect to their Affected Creditor Claim their respective *pro rata* portion of the Unsecured Creditor Payment Pool net of the total amount of the Convenience Creditor Payments.

16. The Claims of Affected Creditors shall be deemed to have been irrevocably and finally extinguished, discharged and released pursuant to Part XIII herein, and each Affected Creditor shall have no further right, title or interest in or to its Affected Claim.

Equity Claims

17. Holders of Equity Claims shall not be entitled to vote in respect of their Equity Claims at the Creditors Meeting and shall not receive any distributions under this Proposal on account of their Equity Claims. All Equity Claims shall be fully, finally and irrevocably and forever compromised, released, discharged, cancelled, extinguished and barred for no consideration against the Company and the Proposal Acquired Assets on the Effective Date in accordance with paragraph 45 below.

PART VI FUNDING AND DISTRIBUTIONS

Proposal Sponsor to Fund

18. On the Effective Date, the Proposal Sponsor shall deliver to the Trustee by way of wire transfer (in accordance with wire transfer instructions provided by the Trustee at least 3 business days prior to the Effective Date) the amounts necessary to satisfy (i) Crown Claims; (ii) Preferred Claims; and (iii) the Bankruptcy Reserve.
19. The Proposal Sponsor shall assume the obligations of the Company to HSBC on terms satisfactory to the Proposal Sponsor and HSBC.
20. In consideration for value given under this Proposal, the Proposal Sponsor will acquire the Proposal Acquired Assets pursuant to the Proposal Approval and Vesting Order.
21. The Proposal Sponsor shall, commencing 30 days after the Effective Date, make monthly payments in the amount of \$14,583.33 to the Trustee in order to fund the Unsecured Creditor Payment Pool, and the Unsecured Creditor Payments shall be distributed by the Trustee to Affected Creditors in accordance with paragraph 23 herein.
22. The Proposal Sponsor may, at its discretion, make accelerated payments to the Trustee to fund the Unsecured Creditor Payment Pool.

Distributions

23. Subject to the terms and conditions set forth in the Proposal, the following payments and distributions will be made, in the priorities as set out below:
 - (a) first, to the Administrative Fees and Expenses;
 - (b) second, to establish the Bankruptcy Reserve, to be held in trust by the Trustee, which amount shall be used to fund the administrative costs of the bankruptcy of the Company in the event that this Proposal is annulled and the Company becomes

bankrupt, failing which such amount shall be distributed in accordance with Part VI of this Proposal;

- (c) third, to holders of Crown Claims;
 - (d) fourth, to holders of Preferred Claims, which will have been paid, without interest;
 - (e) fifth, to Convenience Creditors in respect to their Convenience Claims; and
 - (f) the balance of the Unsecured Creditor Payment Pool shall be distributed *pro rata* among all Affected Creditors on account of their Affected Claims.
24. The Trustee shall distribute the Unsecured Creditor Payments to Affected Creditors at times and frequencies to be determined by the Trustee in its sole discretion.
25. All distributions made pursuant to this Proposal shall be without interest or penalty and subject to deduction for the Levy and the Trustee shall remit in cash the amount of the Levy to the Superintendent of Bankruptcy contemporaneously with the distributions to the Affected Creditors.

PART VII POST-FILING OBLIGATIONS

Payment of Payroll Deductions and Post Filing Claims

26. The following shall continue to be paid in the ordinary course by the Company prior to and after the Court Approval Date and shall not constitute distributions or payments under this Proposal:
- (a) all Persons, who may advance monies, or provide goods or services to the Company after the Date of Filing shall be paid by the Company in the ordinary course of business;
 - (b) current source deductions and other amounts payable pursuant to Section 60(1.2) of the Act, if applicable, shall be paid to the Crown in full by the Company as and when due; and
 - (c) current goods and services tax (GST), and all amounts owing on account of provincial sales taxes, if applicable, shall be paid in full by the Company as and when due.

Reporting by the Company

27. During the Proposal Period, the Proposal Sponsor shall provide to the Trustee, with a copy to HSBC, every three months commencing on first day of the month following the month

in which the Proposal Approval and Vesting Order is issued, a report containing the information set out below:

- (i) a cash flow statement for the Proposal Sponsor's business and affairs for the prior six months; and
- (ii) evidence of acquirer filing and remittance of source deductions and HST.

Administrative Fees and Expenses

28. Payment of all proper Administrative Fees and Expenses, on and incidental to the proceedings arising out of the Proposal, or in the bankruptcy, if any, will be made in priority to all Claims, including Crown Claims, if any. The Trustee will be at liberty to withdraw and pay such Administrative Fees and Expenses at any time and from time-to-time subject to final approval by the Registrar in Bankruptcy upon completion of the Proposal. The Trustee's disbursements will be charged in addition to its fees based on the actual costs incurred and/or as allowed by tariff.

PART VII LEVY, MANDATORY PAYMENTS AND PREFERRED CLAIMS

Levy

29. The Levy, if applicable, shall be deducted by the Trustee from payments to creditors by the Trustee.

Preferred Claims

30. As per Part V of this Proposal, all holders of Preferred Claims and Employee Preferred Claims (if any) are to be paid without interest in full, in priority to Affected Creditor Claims including, without limitation, any entitlement of the Affected Creditors to the payments to be made under Part VI of this Proposal.

PART VIII IMPLEMENTATION OF PROPOSAL

31. On the Effective Date, the following events or transactions will occur or be deemed to have occurred and be taken and effected in the following order without any further act or formality required on the part of any Person, except as may be expressly provided herein:
- (a) the Proposal Sponsor will assume and guarantee the HSBC Secured Indebtedness on terms agreeable to the Proposal Sponsor and HSBC;
 - (b) in accordance with paragraph 18, the Proposal Sponsor shall fund all amounts required to pay Crown Claims and Preferred Claims;
 - (c) in accordance with paragraph 21, the Proposal Sponsor shall fund the Unsecured Creditor Payment Pool;

- (d) in accordance with paragraph 23, the Trustee shall make the Unsecured Creditor Payments;
- (e) the Proposal Sponsor will acquire the Proposal Acquired Assets of the Company pursuant to the Proposal Approval and Vesting Order;
- (f) title to the Proposal Acquired Assets shall be registered in the name of the Proposal Sponsor, together with any charges applicable to the security held by HSBC;
- (g) in accordance with paragraph 45, all Affected Creditor Claims (including without limitation all Convenience Creditor Claims) shall, and shall be deemed to be, irrevocably and finally extinguished and the Affected Creditors shall have no further right, title or interest in and to their respective Affected Creditor Claims, except with respect to their right to receive a distribution, if applicable, and in such case, only to the extent of such distribution; and
- (h) the releases in respect of Affected Creditor Claims referred to in paragraph 45 shall become effective.

Amendments to Agreements

32. Notwithstanding the terms and conditions of all agreements or other arrangements with Creditors entered into before the Date of Filing, provided that no Event of Default has occurred and is continuing hereunder, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern. All Creditors will provide such acknowledgements, agreements, discharges or other documentation as may be necessary to give effect to the intent of this Proposal.

PART IX EVENTS OF DEFAULT

33. The following will constitute an Events of Default for purposes of Section 63 of the Act and otherwise under this Proposal (an “**Event of Default**”):
- (a) the non-payment by the Proposal Sponsor of any of its obligations hereunder within thirty (30) days after written notice has been given by the Trustee that such payment is past due; and
 - (b) the breach or failure by the Company or the Proposal Sponsor to observe and perform any other covenant and provision of this Proposal which is not remedied within thirty (30) days after written notice thereof has been given by the Trustee and which breach or failure has not been waived by the Inspectors.
34. In the event that an Event of Default occurs, and the Event of Default is not waived by the Inspectors, the Trustee shall inform Affected Creditors and Section 63 of the Act shall apply to the Proposal Sponsor. In the event that, in accordance with Section 63 of the Act,

an Order is granted by the Court annulling the Proposal, the Proposal Sponsor, in addition to the Company shall be adjudged bankrupt and the Trustee shall be appointed as Trustee in Bankruptcy.

35. Nothing in this Proposal shall prevent the issuance of shares of the Proposal Sponsor to any person, or the transfer of titles in development and associated assets to subsidiaries of the Proposal Sponsor in the normal course of business during the Proposal Period provided that the Proposal Sponsor shall not transfer or dispose of all or substantially all of the Proposal Acquired Assets during the Proposal Period.

PART X TRUSTEE

36. The Trustee is acting solely in its capacity as proposal trustee under the Act and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of the Company.
37. Any payments made by the Trustee to Creditors hereunder shall be made by the Trustee net of any levies payable or due under the Act.

PART XI INSPECTORS

Appointment of Inspectors

38. At the Creditors Meeting, the Affected Creditors will be entitled to appoint one (1) or more, but not exceeding five (5) Inspectors in total.

Powers of Inspectors

39. The Inspectors, by way of majority, will have the following powers, but will have no personal liability to the Company or other Creditors:
- (a) the power to extend the funding dates of the Unsecured Creditor Payment Pool by the Proposal Sponsor under this Proposal;
 - (b) the power to waive any default in the performance of any provision of this Proposal;
and
 - (c) the power to advise the Trustee in respect of such matters as may be referred to the Inspectors by the Trustee.
40. The Trustee may, in accordance with the Act, apply to the Court regarding any decision, direction or act of the Inspectors and the Court may confirm, reverse, or modify the decision, direction or act and make such order as it thinks just.

41. The authority and term of office of the Inspectors will terminate upon the issuance of the Certificate of Full Performance.

PART XII CONDITIONS PRECEDENT

Creditor Approval

42. The Trustee shall call a meeting of the Affected Creditors of the Company to seek approval of Affected Creditors for the Proposal in the requisite majority in number and value of the class of Affected Creditors. The performance of this Proposal by the Company shall be conditional upon approval of the Affected Creditors in accordance with the Act. If the Affected Creditors do not approve the Proposal, the Trustee shall report on the result of the vote as required under Section 57 of the Act and the Company shall be deemed bankrupt.

Assignment of HSBC Secured Indebtedness

43. As a condition precedent to the implementation of this Proposal, the HSBC Secured Indebtedness, including all applicable loan documentation, security and guarantees, shall have been assumed by the Proposal Sponsor on terms in all respects acceptable to HSBC, in its sole discretion.

Court Approval

44. In the event the Proposal is approved by the Affected Creditors the Trustee shall, within 5 days of such approval, apply to the Court for a hearing to seek the Proposal Approval and Vesting Order in the form acceptable to the Trustee. The performance of this Proposal by the Company shall be conditional upon the issuance of the Proposal Approval and Vesting Order. In the event that the Court does not approve the Proposal, the Company shall be deemed bankrupt.

PART XIII RELEASES

45. As at 12:01 a.m. on the Effective Date, each of the Released Parties shall be released and discharged from all present and future actions, causes of action, damages, judgments, executions, obligations, liabilities and Claims of any kind or nature whatsoever arising on or prior to the Effective Date in connection with this Proposal and the Company, the transactions contemplated hereunder, and any other actions or matters related directly or indirectly to the foregoing, provided that nothing in this paragraph shall release or discharge (i) any of the Released Parties from or in respect of their respective obligations under this Proposal, (ii) any Released Party from liabilities or claims which cannot be released pursuant to s. 50(14) of the Act as determined by the final, non-appealable judgment of the Court, or (iii) any Released Party from the HSBC Secured Indebtedness.
46. As at 12.01 a.m. on the Effective Date, all Persons are permanently and forever barred, estopped, stayed and enjoined from commencing, conducting or continuing in any manner, directly or indirectly, any actions, suits, demands or other proceedings of any nature or

kind whatsoever of any Person against the Released Parties, provided however, that the foregoing shall not apply to the enforcement of any obligations under this Proposal during the Proposal Period and in the event that the Proposal is annulled pursuant to Section 63 of the Act, the releases as contemplated herein shall be nullified and be of no force or effect.

PART XIV MISCELLANEOUS

Preferential Payments

47. Sections 95 to 101 of the Act shall not apply to any dealings by the Company at any time prior to the Date of Filing unless the Company or Proposal Sponsor become bankrupt before the terms of the Proposal are fully performed. The releases contemplated in Part XIII of this Proposal include releases from all claims, actions, or remedies available to Creditors or others pursuant to Sections 95 to 101 of the Act, provided that nothing herein shall release any director of the Company from any claims coming within the exceptions set out in Section 50(14) of the Act.

Consents, Waivers and Agreements

48. On the Effective Date, all Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety. For greater certainty, each such Creditor will be deemed to have waived any default by the Company in any provision, express or implied, in any agreement existing between the Creditor and the Company that has occurred on or prior to the Date of Filing, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of this Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

Further Actions

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

Performance

50. All obligations of the Company under this Proposal will commence as of the Effective Date. All obligations of the Company under this Proposal will be fully performed for the purposes of Section 65.3 of the Act only upon the Company having made the payments to the Trustee provided for herein and a Certificate of Full Performance is issued by the Trustee to the Company and the Office of the Superintendent of Bankruptcy.

Binding Effect

51. The provisions of this Proposal will be binding on the Creditors and the Company, and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Approval and Vesting Order after all appeal periods have expired.

**PART XV
ANNULMENT OF PROPOSAL**

52. If this Proposal is annulled by an order of the Court, all payments on account of Claims made pursuant to the terms of this Proposal will reduce the Claims of Creditors.

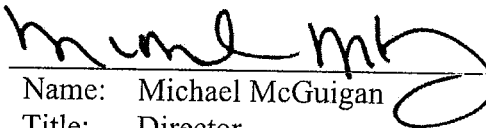
**PART XVI
AMENDMENTS**

53. The Company may, with prior written consent of HSBC, propose amendments to the Proposal at any time prior to the conclusion of the Creditors Meeting provided that any such amendment does not reduce the rights and benefits given to the Creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

DATED at the City of Toronto, in the Province of Ontario, as of this 7th day of July 2022.

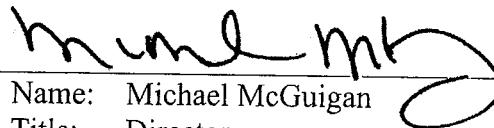
BREAKTHROUGH ENTERPRISES INC.

Per:



Name: Michael McGuigan
Title: Director

BREAKTHROUGH ENTERTAINMENT INC.


Per:


Name: Michael McGuigan
Title: Director


**BREAKTHROUGH FILMS & TELEVISION
INC.**

Per: 
Name: Michael McGuigan
Title: Director

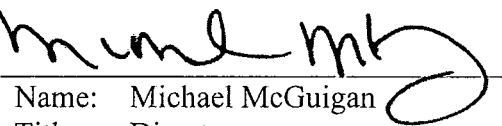
BREAKTHROUGH MERCHANDISING INC.

Per: 
Name: Michael McGuigan
Title: Director


BREAKTHROUGH NEW MEDIA INC.

Per: 
Name: Michael McGuigan
Title: Director

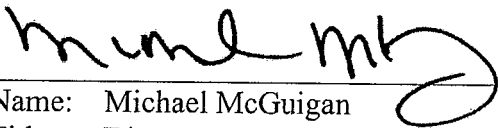
BREAKTHROUGH POST INC.

Per: 
Name: Michael McGuigan
Title: Director


BREAKTHROUGH PUBLISHING INC.

Per: 
Name: Michael McGuigan
Title: Director


OAK ROOM PRODUCTIONS INC.

Per: 
Name: Michael McGuigan
Title: Director

2447134 ONTARIO INC.

Per: 
Name: Michael McGuigan
Title: Director

1000242627 ONTARIO INC.

Per: 
Name: Michael McGuigan
Title: Director

Schedule "A"

CONVENIENCE CLASS ELECTION FORM

TO: DODICK LANDAU INC, in its capacity as Proposal Trustee of Breakthrough Enterprises Inc., Breakthrough Entertainment Inc., Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., Oak Room Productions Inc. and 2447134 Ontario Inc. (collectively, "Breakthrough")

In connection with the Proposal of Breakthrough pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended, dated July 7, 2022 (as amended, restated, modified and supplemented from time to time, the "**Proposal**"), the undersigned hereby irrevocably elects to be treated for all purposes under the Proposal as a Convenience Creditor and thereby receive the lesser of (i) \$1,500.00, and (ii) the amount of its Proven Claim, in full and final satisfaction of the Proven Claims of the undersigned.

For the purposes of this election, capitalized terms not defined herein shall have the meanings ascribed thereto in the Proposal.

DATED at _____ this _____ day of _____, 2022.

AFFECTED CREDITOR'S SIGNATURE:

Legal Name of the Affected Creditor

Legal Name of the Assignee, if applicable

Signature of the Affected Creditor/Assignee or an Authorized
Signing Officer of the Affected Creditor/Assignee

Print Name and Title of Authorized Signing Officer of the
Affected Creditor/Assignee, if applicable

Mailing Address of the Affected Creditor/Assignee

Telephone Number and E-mail of the Affected Creditor/Assignee
or Authorized Signing Officer of the Affected Creditor/Assignee

Schedule "B"

PERMITTED ENCUMBRANCES

Indebtedness and Security of HSBC Bank Canada.

REPORT ON PROPOSAL

**IN THE MATTER OF THE PROPOSAL OF
BREAKTHROUGH ENTERPRISES INC.
OF THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO**

REPORT OF TRUSTEE ON PROPOSAL

July 12, 2022

INTRODUCTION

1. On February 1, 2022 (the "**Filing Date**"), Breakthrough Enterprises Inc. ("**BEI**"), together with eight of its subsidiaries, Breakthrough Entertainment Inc., Breakthrough Film & Television Inc., Breakthrough Merchandising Inc., Breakthrough New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc. and Oak Room Productions Inc. (collectively "**Breakthrough Subsidiaries**" and together with BEI, "**Breakthrough**" or the "**Debtor**"), each filed with the Official Receiver Notices of Intention to Make a Proposal (collectively, the "**NOI Proceedings**") to creditors and each named Dodick Landau Inc. ("**DLI**") as Proposal Trustee (the "**Proposal Trustee**"). Attached as **Appendix "A"** are the Certificates of Filing of the NOIs.
2. On March 1, 2022 (the "**March Orders**"), this Court granted orders which, among other things: i) approved the extension of time to make a Proposal to April 17, 2022; ii) authorized Breakthrough to pay certain critical pre-filing creditors; iii) administratively (but not substantively) consolidated the nine Breakthrough NOI proceedings; iv) approved HSBC Bank Canada ("**HSBC**"), in respect of its secured facilities made available to Breakthrough, becoming an unaffected creditor in respect of any proposal made by Breakthrough, and permitted HSBC to receive monthly payments in the aggregate amount of \$11,000 from cash flow as permanent reductions of the secured indebtedness owing by Breakthrough pursuant to a non-revolving demand facility; v) approved a proposed sale transaction by Breakthrough of certain of its development assets (the "**Purchased Assets**") to 1000041001 Ontario Ltd (the "**Purchaser**"); and vi) vested Breakthrough's right, title and interest in and to the Purchased Assets in the Purchaser, free and clear of and from any and all claims and security interests. Copies of the March Orders are attached as **Appendix "B"**.
3. On April 14, 2022 (the "**April Order**"), the Court approved a further extension of time for Breakthrough to make a proposal to June 1, 2022 and on May 25, 2022 (the "**May Order**") the stay

of proceedings was further extended to July 16, 2022. A copy of the April Order and May Order are attached as **Appendices “C” and “D”** respectively.

4. On June 13, 2022 (the **“June Orders”**), the Court approved the substantive consolidation of the nine Breakthrough filing entities and the transfer and vesting of certain Christmas themed film titles to Christmas Hill Productions Inc. to permit the financing of the production by HSBC. Copies of the June Orders are attached as **Appendix “E”**.
5. On July 11, 2022, pursuant to section 62 of the BIA, Breakthrough filed with the Official Receiver one consolidated proposal (the **“Proposal”**), as contemplated by the June Orders. Enclosed as **Appendices “F” and “G”** are copies of the Proposal and Certificate of Filing of a Proposal.
6. The purpose of this report (the **“Report”**) is to provide information to the creditors of Breakthrough (the **“Creditors”**) to assist in their evaluation of the Proposal.
7. The Proposal has been developed to effect a restructuring of the Debtor with the expectation that all existing Creditors will derive a greater benefit from the completion of the restructuring and the continued operation of the business and affairs of the Debtor than would result from a liquidation of the Debtor’s assets in a bankruptcy proceeding.
8. **A meeting of the Creditors to consider the Proposal will be held by video conference on August 2, 2022 at 11:00a.m. (“Creditors’ Meeting”). Details relating to the filing of claims, and other documents, prior to the Creditors’ Meeting, are outlined in this report and will be mailed to each known Creditor, or their duly appointed representative.**

DISCLAIMER

9. In preparing this Report, the Proposal Trustee has relied upon certain unaudited, draft and/or internal financial information, the Debtor’s books and records, discussions with the Debtor’s management (**“Management”**), Creditors and information from other third-party sources (collectively, the **“Information”**). Except as described in this Report:
 - i) the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the Information;

- ii) some of the Information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants handbook, has not been performed; and
 - iii) the Proposal Trustee has prepared this Report in its capacity as a Court appointed officer. Parties using this Report, other than for the purpose of evaluating the Proposal, are cautioned that it may not be appropriate for their purposes. DLI will continue to maintain on its website copies of any court orders, reports and other material public filings it considers relevant to this proceeding.
10. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
11. The capitalized terms not defined in this report are defined in the Proposal and this Report should only be read in conjunction with the Proposal. While this Report summarizes key aspects of the Proposal, Creditors are advised to carefully read the Proposal in full. Should there be any discrepancy between the summary contained in this Report and the Proposal, the Proposal shall govern.
12. Unless otherwise stated, all monetary amounts contained herein are in Canadian dollars.

BACKGROUND

Operations

13. Breakthrough develops, produces and distributes feature films, television series and digital content worldwide and is located in Toronto, Canada.
14. Breakthrough earns revenue from the production, licensing and distribution of television shows and films. Breakthrough's primary assets are its library, which consists of 43 feature films and 2,890 television episodes and various projects in its development pipeline. As a producer, Breakthrough typically has around 40 projects in the development pipeline at any point in time.
15. Production of a television show or film involves a large number of suppliers, including writers, production teams, actors, and post-production editors. As payments from a buyer are not usually received until production is complete on a pilot or film, Breakthrough typically requires production

financing to cover the cash flow needs of the project during production, which financing has historically been provided to the production vehicle by its secured lender HSBC.

Financial Results

16. BEI's unaudited consolidated financial statements indicate that for its fiscal years ended October 31, 2019 and 2020, it:
 - i) incurred a net loss of (\$605,990) and realized a nominal net income of \$21,607; and
 - ii) had total debt of approximately \$9.1 million and \$6.6 million, respectively.
17. The Breakthrough Subsidiaries have different corporate year ends and have related party transactions that are adjusted and or eliminated when the legal entity financial statements are consolidated. The preparation of consolidated financial statements is a very time consuming exercise and the Debtor did not have adequate resources to dedicate to this task at this time. Accordingly, the Debtor does not have consolidated financial statements for the fiscal year-ended October 31, 2021.

CAUSES OF FINANCIAL DIFFICULTIES

18. At the outset of the COVID-19 pandemic in 2020, Breakthrough experienced interruptions and slowdowns in its audiovisual media productions. When shooting recommenced after the delay, Breakthrough incurred significant additional and duplicative costs that negatively impacted Breakthrough's overall cash flow.
19. It was challenging for Breakthrough to pitch new productions to broadcasters and revenues were temporarily impacted as a result of the lack of new sales during the first year of the COVID-19 pandemic. Further, the cost and challenges of implementing and maintaining COVID-19 safety measures on ongoing productions had a negative impact on cash flow and the overall profitability of productions generally.
20. Breakthrough currently has 8 employees. Due to cash flow challenges, Breakthrough laid off and terminated a number of employees at the end of 2021. Prior to the COVID-19 pandemic, Breakthrough historically employed on average approximately 20 employees in addition to numerous contractors and service providers engaged with Breakthrough productions.

Secured and Unsecured Debt

Secured Creditors

HSBC Bank of Canada

21. Currently, pursuant to various secured facilities, Breakthrough owes HSBC approximately \$400,000 and an additional balance of \$7,500 on a corporate Master Card. In addition, Breakthrough owed at the Filing Date \$280,000 to HSBC pursuant to the Canada Emergency Business Account Loan, which amount is unsecured
22. Apart from BEI and the Breakthrough Subsidiaries, the Breakthrough group includes other production companies that have received production financing from HSBC on a secured basis. Those secured amounts, which are not subject to these NOI proceedings, amounted to approximately \$5 million at the Filing Date. The entities comprising the Breakthrough group have, however, also guaranteed the indebtedness of these other companies under collateral security agreements with HSBC.

Crown Claims

23. As of the date of this Report, Breakthrough is current in remitting its post-filing payroll source deductions, as well as filing the respective returns.

Employee Preferred Claims

24. As of the date of this Report, there are no known Employee Preferred Claims.

Unsecured Trade Creditors

25. According to Management, Breakthrough's unsecured trade debt totaled approximately \$3,400,000 at the date the NOI was filed. The unsecured indebtedness is owed to approximately 100 known unsecured trade creditors.

THE PROPOSAL

Class

26. For the purpose of the Proposal, the Creditors of the Debtor are comprised of a single class, consisting of Creditors having unsecured claims ("**Class 1**"). The Proposal is not made to secured creditors, including HSBC.
27. For greater certainty, the Creditors entitled to vote in Class 1 consist of unsecured trade creditors (i.e., holding claims without priority under the BIA), Preferred Creditors pursuant to the BIA, and claims of Her Majesty in right of Canada and any province for all amounts other than Crown Priority Claims.

Convenience Class Creditors

28. The Proposal includes the option for Unsecured Creditors that submit a Proven Claim in advance of the Creditors' Meeting to be included in the convenience class (the "**Convenience Class**"). Convenience Class Creditors will receive a distribution that is equal to the lesser of: (i) 100% of the value of their Proven Claim; and ii) \$1,500.
29. An Affected Creditor with a claim of less than \$1,500, that submits a Proven Claim in advance of the Creditors' Meeting, is automatically deemed to be a member of the Convenience Class and to vote in favour of the Proposal in respect of its Convenience Class Claim. This Convenience Class Creditor will receive a distribution of 100% of its Proven Claim in the Proposal.
30. An Affected Creditor with a claim greater than \$1,500 is also eligible to be in the Convenience Class but is required to make an irrevocable election on the Convenience Class election form provided ("**Convenience Class Election Form**"). The election must be completed and submitted to the Proposal Trustee prior to the start time of the Creditors' Meeting. For Affected Creditors with claims greater than \$1,500 that choose to elect to the Convenience Class, the holder of such Proven Claim shall be deemed to amend the portion of its Claim that is greater than \$1,500 and reduce the amount of such Claim to the maximum of \$1,500 in the aggregate. This Convenience Class Creditor will receive a distribution of \$1,500 of its Proven Claim in the Proposal.
31. Convenience Class Creditors will receive a distribution in advance of the remaining Affected Creditors who have not elected to be included in the Convenience Class.

Treatment of Creditors

32. **Crown Priority Claims** are pre-filing claims of CRA, or any province, contemplated by section 60(1.1) of the BIA, which section relates to unremitted source deductions. Pursuant to the Proposal, proven Crown Priority Claims will be paid in full, with only payment of Administrative Fees and Expenses and the Bankruptcy Reserve being paid in priority to such amounts. The Proposal provides that proven Crown Priority Claims will be remitted from amounts in addition ("**Additional Funds**") to the Unsecured Creditor Payment Pool (as defined and discussed further herein) by the Proposal Trustee to the CRA, or the province, as applicable, within six (6) months of the Court Approval Date. There are no known amounts owing to CRA for unremitted source deductions.
33. **Secured Creditors** are not Affected Creditors for the purposes of the Proposal. The Secured Creditors are not entitled to vote on the Proposal. For greater certainty, the Debtor acknowledges and agrees that HSBC is not an Affected Creditor in the Proposal. The Proposal Sponsor (as defined and discussed further herein) shall assume the obligations and indebtedness owing in respect of all Secured Claims.
34. **Employee Preferred Claims** shall vote as part of the Unsecured Creditor class and will be paid from Additional Funds. There are no known Employee Preferred Claims.
35. **Preferred Claims** shall vote as part of the Unsecured Creditor class and will be paid in full without interest from Additional Funds, in priority to all claims of Unsecured Creditors in accordance with the scheme of distribution set forth in the BIA.
36. **Unsecured Creditors** shall vote as a class and will be paid from the Unsecured Creditor Payment Pool on a pro rata basis as provided for in paragraph 21 of the Proposal and summarized below.

Proposal Sponsor

37. Ten Calendar days ("**Effective Date**") from the granting of an Order approving the Proposal ("**Proposal Approval and Vesting Order**") 1000242627 Ontario Inc., a corporation controlled by Michael McGuigan, ("**Proposal Sponsor**"), shall deliver to the Proposal Trustee the amounts necessary to satisfy the Crown Claim and Preferred Claims, if any. These amounts are in addition to the Proposal Sponsor's obligation to fund the Unsecured Creditor Payment Pool.
38. The Proposal Sponsor shall assume the Secured Claims including the secured obligations of the Debtor to HSBC on terms satisfactory to the Proposal Sponsor and HSBC. The Proposal Trustee has been advised by Breakthrough that HSBC has been consulted regarding the Proposal and the

assumption of the obligations owing to HSBC and that satisfactory arrangements for such assumption are expected.

39. In consideration for value given under this Proposal, on the Effective Date, the Proposal Sponsor will acquire title to all of the property and assets of BEI ("**Proposal Acquired Assets**") pursuant to the issuance of the Proposal Approval and Vesting Order. In order to ensure that the terms of the Proposal are fulfilled, the Proposal also provides that a default on the terms of the Proposal that leads to an annulment of the Proposal and a bankruptcy of Breakthrough shall also lead to a bankruptcy of the Proposal Sponsor.

Funding the Proposal

40. On the Effective Date, the Proposal Sponsor will be required to pay to the Proposal Trustee sufficient funds to satisfy (i) Crown Claims, (ii) Preferred Claims, and (iii) the Bankruptcy Reserve for possible expenses of the Proposal Trustee in the event of default under the Proposal and a bankruptcy.
41. The Proposal Sponsor's is obligated to fund the remaining payments due under Proposal commencing 30 days after the Effective Date. The Debtor will cause to be paid to the Proposal Trustee payments in the form of monthly cash instalments in the amount of \$14,583.33. The Proposal Payments will be made over a two (2) year period until an amount is paid to the Proposal Trustee equal to \$350,000 (the "**Unsecured Creditor Payment Pool**"). For greater clarity, these amounts shall not include Crown Priority Claims, and Preferred Claims, which shall be paid from Additional Funds.
42. The Proposal Sponsor may, at its discretion, make accelerated payments to the Proposal Trustee to fund the Unsecured Creditor Payment Pool.

Distributions

Preferred Claims

43. In accordance with the terms of the Proposal, following the Effective Date, the Proposal Trustee shall issue distributions out of such Additional Funds in respect of all Proven Preferred Claims (if any).

Unsecured Creditors

44. In accordance with the terms of the Proposal, the Proposal Trustee will make interim distributions to the Creditors when sufficient amounts have, in the Proposal Trustee's discretion, accumulated to warrant a distribution.
45. All distributions made by the Proposal Trustee pursuant to the Proposal are subject to the Superintendent's Levy in accordance with the BIA.
46. In accordance with the terms of the Proposal, the Funded Proposal Payments will be distributed by the Proposal Trustee in the following order of priority:
 - i) *Administrative Fees and Expenses* - To fund all administrative fees and expenses of the Proposal Trustee, including the legal fees of the Proposal Trustee and the Debtor.
 - ii) *Bankruptcy Reserve* - To establish a reserve of \$40,000 to be held in trust by the Proposal Trustee, which amount shall be used to fund the administrative costs of the bankruptcies of Breakthrough and the Proposal Sponsor (as discussed further herein) in the event that the Proposal is annulled and Breakthrough and the Proposal Sponsor become bankrupt, failing which such amount shall be distributed to the Creditors.
 - iii) *Proven Claims of Crown Creditors* – To pay all Proven Crown Claims, if any, which will have been satisfied out of Additional Funds without interest.
 - iv) *Proven Claims of Preferred Creditors* – To pay all Proven Preferred Claims, if any, which will have been satisfied out of Additional Funds without interest.
 - v) *Proven Claims of Convenience Class Creditors* – To pay all Convenience Class Creditors, including any Affected Creditor with a Proven Claim that submits a Convenience Class Election Form.
 - vi) *Proven Claims of Unsecured Creditors* – The remainder will be distributed among all the remaining Unsecured Creditors, who will share *pro rata* out of the funds available after payment of the foregoing.

Reporting by the Debtor

47. During the Proposal period, the Proposal Sponsor shall provide to the Proposal Trustee, with a copy to HSBC, every three months commencing on first day of the month following the month in

which the Proposal Approval and Vesting Order is issued, a report containing the information set out below:

- i) a cash flow statement for the Proposal Sponsor's business affairs for the prior six months; and
- ii) evidence of the acquirer's filing and remittance of source deductions and HST.

CASH FLOW VARIANCE FROM JANUARY 29, 2022 TO JUNE 3, 2022

48. Subsequent to the filing of the NOI's, the Debtor, with the assistance of the Trustee, prepared a forecast for the period from January 29, 2022 to June 3, 2022 ("**Projection Period**"). The following chart reflects the variance analysis for the Projection Period:

	Amount (\$000s)		
	Projected	Actual	Variance
Receipts			
Sales to Customer	713	697	(16)
Fees from Productions	307	163	(144)
Sale of Development Assets	100	100	-
Other	-	48	48
Total receipts	1,120	1,008	(112)
Disbursements			
Operating costs	980	862	118
HSBC Principal Repayments	196	184	12
Professional fees	204	107	97
Total disbursements	1,380	1,153	227
Net cash flow	(260)	(145)	115

49. The significant variances during the Projection Period are explained as follows:

Fees from Productions: The negative variance is a timing difference as producer fees in respect of certain productions were not collected in the period as financing in respect of these productions was delayed.

Operating Costs: The positive variance is primarily a result of lower development expenses and lower marketing expenses than forecast. Development expenses were lower than forecast as Breakthrough attempted to conserve cash in the Projection Period. Furthermore, certain costs associated with representatives of Breakthrough attending at a tradeshow were accrued in the

Projection Period but were not submitted by these individuals for reimbursement until after the Projection Period.

Professional Fees: The positive variance is a timing difference.

OVERVIEW OF THE DEBTOR'S WEEKLY CASH FLOW FORECAST

50. The Debtor, with the assistance of the Proposal Trustee, has prepared a cash flow forecast for the period from June 4, 2022 to August 26, 2022 ("**Cash Flow Forecast**"). A copy of the Cash Flow Forecast is attached hereto as **Appendix "H"** to this Report. The Cash Flow Forecast has been prepared by Management of the Debtor for the purpose of this motion, using probable and hypothetical assumptions set out in notes 1 to 12 attached to the Cash Flow Forecast. The Cash Flow Forecast reflects receipts and disbursements to be received or paid over the twelve-week forecast period in Canadian dollars.
51. The Cash Flow Forecast projects that the Debtor will have sufficient liquidity to fund its expenses in the Proposal proceeding through to August 26, 2022.
52. The Proposal Trustee's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussion related to information supplied to the Proposal Trustee by certain of the Management and employees of the Debtor. Since hypothetical assumptions need not be supported, the Proposal Trustee's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposal Trustee has also reviewed the support provided by Management of the Debtor for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast.
53. Based on the Proposal Trustee's review, nothing has come to its attention to cause it to believe that, in all material respects:
 - i) *the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;*
 - ii) *as at the date of this Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Debtor or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or*
 - iii) *the Cash Flow Forecast does not reflect the probable and hypothetical Assumptions.*

54. As described in the Disclaimer above, since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, even if the hypothetical assumptions occur, and the variations may be material.
55. The Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

LIQUIDATION ANALYSIS / ESTIMATED RECOVERY IN BANKRUPTCY

Liquidation Analysis

56. In the event that the Proposal is not accepted by the Creditors and the Debtor is deemed bankrupt, the following liquidation analysis represents the estimated value of the Debtor's assets should there be a liquidation.
57. The Proposal Trustee has relied on representations of Management in determining the estimated liquidation value of the assets. The liquidation analysis was prepared at a point in time being February 25, 2022. Accordingly, in the event that the Debtor were to become bankrupt and a liquidation was conducted, the realizable value of the assets at that time may be different than presented below. Based on the liquidation analysis included as **Appendix "I"**, the net cash flow to be realized from a liquidation of the Debtor's assets is approximately \$760,000.

Estimated Recovery – Bankruptcy vs. Proposal Scenario

58. The following chart (which is rounded to the nearest thousands' of dollars) sets out the expected recovery to HSBC and the Unsecured Creditors under a Liquidation/Bankruptcy scenario and the Proposal scenario. As can be seen below, the net estimated recovery to:
- i) the Unsecured Creditors in a liquidation/Bankruptcy scenario is approximately **0.5%** versus approximately **7%** under the Proposal scenario; and
 - ii) HSBC is **100%** in a liquidation/Bankruptcy Scenario and is an unaffected creditor in a Proposal Scenario.

<u>Estimated Recovery in a Liquidation Scenario</u>		<u>Estimated Recovery in a Proposal Scenario</u>	
Liquidation Value of Assets, net of costs of realization	758	Proposal Consideration (note 1)	350
Less: Secured Claims (note 2)	(701)	Less: Secured Claims (note 2)	n/a
Less: Estimated Professional fees and expenses (note 3)	(40)	Less: Estimated Professional fees and expenses (note 3)	(40)
Less: Superintendent's Levy (note 4)	<u>(1)</u>	Less: Superintendent's Levy (note 4)	<u>(16)</u>
Net amount available for Preferred and Unsecured Creditors	16	Net amount available for Unsecured Creditors	295
Estimated Claims of Affected Creditors	<u>3,447</u>	Estimated Distribution to Convenience Class Creditors (note 5)	<u>(63)</u>
		Net amount remaining for Unsecured Creditors	232
		Estimated Claims of remaining Affected Creditors	<u>3,251</u>
Estimated Recovery to Affected Creditors	<u>0.5%</u>	Estimated Recovery to remaining Affected Creditors	<u>7%</u>
Estimated Recovery to Secured Creditors	<u>100%</u>	Estimated Recovery to Secured Creditors	<u>n/a</u>

Notes:

- In accordance with the terms of the Proposal the Unsecured Creditor Payment Pool is \$350,000.*
- In a proposal scenario, HSBC will receive no distributions pursuant to this Proposal as the Proposal Sponsor will assume the obligations to HSBC. However, assuming there is a bankruptcy, HSBC will be paid first after payments to Crown Claims, if any, and Trustee in Bankruptcy fees/disbursements. As noted above, in addition to Breakthrough's secured indebtedness to HSBC, the Breakthrough group includes other production companies that have received production financing from HSBC on a secured basis. These production loans are guaranteed by Breakthrough. The Trustee has reviewed each of these productions with Management and in the event of a bankruptcy, it is anticipated that one of the productions in development would be shut down. As Breakthrough is a guarantor of this production loan it is anticipated that HSBC would recover the approximately \$290K advanced in respect of this film from the liquidation of Breakthrough's assets, in addition to its other secured indebtedness discussed above. In the bankruptcy scenario HSBC is estimated to recover 100% of its loan.*
- This amount represents a provision for the estimated professional fees triggered by the bankruptcy proceedings of BEI and the Breakthrough Subsidiaries. These amounts relate primarily to the administrative expenses that would be incurred following the bankruptcy proceedings and are in addition to those fees accounted for in the liquidation analysis. In the case of a proposal, professional fees include the cost of administering the proposal before and after Court approval and would be paid from the proposal payments.*
- The Superintendent's Levy is applicable to payments made to Preferred and Unsecured Creditors and is calculated as 5% of each payment. In the bankruptcy scenario it is assumed that a parallel*

receivership would be commenced by HSBC to realize on its security which would result in no levy being withheld or remitted on realization of its security interest.

5. *Included in the unsecured creditor class are creditors that will elect to be part of the Convenience Class. As such these creditors will in most cases receive a greater percentage recovery as compared to the other Affected Creditors, and in certain cases 100% depending on the value of their claim. For the purposes of this analysis it is assumed that all creditors with claims of \$15,000 or less will elect to be a part of the Convenience Class and fix their claim for distribution purposes at \$1,500, as it represents a greater recovery than 7% of their claim if the election was not made. In accordance with the terms of the Proposal, Convenience Class Creditors are paid in priority to the other Affected Creditors.*

IMPLEMENTATION OF THE PROPOSAL AND EVENTS OF DEFAULT

59. On the Effective date, among other things, the following will occur: (i) the Proposal Sponsor will acquire the Proposal Acquired Assets of the Debtor and (ii) the releases, discussed further herein, shall become effective.
60. In the event the Proposal Sponsor fails to fund any of its obligations under the Proposal and such default is not remedied within the appropriate time frame or waived by the Inspectors, the Proposal will be annulled and the Proposal Sponsor and the Debtor shall be adjudged bankrupt and the Proposal Trustee shall be appointed as the Trustee in Bankruptcy.

CREDITORS' MEETING/VOTING PROCEDURE AND CLASSES OF CREDITORS

Creditors' Meeting/Voting Procedure

61. The primary purpose of the Creditors' Meeting is to permit Creditors to consider the acceptance or rejection of the Proposal. For the Proposal to be accepted, at least two-thirds (66.67%) of each creditor class by dollar value, and more than 50% of each creditor class by number, must vote in favour of the Proposal at the meeting either in person, by proxy or by mailing a voting letter to the Proposal Trustee in advance of the meeting. Only Creditors who actually vote are counted for the purpose of determining whether the necessary thresholds have been reached. Creditors related to the Debtor may not vote for the Proposal.
62. **To be eligible to vote on the Proposal, Creditors must have filed with the Proposal Trustee, before the meeting, a proof of claim form signed and witnessed as required and accompanied by a statement of account or affidavit in support of the claim. Those Creditors who do not intend to have a personal representative at the meeting, to be held on August 2, 2022 by video conference at 11:00 A.M., may complete and submit the voting letter which is enclosed in the creditor package prior to the meeting indicating their vote for or against the acceptance of the Proposal. The Proposal Trustee has also enclosed a form of proxy**

should a Creditor wish to appoint a proxy to represent them at the meeting. If the Proposal is not accepted by the required majorities of unsecured creditors, the Debtor will be deemed bankrupt.

63. **For Creditors with Proven Claims greater than \$1,500, to be eligible to participate in the convenience class, these Creditors must also complete the Convenience Class Election Form, which is included as Schedule “A” to the Proposal. This must be done by completing and returning the Convenience Class Election Form to the Proposal Trustee in advance of the Creditors’ Meeting.**
64. If the Proposal is accepted by the required statutory majorities referenced above, the Proposal Trustee will then make an application to the Court for approval of the Proposal and vesting of the assets in the Purchaser. If the Court grants the Proposal Approval and Vesting Order, the Proposal will be binding on all Creditors and such Creditors, and their respective heirs, executors, administrators, successors and assigns, shall have no further Claim against the Debtor other than for the distributions provided in the Proposal.

Class of Creditors

65. As described above, for purposes of considering, and voting on, the Proposal, and receiving a distribution pursuant to the Proposal, the Creditors are grouped in one (1) class consisting of Creditors having unsecured Claims. Preferred Creditors and proven Claims of Her Majesty in right of Canada and any province for all amounts other than Crown Priority Claims are entitled to vote in the Unsecured Creditor Class.
66. The Proposal does not compromise the following Creditor Claims:
- i) Claims for goods and/or services delivered to the Debtor on or after the Filing Date, February 1, 2022, including Administrative Fees and Expenses;
 - ii) Crown Priority Claims;
 - iii) Proven Claims of Preferred Creditors; and
 - iv) Secured Creditor Claims.
67. Distributions to Creditors will be made as described in the “Distribution” section of this Report.

Releases

68. At the Effective Date, the Proposal provides for releases (the "**Releases**") in favour of:
- i) Debtor;
 - ii) Proposal Sponsor;
 - iii) Proposal Trustee; and
 - iv) Each of the foregoing parties respective advisors, agents, officers, directors and assigns (collectively the "**Released Parties**")
69. As of the Effective Date, each of the Released Parties shall be released and discharged from all present and future actions, causes of action, damages, judgments, executions, obligations, liabilities and Claims of any kind or nature whatsoever arising on or prior to the Effective Date in connection with this Proposal and the Debtor, the transactions contemplated hereunder, and any other actions or matters related directly or indirectly to the foregoing, provided that nothing in this paragraph shall release or discharge (i) any of the Released Parties from or in respect of their respective obligations under this Proposal, (ii) any Released Party from liabilities or claims which cannot be released pursuant to s. 50(14) of the Act as determined by the final, non-appealable judgment of the Court, or (iii) any Released Party from the HSBC Secured Indebtedness.
70. As of the Effective Date, all Persons are permanently and forever barred, estopped, stayed and enjoined from commencing, conducting or continuing in any manner, directly or indirectly, any actions, suits, demands or other proceedings of any nature or kind whatsoever of any Person against the Released Parties, provided however, that the foregoing shall not apply to the enforcement of any obligations under this Proposal during the Proposal Period.
71. If the Proposal is annulled, the Releases shall be nullified and be of no force or effect.

ALTERNATIVES TO THE PROPOSAL

72. At the Creditors' Meeting, the Creditors are being asked by the Proposal Trustee to choose between two alternatives, namely accepting the Proposal, or rejecting the Proposal which would result in the Debtor being deemed bankrupt.
73. Therefore, the Proposal Trustee is of the view that the Proposal Scenario will produce a more favourable result for the Creditors of the Debtor than would the liquidation sale of the assets of the Debtor in a bankruptcy.

CONDUCT OF THE DEBTOR

Preference Transactions and Transfers at Undervalue

74. The Proposal contemplates that Sections 95-101 of the BIA shall not apply in connection with this Proposal and, as a result, the Proposal Trustee shall have no responsibility, liability or authority whatsoever in connection herewith. Accordingly, the Proposal Trustee has not undertaken a detailed review for possible preference transactions or transfers at undervalue.
75. If the Debtor was to become bankrupt, and either preference transactions or transfers at undervalue did exist, it is possible that some of these transactions could be found to be void through Court proceedings.

Conduct Post-Filing

76. Pursuant to Section 50(10) of the BIA, the Proposal Trustee is required to monitor the affairs of the Debtor until the Proposal is approved by the Court.
77. During the NOI Period, the Debtor worked diligently with the Proposal Trustee to prepare its Proposal, as well as to manage costs and continue operations and is working diligently to complete the Proposal.

CREDITORS' CLAIMS

78. To date, one provable claim in the Proposal have been received by the Proposal Trustee.

PREVIOUS BUSINESS DEALINGS WITH THE DEBTOR

79. The Proposal Trustee has not had any business dealings with the Debtor prior to its appointment as Proposal Trustee and is not in a conflict of interest.

SUMMARY COMMENTS/RECOMMENDATION

80. For the reasons set out in this Report it is the Proposal Trustee's opinion that:
- i) *the Proposal will allow for a greater recovery to the creditors of Breakthrough than they would receive in a liquidation of Breakthrough's assets in a bankruptcy proceeding; and*

- ii) *acceptance of the Proposal is in the best interest of creditors. If the Proposal is rejected by the creditors, Breakthrough will be deemed automatically bankrupt and it is uncertain what the actual realizable values of the assets will ultimately be in a bankruptcy scenario.*

81. Accordingly, the Proposal Trustee recommends that the Creditors vote in favour of the Proposal.

Yours very truly,

DODICK LANDAU INC.

In its capacity as the Proposal Trustee of
Breakthrough Enterprises Inc.
and not in its personal or corporate capacity.

Per:



Rahn Dodick, CPA, CA, CIRP, LIT

APPENDIX "A"



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2801364
Estate No. 31-2801364

In the Matter of the Notice of Intention to make a proposal of:

Breakthrough Enterprises Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

February 01, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 02, 2022, 07:24

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2801365
Estate No. 31-2801365

In the Matter of the Notice of Intention to make a proposal of:

Breakthrough Entertainment Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

February 01, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 02, 2022, 07:31

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2801367
Estate No. 31-2801367

In the Matter of the Notice of Intention to make a proposal of:

Breakthrough Films & Television Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

February 01, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 02, 2022, 07:39

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2801368
Estate No. 31-2801368

In the Matter of the Notice of Intention to make a proposal of:

Breakthrough Merchandising Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

February 01, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 02, 2022, 07:44

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2801369
Estate No. 31-2801369

In the Matter of the Notice of Intention to make a proposal of:

Breakthrough New Media Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

February 01, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 02, 2022, 07:48

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2801370
Estate No. 31-2801370

In the Matter of the Notice of Intention to make a proposal of:

Breakthrough Post Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

February 01, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 02, 2022, 07:54

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2801371
Estate No. 31-2801371

In the Matter of the Notice of Intention to make a proposal of:

Breakthrough Publishing Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

February 01, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 02, 2022, 08:00

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2801374
Estate No. 31-2801374

In the Matter of the Notice of Intention to make a proposal of:

2447134 Ontario Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

February 01, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 02, 2022, 08:14

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2801373
Estate No. 31-2801373

In the Matter of the Notice of Intention to make a proposal of:

Oak Room Productions Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

February 01, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 02, 2022, 08:06

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

APPENDIX "B"

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MADAM) TUESDAY, THE 1ST
)
JUSTICE CONWAY) DAY OF MARCH, 2022

IN THE MATTER OF THE *BANKRUPTCY AND*
INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF BREAKTHROUGH ENTERPRISES INC. OF THE CITY
OF TORONTO IN THE PROVINCE OF ONTARIO

ORDER
(Re Administrative Consolidation and Related Relief)

THIS MOTION made by Breakthrough Enterprises Inc. (the “**Company**”) was heard this day by video conference due to the COVID-19 crisis.

ON READING the Affidavit of Michael McGuigan, affirmed February 21, 2022, and the First Report of Dodick Landau Inc. in its capacity as proposal trustee (the “**Proposal Trustee**”), and on hearing the submissions of respective counsel for the Company, the Proposal Trustee, HSBC Bank Canada (“**HSBC**”) and such other counsel as were present as listed on the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Shaun Parsons affirmed February 22, 2022, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

PROCEDURAL CONSOLIDATION

2. **THIS COURT ORDERS** that, without prejudice to the right of any party to seek or oppose substantive consolidation in respect of any or all of the following proceedings:

- (a) the present proceeding;
- (b) the matter of the notice of intention to make a proposal of Breakthrough Entertainment Inc., Estate and Court File No. 31-2801365;
- (c) the matter of the notice of intention to make a proposal of Breakthrough Films & Television Inc., Estate and Court File No. 31-2801367;
- (d) the matter of the notice of intention to make a proposal of Breakthrough Merchandising Inc., Estate and Court File No. 31-2801368;
- (e) the matter of the notice of intention to make a proposal of Breakthrough New Media Inc., Estate and Court File No. 31-2801369;
- (f) the matter of the notice of intention to make a proposal of Breakthrough Post Inc., Estate and Court File No. 31-2801370;

- (g) the matter of the notice of intention to make a proposal of Breakthrough Publishing Inc., Estate and Court File No. 31-2801371;
- (h) the matter of the notice of intention to make a proposal of Oak Room Productions Inc., Estate and Court File No. 31-2801373; and
- (i) the matter of the notice of intention to make a proposal of 2447134 Ontario Inc., Estate and Court File No. 31-2801374

(collectively, the “**NOI Proceedings**”)

the NOI Proceedings shall be procedurally consolidated and the Proposal Trustee shall be authorized and directed to administer the NOI Proceedings on a consolidated basis for all purposes in carrying out its administrative duties and other responsibilities as trustee under the *Bankruptcy and Insolvency Act* (the “**BIA**”), including, without limitation, the following:

- (a) sending notices to creditors of Breakthrough Enterprises Inc., Breakthrough Entertainment Inc., Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., Oak Room Productions Inc., and 2447134 Ontario Inc. (collectively, the “**NOI Entities**”) pursuant to one consolidated notice;
- (b) calling and conducting any meetings of creditors of the NOI Entities pursuant to one combined advertisement and one meeting;
- (c) issuing consolidated reports in respect of the estates of the NOI Entities;

- (d) preparing, filing, advertising and distributing any and all filings and/or notices relating to the administration of the estates of the NOI Entities on a consolidated basis; and
- (e) bringing motions to this Honourable Court on a consolidated basis.

3. **THIS COURT ORDERS** that the single Estate and Court File Number 31-2801364 (the “**Consolidated Court File**”) and the following title of proceeding of shall be assigned to the NOI Proceedings:

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A
PROPOSAL OF BREAKTHROUGH ENTERPRISES INC. OF THE CITY OF
TORONTO IN THE PROVINCE OF ONTARIO**

AND IN THE MATTER OF EIGHT RELATED INTENDED PROPOSALS

4. **THIS COURT ORDERS** that a copy of this Order shall be filed by the NOI Entities in the court file for each of the NOI Proceedings but that any other document required to be filed in any of the NOI Proceedings shall hereafter only be required to be filed in the Consolidated Court File.
5. **THIS COURT ORDERS** that for avoidance of doubt, any motion, application or action, including the herein motion, in respect of the NOI Entities or any of them shall be brought and filed in the Consolidated Court File and if so brought and filed it shall be deemed brought and filed in each of the NOI Proceedings, as appropriate, without prejudice to any rules of civil procedure or otherwise that are applicable.

6. **THIS COURT ORDERS** that the procedural consolidation of the NOI Proceedings shall not:

- (a) affect the separate legal status and structures of any of the NOI Entities;
- (b) cause any of the NOI Entities to be liable for any claim for which it otherwise is not liable; or
- (c) affect the Proposal Trustee's or a creditor's right to seek to disallow any claim, including on the basis that such claim is a duplicative claim.

EXTENSION OF TIME TO FILE A PROPOSAL

7. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the NOI Entities to file a proposal with the Official Receiver be and is hereby extended up to and including April 17, 2022 (the "Stay Period").

CONTINUATION OF SERVICES

8. **THIS COURT ORDERS** that during the Stay Period, all persons having oral or written agreements with the NOI Entities or statutory or regulatory mandates for the supply of goods and/or services are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the NOI Entities, provided in each case that the normal prices or charges for such goods or services received after the date of this Order are paid by the NOI Entities in accordance with normal payment practices of the NOI Entities or other practices as may be agreed upon by the supplier or service provider and each of the NOI Entities and the Proposal Trustee, or as may be ordered by this Court.

9. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the NOI Entities shall be entitled, but not required, to pay with the written approval of the Proposal Trustee amounts owing to any supplier (a “**Critical Supplier**”) for goods or services actually supplied to the NOI Entities prior to February 1, 2022 if, in the opinion of the NOI Entities, such payment is necessary to maintain the uninterrupted operations of the business and, without limiting the generality of the foregoing, declaring that each of the entities listed in Schedule “**A**” hereto is a Critical Supplier for the purposes of this paragraph 9.

HSBC BANK CANADA

10. **THIS COURT ORDERS** that HSBC, in respect of its secured facilities made available to certain of the NOI Entities, shall be and remain an unaffected creditor in the NOI Proceedings in respect of all amounts owing to it by any of the NOI Entities and that all of HSBC’s rights and remedies in respect of the NOI Entities are not subject to the stay of proceedings or any other aspects of the NOI Proceedings, nor shall HSBC be impacted by any outcome of the NOI Proceedings, and shall continue in full force and effect, unaffected.

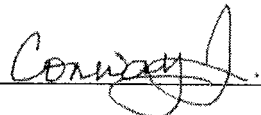
11. **THIS COURT ORDERS** that the NOI Entities shall make monthly payments in the aggregate amount of \$11,000 from cash flow during the NOI Proceedings in permanent reduction of the secured indebtedness owing by the NOI Entities pursuant to a Segment 3 Non-Revolver Demand Facility, and that such payments shall not constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

GENERAL

12. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the NOI Entities, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the NOI Entities and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the NOI Entities and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

13. **THIS COURT ORDERS** that any interested party (including the NOI Entities and the Proposal Trustee) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

14. **THIS COURT ORDERS** that notwithstanding Rule 59.05, this Order is effective from 12:01 a.m. on the date that it is made and is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or a motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original signing, entry and filing.



Schedule "A"
List of Critical Suppliers

Black Fawn Films Inc.

Adam Barken

The Writers Guild Of Canada

The Canadian Media Producers Association

Black Five Media Inc.

Bsc Solutions Group Ltd.

McGillivray Media Corp.

**IN THE MATTER OF THE BANKRUPTCY AND
INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED**

**Court File No. 31-2801364
Estate File No. 31-2801364**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF BREAKTHROUGH ENTERPRISES INC. OF THE CITY
OF TORONTO IN THE PROVINCE OF ONTARIO**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

ORDER

WEISZ FELL KOUR LLP
Royal Bank Plaza, South Tower
200 Bay Street
Suite 2305, P.O. Box 120
Toronto, ON M5J 2J3

Sharon Kour LSO No. 58328D
Email: skour@wfkaw.ca
Tel.: 416.613.8283

Shaun Parsons LSO No. 81240A
Email: sparsons@wfkaw.ca
Tel.: 416.613.8284

Fax: 416.613.8290

Lawyers for Breakthrough Enterprises Inc.

Trustee, HSBC Bank Canada (“**HSBC**”) and such other counsel as appearing on the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Shaun Parsons sworn, February 22, 2022, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

APPROVAL OF THE TRANSACTION

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Purchase Agreement is hereby authorized and approved, with such minor amendments as the Proposal Trustee may deem necessary. The Company is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser as described in the Purchase Agreement.

VESTING OF ASSETS

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Proposal Trustee’s certificate to the Purchaser substantially in the form attached as Schedule A hereto (the “**Proposal Trustee’s Certificate**”), all of the Company’s right, title and interest in and to the Purchased Assets (as defined and described in the Purchase Agreement) shall vest absolutely in and to the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual,

statutory, or otherwise), liens, executions, levies, charges, claims of ownership or authorship, adverse claims, licenses or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise or any encumbrance of any nature which, in substance, secures payment or performance of an obligation (all of which are collectively referred to as “**Claims**”) and, for greater certainty, this Court orders that all of the Claims affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Proposal Trustee’s Certificate, all Claims shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the consummation of the Transaction, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee’s Certificate, forthwith after delivery thereof.

6. **THIS COURT ORDERS** that upon the Proposal Trustee’s filing of the Proposal Trustee’s Certificate the Company is authorized to distribute to HSBC the cash proceeds of the Transaction in the amount of \$100,000, subject to the security held by HSBC, without further Order of this Court.

7. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these Proposal Proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of the Company and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Company;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Company and shall not be void or voidable by creditors of the Company, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

GENERAL

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Company and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give

effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Company and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

9. **THIS COURT ORDERS** that each of the Company and the Proposal Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Proposal Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

10. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this Order is effective from the date that it is made and is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or a motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original signing, entry and filing.



Schedule A – Form of Proposal Trustee’s Certificate

Court File No.
Estate No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A
PROPOSAL OF BREAKTHROUGH ENTERPRISES INC. OF THE CITY OF
TORONTO IN THE PROVINCE OF ONTARIO**

AND IN THE MATTER OF EIGHT RELATED INTENDED PROPOSALS

PROPOSAL TRUSTEE’S CERTIFICATE

RECITALS

A. On February 1, 2022, Breakthrough Enterprises Inc. (“**Breakthrough**”) and eight related entities each filed a Notice of Intention to Make a Proposal (“**NOI**”) under the *Bankruptcy and Insolvency Act*.

B. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated March 1, 2022, the Court approved the agreement of purchase and sale made as of February 21, 2022 (the “**Purchase Agreement**”) between Breakthrough and 1000041001 Ontario Ltd. on behalf of Spike & Sadie Media Limited Partnership 1000041412 (the “**Purchaser**”) and provided for the vesting in the Purchaser of Breakthrough’s right, title and interest in and to the Purchased Assets (as defined in the Purchase Agreement), which vesting is to be effective with

respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 7 of the Purchase Agreement have been satisfied or waived by Breakthrough and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Purchase Agreement.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Purchaser has paid and the Proposal Trustee has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Purchase Agreement;
2. The conditions to Closing as set out in Article 7 of the Purchase Agreement have been satisfied or waived by Breakthrough and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at _____ on _____.

**Dodick Landau Inc., in its capacity as
Proposal Trustee of Breakthrough
Enterprises Inc., and not in its personal or
corporate capacity**

Per: _____
Name:
Title:

**IN THE MATTER OF THE BANKRUPTCY AND
INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF BREAKTHROUGH ENTERPRISES INC. OF THE CITY
OF TORONTO IN THE PROVINCE OF ONTARIO**

Court File No. 31-2801364
Estate File No. 31-2801364

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceedings commenced at Toronto

ORDER
(Approval and Vesting Order)

WEISZ FELL KOUR LLP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2305, P.O. Box 120
Toronto, ON M5J 2J3
Sharon Kour LSO No. 58328D
Email: skour@wfkaw.ca
Tel.: 416.613.8283
Shaun Parsons LSO No. 81240A
Email: sparsons@wfkaw.ca
Tel.: 416.613.8284
Fax: 416.613.8290
Lawyers for Breakthrough Enterprises Inc.

COUNSEL SLIP

COURT FILE

March 1 2022

NO.: BK-22-02801364-0031

DATE: _____

NO. ON LIST 4

TITLE OF
PROCEEDING

BREAKTHROUGH ENTERPRISES INC

COUNSEL FOR:

PLAINTIFF(S)

APPLICANT(S)

X

Sharon Kour
Shaun Parsons

PHONE _____

FAX _____

PETITIONER(S)

EMAIL

skour@wfklaw.ca
sparsons@wfklaw.ca

COUNSEL FOR:

DEFENDANT(S)

X RESPONDENT(S)

Brendan Bissel
Joel Turgeon
Rachel Nicholson
John Barrack
Samuel Mosonyi
Dominique Michaud

PHONE _____

FAX _____

EMAIL

bissell@gsnh.com
turgeon@gsnh.com
rnicholson@tgf.ca
john@johnbarrack.com
smosonyi@robapp.com
dmichaud@robapp.com

JUDICIAL NOTES:

Conway J. Endorsement

The Breakthrough entities ("**Breakthrough**") are in NOI proceedings. They seek various orders today including an administrative consolidation of the nine NOI proceedings; authorization to make certain critical supplier payments, extension of the stay to April 17, 2022, and approval of a sale transaction.

All of the relief sought, except for the sale transaction, is unopposed. The sale transaction is unopposed, except for NJA Enterprises and Nathaniel Abraham (collectively, "**Abraham**"). Abraham is an unsecured creditor of Breakthrough and is currently in litigation with the company. It sought a two week adjournment of today's motion on the sale transaction, in order to file more responding materials. Breakthrough and its sole secured creditor HSBC oppose the adjournment. After hearing submissions, I told Abraham's counsel that I would give a much shorter adjournment of three days given that the sale transaction is scheduled to close on March 7th. Mr. Michaud sought instructions from Abraham and advised that it would not pursue the adjournment if it was only going to be for three days. However, Mr. Michaud told the court that his client may seek to bring a motion in the future seeking leave to set aside the NOI altogether.

Breakthrough is a producer of films, television series, and digital content. Apart from its library of television and films, it has various projects that are in its development pipeline, typically 40 at any time (the "**Development Slate**"). The sale transaction is for a portion of those projects (10 out of the 40). The purchaser is Ira Levy ("**Levy**"), who was the principal contact for Breakthrough with possible network buyers and a former director of the company. He also holds a minority interest in the company.

The evidence before me is that the value of film and television projects arises when the project has been green-lit for production. Until then, they remain intangible concepts with little intrinsic value. Importantly, they diminish with time as they become stale. Breakthrough has been unable to bring these assets to production due to cash flow limitations and lack of personnel.

Breakthrough worked with the Proposal Trustee and HSBC in determining how to monetize its assets. They decided not to run a formal sales process as the cost of running one would eclipse any value attaching to these assets. The sale transaction was entered into with Levy. The purchase price is \$100,000 plus reimbursement of certain payments between February 1 and closing plus forgiveness of all unsecured debt owed to Levy.

Abraham wanted to adjourn the sale approval motion in order to seek a formal sales process for these assets. I declined the adjournment, for three primary reasons. First, the evidence before me is that these assets continue to decline with time and this is the opportunity to monetize the assets before the value declines further. Second, the cost of a sales process will only erode the value of the assets. Third, the Proposal Trustee does not believe that a formal sales process will generate higher proceeds and supports the transaction as being in the best interest of Breakthrough and its stakeholders.

I am prepared to approve the transaction notwithstanding that a sales process was not conducted. It is not required in circumstances where it is not feasible or reasonable to conduct one: see *Re OEL Projects Ltd.*, 2020 ABQB 365; *Re Target Canada Co.*, 2015 ONSC 2066.

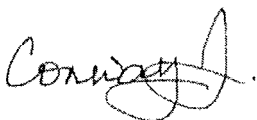
I have considered the factors in *Soundair* and s. 65.13(4) of the BIA and approve the transaction considering the following factors:

- These assets are only a portion of the Development Slate;
- The Proposal Trustee and HSBC were consulted about the process.
- The evidence before me is that: these assets are intangible and their value dwindles with time; Breakthrough does not have the resources to produce and develop them to realize their value; Levy is the one whose involvement is necessary to continue the development and bring them to networks for possible production; and if any titles are passed over for production, they become worthless.
- The Proposal Trustee, as noted, does not believe that a formal sales process will generate higher proceeds and supports the transaction.
- Given the amounts involved, a sales process for this portion of the Development Slate is highly uneconomical.
- HSBC would have been able to sell these assets itself as a secured creditor under the PPSA without a formal sales process.

I therefore approve the transaction.

As noted, the other relief sought is not opposed and is acceptable to me. Paragraph 12 has now been removed from the Administrative Consolidation and Related Relief Order in light of Abraham's stated position. With respect to the stay extension, I am satisfied that Breakthrough is acting in good faith and with due diligence and that no creditor will be prejudiced by the extension.

I have signed two orders today – Administrative Consolidation and Related Relief Order and AVO. They are attached to this endorsement. The orders are effective from today's date and are enforceable without the need for entry and filing.



APPENDIX "C"

Court File No. 31-2801364
Estate No. 31-2801364

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MADAM) THURSDAY, THE 14TH
)
JUSTICE CONWAY) DAY OF APRIL, 2022
)

IN THE MATTER OF THE *BANKRUPTCY AND*
INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF
BREAKTHROUGH ENTERPRISES INC. OF THE CITY OF TORONTO IN THE PROVINCE
OF ONTARIO

AND IN THE MATTER OF EIGHT RELATED INTENDED PROPOSALS

ORDER
(Extension of Time to File Proposal)

THIS MOTION, made by the Applicants, for an Order extending the period of time for filing a proposal pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”), was heard this day by video conference due to the COVID-19 crisis.

ON READING the Affidavit of Mike McGuigan affirmed April 10, 2022, and on reading the Second Report of Dodick Landau Inc. dated April 11, 2022 in its capacity as proposal trustee of the Applicants, and on hearing the submissions of counsel for the Applicants, as well as all persons present as stated in the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Shaun Parsons sworn April 12, 2022, filed:

SERVICE

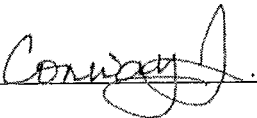
1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF TIME TO FILE A PROPOSAL

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Applicants to file a proposal with the Official Receiver be and is hereby extended to June 1, 2022.

ORDER EFFECTIVE IMMEDIATELY

3. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without any need for entry and filing.



**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, RSC
1985, c B-3, AS AMENDED
AND IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A
PROPOSAL OF BREAKTHROUGH ENTERPRISES INC. OF THE CITY OF
TORONTO IN THE PROVINCE OF ONTARIO
AND IN THE MATTER OF EIGHT RELATED INTENDED PROPOSALS**

Court File No. 31-2801364
Estate No. 31-2801364

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

ORDER

WEISZ FELL KOUR LLP
Royal Bank Plaza, South Tower
200 Bay Street
Suite 2305, P.O. Box 120
Toronto, ON M5J 2J3

Sharon Kour (LSO No. 58328D)
Email: skour@wfkaw.ca
Tel: 416.613.8283

Shaun Parsons (LSO No. 81240A)
Email: sparsons@wfkaw.ca
Tel: 416.613.8284

Fax: 416.613.8290

Lawyers for Breakthrough Enterprises Inc.

COUNSEL SLIP

COURT FILE

NO.: BK-22-02801364-0031

DATE: April 14th 2022

NO. ON LIST 5

TITLE OF
PROCEEDING

BREAKTHROUGH ENTERPRISES INC.

COUNSEL FOR:

- PLAINTIFF(S)
 APPLICANT(S) **Shaun Parsons**

PHONE _____
FAX _____

- PETITIONER(S)

EMAIL sparsons@wfklaw
.ca

Rahn Dodick rahn.dodick@dodick.ca

Joel Turgeon turgeon@gsnh.com

COUNSEL FOR:

- DEFENDANT(S)
 RESPONDENT(S)

PHONE _____
FAX _____

Rachel Nicholson rnicholson@tgf.ca


EMAIL _____

JUDICIAL NOTES:

Conway J. Endorsement

The Applicants seek an extension to June 1, 2022 to file a proposal. The motion is unopposed and is supported by the Proposal Trustee. I am satisfied that the Applicants are acting in good faith and with due diligence, and that no creditor will be materially prejudiced by the extension.

Order to go as signed by me and attached to this endorsement. This order is effective from today's date and is enforceable without the need for entry and filing.



APPENDIX "D"

Court File No. 31-2801364
Estate No. 31-2801364

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MADAM) WEDNESDAY, THE 25TH
JUSTICE CONWAY)
DAY OF MAY, 2022



IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF
BREAKTHROUGH ENTERPRISES INC. OF THE CITY OF TORONTO IN THE PROVINCE
OF ONTARIO

AND IN THE MATTER OF EIGHT RELATED INTENDED PROPOSALS

**ORDER
(Stay Extension)**

THIS MOTION, made by the Applicants, for an Order extending the period of time for filing a proposal pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BLA**”), was heard this day by video conference due to the COVID-19 crisis.

ON READING the Affidavit of Mike McGuigan affirmed May 20, 2022, and on reading the Third Report of Dodick Landau Inc. dated May 24, 2022 in its capacity as proposal trustee of the Applicants, and on hearing the submissions of counsel for the Applicants, as well as all persons present as stated in the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Levi Rivers sworn May 24, 2022, filed:

SERVICE

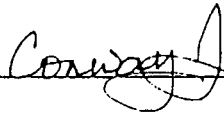
1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF TIME TO FILE A PROPOSAL

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Applicants to file a proposal with the Official Receiver be and is hereby extended to July 16, 2022.

ORDER EFFECTIVE IMMEDIATELY

3. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without any need for entry and filing.



**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, RSC
1985, c B-3, AS AMENDED**
**AND IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A
PROPOSAL OF BREAKTHROUGH ENTERPRISES INC. OF THE CITY OF
TORONTO IN THE PROVINCE OF ONTARIO**
AND IN THE MATTER OF EIGHT RELATED INTENDED PROPOSALS

Court File No. 31-2801364
Estate No. 31-2801364

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

ORDER

WEISZ FELL KOUR LLP
Royal Bank Plaza, South Tower
200 Bay Street
Suite 2305, P.O. Box 120
Toronto, ON M5J 2J3

Sharon Kour (LSO No. 58328D)
Email: skour@wfkaw.ca
Tel: 416.613.8283

Shaun Parsons (LSO No. 81240A)
Email: sparsons@wfkaw.ca
Tel: 416.613.8284

Fax: 416.613.8290

Lawyers for Breakthrough Enterprises Inc.

COUNSEL SLIP

COURT FILE

NO.: BK-22-02801364-0031

DATE: May 25, 2022

NO. ON LIST 1

TITLE OF
PROCEEDING

BREAKTHROUGH ENTERPRISES INC. et al

COUNSEL FOR:

DEBTOR(S) – Shaun Parsons

EMAIL sparsons@wfkllaw.ca

COUNSEL FOR:

CREDITOR(S) – Rachel Nicholson, for HSBC Bank
Canada

EMAIL rnicholson@tgf.ca

PROPOSAL TRUSTEE, Dodock Landau Inc. – Robert
Bissell

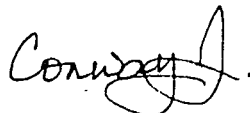
EMAIL bissell@gsnh.com

JUDICIAL NOTES:

Conway J. Endorsement

This motion to extend the time for filing a proposal to July 16, 2022 is unopposed. I am satisfied that the extension should be granted to enable the Applicants to continue their work in developing a proposal. They are acting in good faith and based on the materials before me, no creditor will be materially prejudiced if the extension is granted.

Order to go as signed by me and attached to this endorsement. This order is effective from today's date and is enforceable without the need for entry and filing.



APPENDIX "E"

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

SUBSTANTIVE CONSOLIDATION

2. **THIS COURT ORDERS** that the Proposal Trustee may administer the proposal proceedings under Part III, Division I of the BIA of the Applicants on a consolidated basis, respectively being:

- (a) the present proceeding;
- (b) the matter of the notice of intention to make a proposal of Breakthrough Entertainment Inc., Estate and Court File No. 31-2801365;
- (c) the matter of the notice of intention to make a proposal of Breakthrough Films & Television Inc., Estate and Court File No. 31-2801367;
- (d) the matter of the notice of intention to make a proposal of Breakthrough Merchandising Inc., Estate and Court File No. 31-2801368;
- (e) the matter of the notice of intention to make a proposal of Breakthrough New Media Inc., Estate and Court File No. 31-2801369;
- (f) the matter of the notice of intention to make a proposal of Breakthrough Post Inc., Estate and Court File No. 31-2801370;
- (g) the matter of the notice of intention to make a proposal of Breakthrough Publishing Inc., Estate and Court File No. 31-2801371;

- (h) the matter of the notice of intention to make a proposal of Oak Room Productions Inc., Estate and Court File No. 31-2801373; and
 - (i) the matter of the notice of intention to make a proposal of 2447134 Ontario Inc., Estate and Court File No. 31-2801374
- (collectively, the “**Consolidation Entities**”)

3. **THIS COURT ORDERS** that the Proposal Trustee is authorized to carry out its administrative duties and responsibilities as proposal trustee under the BIA as if such proposal proceedings were a single proposal proceeding under the BIA, including, without limitation, as follows:

- (a) meetings of creditors of the Consolidation Entities may be convened through one combined advertisement and conducted jointly;
- (b) the Proposal Trustee is authorized to adhere to and implement any consolidated claims procedure for the identification and quantification of claims against the Consolidation Entities for voting and distribution purposes;
- (c) the Proposal Trustee is authorized to issue consolidated reports in respect of the Consolidation Entities;
- (d) the Proposal Trustee is authorized to deal with all filings and notices relating to the proposal proceedings of the Consolidation Entities as required under the BIA on a consolidated basis; and

(e) the Proposal Trustee is authorized to file consolidated cash-flow statements in respect of the Consolidation Entities.

4. **THIS COURT ORDERS** that the Consolidation Entities are authorized to present a single, consolidated proposal to their creditors (the “**Consolidated Proposal**”) for consideration at a duly convened meeting of the creditors of the Consolidation Entities, without prejudice to the right of any creditor of any one of the Consolidation Entities to object to the substantive consolidation contained in such Consolidated Proposal.

ORDER EFFECTIVE IMMEDIATELY

5. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without any need for entry and filing.



**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, RSC
1985, c B-3, AS AMENDED
AND IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A
PROPOSAL OF BREAKTHROUGH ENTERPRISES INC. OF THE CITY OF
TORONTO IN THE PROVINCE OF ONTARIO
AND IN THE MATTER OF EIGHT RELATED INTENDED PROPOSALS**

Court File No. 31-2801364
Estate No. 31-2801364

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

ORDER

RECONSTRUCT LLP

Royal Bank Plaza, South Tower
200 Bay Street
Suite 2305, P.O. Box 120
Toronto, ON M5J 2J3

Sharon Kour (LSO No. 58328D)

Email: skour@reconllp.com
Tel: 416.613.8283

Shaun Parsons (LSO No. 81240A)

Email: sparsons@reconllp.com
Tel: 416.613.8284

Fax: 416.613.8290

Lawyers for Breakthrough Enterprises Inc.

the service list, although properly served as appears from the affidavit of service of Shaun Parsons sworn June 9, 2022, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

VESTING OF CHRISTMAS HILL ASSETS

2. **THIS COURT ORDERS AND DECLARES** that all of 2447134 Ontario Inc.'s ("**244**") right, title and interest in and to the Christmas Hill Assets, being three seasonal television movie productions that are already at the filming stage and related agreements, as set out in Schedule "A" hereto, (the "**Christmas Hill Assets**") shall vest absolutely in and to Christmas Hill, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, claims of ownership or authorship, adverse claims, licenses or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise or any encumbrance of any nature which, in substance, secures payment or performance of an obligation (all of which are collectively referred to as "**Claims**") and, for greater certainty, this Court orders that all of the Claims affecting or relating to the Christmas Hill Assets as at the date of this Order are hereby expunged and discharged as against the Christmas Hill Assets.

3. **THIS COURT ORDERS AND DECLARES** that 244 is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary for the conveyance of the Christmas Hill Assets to Christmas Hill.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Christmas Hill Assets shall stand in the place and stead of the Christmas Hill Assets, and all Claims shall attach to the net proceeds from the sale of the Christmas Hill Assets with the same priority as they had with respect to the Christmas Hill Assets, as if the Christmas Hill Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proposal proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of the Company and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Company;

the vesting of the Christmas Hill Assets in Christmas Hill pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Company and shall not be void or voidable by creditors of the Company, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor

shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

ORDER EFFECTIVE IMMEDIATELY

6. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without any need for entry and filing.

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Proposal Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.



Schedule "A"

BD

The Holiday Switch

- i) Option Agreement between Melissa Hill and 2447134 Ontario Inc. dated November 20, 2021;
- ii) Writer's Agreement between Isabel Drean and 24447134 Ontario Inc. dated December 1, 2021;
- iii) Assignment of Rights between 2447134 Ontario Inc. and Christmas Hill Productions Inc. dated April 1, 2022;

Christmas on the Rocks

- i) Option Agreement between Melissa Hill and 2447134 Ontario Inc. dated March 1, 2022;
- ii) Writer's Agreement between Isabel Drean and 24447134 Ontario Inc. dated March 2, 2022;
- iii) Assignment of Rights between 2447134 Ontario Inc. and Christmas Hill Productions Inc. dated April 1, 2022;

A Vintage Christmas

- i) Option Agreement between Melissa Hill and 2447134 Ontario Inc. dated March 14, 2022;
- ii) Writer's Agreement between Isabel Drean and 24447134 Ontario Inc. dated March 15, 2022;
- iii) Assignment of Rights between 2447134 Ontario Inc. and Christmas Hill Productions Inc. dated April 1, 2022.

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, RSC
1985, c B-3, AS AMENDED**
**AND IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A
PROPOSAL OF BREAKTHROUGH ENTERPRISES INC. OF THE CITY OF
TORONTO IN THE PROVINCE OF ONTARIO**
AND IN THE MATTER OF EIGHT RELATED INTENDED PROPOSALS

Court File No. 31-2801364
Estate No. 31-2801364

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

ORDER

RECONSTRUCT LLP
Royal Bank Plaza, South Tower
200 Bay Street
Suite 2305, P.O. Box 120
Toronto, ON M5J 2J3

Sharon Kour (LSO No. 58328D)
Email: skour@reconllp.com
Tel: 416.613.8283

Shaun Parsons (LSO No. 81240A)
Email: sparsons@reconllp.com
Tel: 416.613.8284

Fax: 416.613.8290

Lawyers for Breakthrough Enterprises Inc.

APPENDIX "F"

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

AND IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A JOINT PROPOSAL OF BREAKTHROUGH ENTERPRISES INC. (TOGETHER WITH BREAKTHROUGH ENTERTAINMENT INC., BREAKTHROUGH FILMS & TELEVISION INC., BREAKTHROUGH MERCHANDISING INC., BREAKTHROUGH NEW MEDIA INC., BREAKTHROUGH POST INC., BREAKTHROUGH PUBLISHING INC., OAK ROOM PRODUCTIONS INC. and 2447134 ONTARIO INC.) OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

**PROPOSAL
(July 7, 2022)**

The Company (as defined below) hereby submits the following Proposal under Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3.

**PART I
INTERPRETATION**

Definitions

I. In this Proposal:

- (a) “Act” means the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended;
- (b) “Administrative Fees and Expenses” means the fees and expenses of the Trustee and its counsel incidental to the NOI and the preparation and facilitation of the Proposal and any amendments thereto, including, without limitation, fees incurred by the Trustee in the administration of the Unsecured Creditor Payment Pool, and the legal fees and expenses incurred by the Trustee and the Company before and following execution, acceptance and approval of this Proposal, and in connection with the NOI and the preparation of this Proposal, as well as advice to the Company in connection therewith;
- (c) “Affected Creditors” means those Unsecured Creditors of the Company holding Proven Claims;

- (d) **"Affected Creditor Claim"** means a Proven Claim of an Unsecured Creditor;
- (e) **"Bankruptcy Reserve"** means a reserve amount of \$40,000 to be held by the Trustee as security for the administrative costs of the bankruptcies of the Company, in the event that this Proposal is annulled and the Company is adjudged bankrupt;
- (f) **"Business Day"** means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (g) **"Certificate of Full Performance"** means the certificate that the Trustee issues to the Company and to the Official Receiver pursuant to Section 65.3 of the Act;
- (h) **"Claim"** means any right of any Person with indebtedness, liability or obligation of any kind against the Company which indebtedness, liability or obligation is in existence as at the Date of Filing, whether or not reduced to judgement, 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 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, 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;
- (i) **"Company"** means collectively Breakthrough Enterprises Inc., Breakthrough Entertainment Inc., Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., Oak Room Productions Inc. and 2447134 Ontario Inc.;
- (j) **"Convenience Claim"** means (i) any Proven Claim of an Affected Creditor submitted prior to the Creditors Meeting that is in an amount less than or equal to \$1,500; and (ii) any Proven Claim of an Affected Creditor in an amount greater than \$1,500 if the relevant Affected Creditor has made an election to be treated as a Convenience Creditor for the purposes of this Proposal pursuant to and in accordance with the Convenience Claim Election Form;
- (k) **"Convenience Claim Election Form"** means the form to be filled out by Affected Creditors with Proven Claims in the event they wish to be a Convenience Creditor, a copy of which is attached as Schedule "A" hereto;
- (l) **"Convenience Creditors"** means an Affected Creditor with a Convenience Claim, provided that in order to be a Convenience Creditor, an Affected Creditor must either have submitted a Proven Claim in an amount less than or equal to \$1,500 prior to the Creditors Meeting or make an election in its Convenience Claim Election Form for the purposes of this Proposal prior to the Creditors Meeting;
- (m) **"Convenience Creditor Payment"** means in respect of a Convenience Claim, payment of cash in the lesser amount of \$1,500 or the amount of the Proven Claim

of such Convenience Creditor, which cash shall be funded from the Unsecured Creditor Payment Pool;

- (n) **“Court”** means the Ontario Superior Court of Justice (Commercial List);
- (o) **“Court Approval Date”** means the date on which the Proposal Approval and Vesting Order is issued;
- (p) **“Creditor”** means any Person having a Claim;
- (q) **“Creditors Meeting”** means the meeting of the Affected Creditors called for the purpose of considering and voting upon this Proposal;
- (r) **“Crown”** means Her Majesty in Right of Canada or of any Province of Canada and their agents;
- (s) **“Crown Claims”** means the Claims of the Crown set out in Section 60(1.1) of the Act outstanding as at the Date of Filing against the Company, if any, payment of which will be made in priority to the payment of the Preferred Claims and to distributions in respect of Affected Claims, and specifically excludes any other claims of the Crown;
- (t) **“Date of Filing”** means February 1, 2022, being the date on which the Company each filed an NOI;
- (u) **“Effective Date”** means 10 calendar days from the date of the Proposal Approval and Vesting Order, unless the Proposal Approval and Vesting Order is appealed, in which case the Effective Date means the later of: (i) one Business Day after the full and final determination of the appeal; and (ii) the expiry of any further appeal periods;
- (v) **“Employee Preferred Claim”** means a Proven Claim by a current or former employee of the Company, or such portion of such Proven Claim, that would be payable in priority under Subsection 136(1) of the Act;
- (w) **“Equity Claim”** has the meaning given to it in Section 2 of the Act;
- (x) **“Event of Default”** has the meaning given to it in Part IX of this Proposal;
- (y) **“HSBC”** means HSBC Bank Canada;
- (z) **“HSBC Secured Indebtedness”** means the amounts owing by the Company to HSBC for which HSBC holds security over the Company’s assets, property and undertaking;
- (aa) **“Inspectors”** means the inspectors appointed pursuant to Part XI of this Proposal;

- (bb) **“Levy”** means the levy imposed by the Superintendent of Bankruptcy under the Act;
- (cc) **“Maturity Date”** means the date on which all payments to the Affected Creditors have been made and the Certificate of Full Performance has been issued by the Trustee to the Company, provided that no Event of Default has occurred that has not been cured or waived;
- (dd) **“NOI”** means the Notice of Intention to Make a Proposal filed by each Company on the Date of Filing;
- (ee) **“Permitted Encumbrances”** means those encumbrances on the Proposal Acquired Assets listed in Schedule “B” hereto;
- (ff) **“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;
- (gg) **“Preferred Claim”** means any Proven Claim that is afforded priority under Section 136(1) of the Act;
- (hh) **“Preferred Creditor”** means any Creditor holding a Preferred Claim, solely in respect to that Preferred Claim;
- (ii) **“Proposal”** means this proposal together with any amendments or additions thereto;
- (jj) **“Proposal Acquired Assets”** means all of the property and assets of Breakthrough Enterprises Inc.;
- (kk) **“Proposal Approval and Vesting Order”** means an order of the Court approving this Proposal, including the vesting of the Proposal Acquired Assets as described herein, such order to be granted pursuant to the provisions of the Act, the appeal period having expired, and no appeal having been filed or any appeal therefrom having been dismissed and such dismissal having become final;
- (ll) **“Proposal Period”** means the period between the Court Approval Date and the Maturity Date;
- (mm) **“Proposal Sponsor”** means 1000242627 Ontario Inc., a corporation controlled by Michael McGuigan;
- (nn) **“Proven”** as used in relation to any Claim means such Claim as finally accepted or determined by the Trustee in accordance with the provisions of the Act and this Proposal, subject to the Creditor’s right of appeal to Court, the Court’s determination of that Claim or any applicable appeal periods having expired and no appeal having been made;

- (oo) **“Released Parties”** means, collectively, the Company, the Proposal Sponsor, the Trustee, and each of the foregoing Persons’ respective advisors, agents, officers, directors, and assigns, each in their capacity as such;
- (pp) **“Secured Claim”** means any Claim by a Secured Creditor, excluding the Crown Claims and including the claim of HSBC in respect to the HSBC Secured Indebtedness;
- (qq) **“Secured Creditor”** means a Person holding a mortgage, hypothec, pledge, charge, lien or privilege on or against the property of the Company or any part thereof as security for a Claim including HSBC, but excludes Canada Revenue Agency to the extent of its Crown Claims;
- (rr) **“Trustee”** means Dodick Landau Inc. solely in its capacity as proposal trustee of the Company;
- (ss) **“Unsecured Claim”** means the value of any Proven Claim in respect of which no security is held;
- (tt) **“Unsecured Creditors”** means those Persons with Claims in respect of which no security is held, and which is not afforded priority under Section 136(1) of the Act;
- (uu) **“Unsecured Creditor Payments”** means the payments to be made by the Trustee from the Unsecured Creditor Payment Pool to Affected Creditors, including Convenience Creditors, net of the Levy pursuant to paragraph 23 of this Proposal; and
- (vv) **“Unsecured Creditor Payment Pool”** means the aggregate amount of \$350,000 to be funded by the Proposal Sponsor to the Trustee pursuant to paragraph 21 of this Proposal.

Headings

2. The division of this Proposal into parts, paragraphs and subparagraphs, and the insertion of headings herein, is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

Number, etc.

3. In this Proposal, where the context requires, a word importing the singular includes the plural and vice versa, and a word importing gender includes the masculine, feminine and neuter genders.

Date for Action

4. 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 day that is a Business Day.

Accounting Principles

5. Accounting terms not otherwise defined in this Proposal have the meanings assigned to them in accordance with generally accepted Canadian accounting principles.

PART II PURPOSE AND EFFECT OF THIS PROPOSAL

Purpose of Proposal

6. This Proposal is intended to provide all Affected Creditors a greater recovery than they would otherwise receive if the Company were to become bankrupt under the Act. More specifically, the Proposal will provide for recovery in respect of Affected Creditor Claims. While the exact recovery cannot be determined until all Claims have been determined, the Company expects Affected Creditors to receive recovery on their Claims in an amount greater than the recovery they would occur if the Company were to become a bankrupt under the Act.
7. In consideration for, among other things, its sponsorship of this Proposal, including the assumption of Secured Claims, including the HSBC Secured Indebtedness, the satisfaction of all Preferred Claims and the distribution of the Unsecured Creditor Payments, on the Effective Date title to the Proposal Acquired Assets shall be acquired and transferred free and clear of all Claims other than Permitted Encumbrances, to the Proposal Sponsor, in accordance with the terms hereof.

Effect of Proposal

8. During the Proposal Period, and provided that an Event of Default has not occurred and is continuing hereunder, all Affected Creditors will be stayed from commencing or continuing any proceeding or remedy against the Company or any of its property or assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies, to recover or enforce any judgment against the Company in respect of a Claim or to commence any formal proceedings against it other than as provided for under this Proposal.
9. Upon implementation of all elements of this Proposal, and the filing of the Certificate of Full Performance by the Trustee, all Claims against the Company and its current and former directors shall be fully, finally and completely satisfied pursuant to and in accordance with paragraphs 45 and 46 herein.

PART III CLASSIFICATION OF CREDITORS

10. For the purpose of this Proposal, there is only one class of creditors, being the Affected Creditors Class. For the purposes of voting on the Proposal, each Convenience Creditor

shall be deemed to vote in favour of the Proposal and as part of the class of Affected Creditors.

PART IV SECURED CREDITORS

11. The treatment and payment of Claims of Secured Creditors shall be made outside of this Proposal. The Proposal Sponsor shall assume the obligations and indebtedness owing in respect to all Secured Claims.

PART V TREATMENT OF VARIOUS CLAIMS, FUNDING OF PROPOSAL AND DISTRIBUTION

Crown Claims

12. The Company covenants and agrees to, within six months after the Effective Date, pay in full all amounts that were outstanding at the Date of Filing 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, penalty or other amounts; or (iii) under any substantially similar provision of provincial legislation, including all amounts contemplated by Section 60(1.1) of the Act. The payment of Crown Claims (if any) will be made by the Proposal Sponsor in addition to the funding by the Proposal Sponsor of the Unsecured Creditor Payment Pool.

Preferred Claims

13. Preferred Claims, including Employee Preferred Claims, if any, shall be paid without interest, in priority to Affected Claims. The Proposal Sponsor shall fund the amount of any Preferred Claims to the Trustee for payment to Preferred Creditors in respect of their Preferred Claims. The payment of Preferred Claims (if any) will be made by the Proposal Sponsor in addition to the funding by the Proposal Sponsor of the Unsecured Creditor Payment Pool.

Affected Creditors

14. All Convenience Creditors shall receive in respect of such Convenience Creditor Claims the Convenience Creditor Payment, net of the Levy.
15. Affected Creditors, other than Convenience Creditors, shall receive in respect to their Affected Creditor Claim their respective *pro rata* portion of the Unsecured Creditor Payment Pool net of the total amount of the Convenience Creditor Payments.

16. The Claims of Affected Creditors shall be deemed to have been irrevocably and finally extinguished, discharged and released pursuant to Part XIII herein, and each Affected Creditor shall have no further right, title or interest in or to its Affected Claim.

Equity Claims

17. Holders of Equity Claims shall not be entitled to vote in respect of their Equity Claims at the Creditors Meeting and shall not receive any distributions under this Proposal on account of their Equity Claims. All Equity Claims shall be fully, finally and irrevocably and forever compromised, released, discharged, cancelled, extinguished and barred for no consideration against the Company and the Proposal Acquired Assets on the Effective Date in accordance with paragraph 45 below.

PART VI FUNDING AND DISTRIBUTIONS

Proposal Sponsor to Fund

18. On the Effective Date, the Proposal Sponsor shall deliver to the Trustee by way of wire transfer (in accordance with wire transfer instructions provided by the Trustee at least 3 business days prior to the Effective Date) the amounts necessary to satisfy (i) Crown Claims; (ii) Preferred Claims; and (iii) the Bankruptcy Reserve.
19. The Proposal Sponsor shall assume the obligations of the Company to HSBC on terms satisfactory to the Proposal Sponsor and HSBC.
20. In consideration for value given under this Proposal, the Proposal Sponsor will acquire the Proposal Acquired Assets pursuant to the Proposal Approval and Vesting Order.
21. The Proposal Sponsor shall, commencing 30 days after the Effective Date, make monthly payments in the amount of \$14,583.33 to the Trustee in order to fund the Unsecured Creditor Payment Pool, and the Unsecured Creditor Payments shall be distributed by the Trustee to Affected Creditors in accordance with paragraph 23 herein.
22. The Proposal Sponsor may, at its discretion, make accelerated payments to the Trustee to fund the Unsecured Creditor Payment Pool.

Distributions

23. Subject to the terms and conditions set forth in the Proposal, the following payments and distributions will be made, in the priorities as set out below:
 - (a) first, to the Administrative Fees and Expenses;
 - (b) second, to establish the Bankruptcy Reserve, to be held in trust by the Trustee, which amount shall be used to fund the administrative costs of the bankruptcy of the Company in the event that this Proposal is annulled and the Company becomes

bankrupt, failing which such amount shall be distributed in accordance with Part VI of this Proposal;

- (c) third, to holders of Crown Claims;
 - (d) fourth, to holders of Preferred Claims, which will have been paid, without interest;
 - (e) fifth, to Convenience Creditors in respect to their Convenience Claims; and
 - (f) the balance of the Unsecured Creditor Payment Pool shall be distributed *pro rata* among all Affected Creditors on account of their Affected Claims.
24. The Trustee shall distribute the Unsecured Creditor Payments to Affected Creditors at times and frequencies to be determined by the Trustee in its sole discretion.
25. All distributions made pursuant to this Proposal shall be without interest or penalty and subject to deduction for the Levy and the Trustee shall remit in cash the amount of the Levy to the Superintendent of Bankruptcy contemporaneously with the distributions to the Affected Creditors.

PART VII POST-FILING OBLIGATIONS

Payment of Payroll Deductions and Post Filing Claims

26. The following shall continue to be paid in the ordinary course by the Company prior to and after the Court Approval Date and shall not constitute distributions or payments under this Proposal:
- (a) all Persons, who may advance monies, or provide goods or services to the Company after the Date of Filing shall be paid by the Company in the ordinary course of business;
 - (b) current source deductions and other amounts payable pursuant to Section 60(1.2) of the Act, if applicable, shall be paid to the Crown in full by the Company as and when due; and
 - (c) current goods and services tax (GST), and all amounts owing on account of provincial sales taxes, if applicable, shall be paid in full by the Company as and when due.

Reporting by the Company

27. During the Proposal Period, the Proposal Sponsor shall provide to the Trustee, with a copy to HSBC, every three months commencing on first day of the month following the month

in which the Proposal Approval and Vesting Order is issued, a report containing the information set out below:

- (i) a cash flow statement for the Proposal Sponsor's business and affairs for the prior six months; and
- (ii) evidence of acquirer filing and remittance of source deductions and HST.

Administrative Fees and Expenses

28. Payment of all proper Administrative Fees and Expenses, on and incidental to the proceedings arising out of the Proposal, or in the bankruptcy, if any, will be made in priority to all Claims, including Crown Claims, if any. The Trustee will be at liberty to withdraw and pay such Administrative Fees and Expenses at any time and from time-to-time subject to final approval by the Registrar in Bankruptcy upon completion of the Proposal. The Trustee's disbursements will be charged in addition to its fees based on the actual costs incurred and/or as allowed by tariff.

PART VII LEVY, MANDATORY PAYMENTS AND PREFERRED CLAIMS

Levy

29. The Levy, if applicable, shall be deducted by the Trustee from payments to creditors by the Trustee.

Preferred Claims

30. As per Part V of this Proposal, all holders of Preferred Claims and Employee Preferred Claims (if any) are to be paid without interest in full, in priority to Affected Creditor Claims including, without limitation, any entitlement of the Affected Creditors to the payments to be made under Part VI of this Proposal.

PART VIII IMPLEMENTATION OF PROPOSAL

31. On the Effective Date, the following events or transactions will occur or be deemed to have occurred and be taken and effected in the following order without any further act or formality required on the part of any Person, except as may be expressly provided herein:
- (a) the Proposal Sponsor will assume and guarantee the HSBC Secured Indebtedness on terms agreeable to the Proposal Sponsor and HSBC;
 - (b) in accordance with paragraph 18, the Proposal Sponsor shall fund all amounts required to pay Crown Claims and Preferred Claims;
 - (c) in accordance with paragraph 21, the Proposal Sponsor shall fund the Unsecured Creditor Payment Pool;

- (d) in accordance with paragraph 23, the Trustee shall make the Unsecured Creditor Payments;
- (e) the Proposal Sponsor will acquire the Proposal Acquired Assets of the Company pursuant to the Proposal Approval and Vesting Order;
- (f) title to the Proposal Acquired Assets shall be registered in the name of the Proposal Sponsor, together with any charges applicable to the security held by HSBC;
- (g) in accordance with paragraph 45, all Affected Creditor Claims (including without limitation all Convenience Creditor Claims) shall, and shall be deemed to be, irrevocably and finally extinguished and the Affected Creditors shall have no further right, title or interest in and to their respective Affected Creditor Claims, except with respect to their right to receive a distribution, if applicable, and in such case, only to the extent of such distribution; and
- (h) the releases in respect of Affected Creditor Claims referred to in paragraph 45 shall become effective.

Amendments to Agreements

32. Notwithstanding the terms and conditions of all agreements or other arrangements with Creditors entered into before the Date of Filing, provided that no Event of Default has occurred and is continuing hereunder, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern. All Creditors will provide such acknowledgements, agreements, discharges or other documentation as may be necessary to give effect to the intent of this Proposal.

PART IX EVENTS OF DEFAULT

33. The following will constitute an Events of Default for purposes of Section 63 of the Act and otherwise under this Proposal (an “Event of Default”):
- (a) the non-payment by the Proposal Sponsor of any of its obligations hereunder within thirty (30) days after written notice has been given by the Trustee that such payment is past due; and
 - (b) the breach or failure by the Company or the Proposal Sponsor to observe and perform any other covenant and provision of this Proposal which is not remedied within thirty (30) days after written notice thereof has been given by the Trustee and which breach or failure has not been waived by the Inspectors.
34. In the event that an Event of Default occurs, and the Event of Default is not waived by the Inspectors, the Trustee shall inform Affected Creditors and Section 63 of the Act shall apply to the Proposal Sponsor. In the event that, in accordance with Section 63 of the Act,

an Order is granted by the Court annulling the Proposal, the Proposal Sponsor, in addition to the Company shall be adjudged bankrupt and the Trustee shall be appointed as Trustee in Bankruptcy.

35. Nothing in this Proposal shall prevent the issuance of shares of the Proposal Sponsor to any person, or the transfer of titles in development and associated assets to subsidiaries of the Proposal Sponsor in the normal course of business during the Proposal Period provided that the Proposal Sponsor shall not transfer or dispose of all or substantially all of the Proposal Acquired Assets during the Proposal Period.

PART X TRUSTEE

36. The Trustee is acting solely in its capacity as proposal trustee under the Act and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of the Company.
37. Any payments made by the Trustee to Creditors hereunder shall be made by the Trustee net of any levies payable or due under the Act.

PART XI INSPECTORS

Appointment of Inspectors

38. At the Creditors Meeting, the Affected Creditors will be entitled to appoint one (1) or more, but not exceeding five (5) Inspectors in total.

Powers of Inspectors

39. The Inspectors, by way of majority, will have the following powers, but will have no personal liability to the Company or other Creditors:
- (a) the power to extend the funding dates of the Unsecured Creditor Payment Pool by the Proposal Sponsor under this Proposal;
 - (b) the power to waive any default in the performance of any provision of this Proposal; and
 - (c) the power to advise the Trustee in respect of such matters as may be referred to the Inspectors by the Trustee.
40. The Trustee may, in accordance with the Act, apply to the Court regarding any decision, direction or act of the Inspectors and the Court may confirm, reverse, or modify the decision, direction or act and make such order as it thinks just.

41. The authority and term of office of the Inspectors will terminate upon the issuance of the Certificate of Full Performance.

PART XII CONDITIONS PRECEDENT

Creditor Approval

42. The Trustee shall call a meeting of the Affected Creditors of the Company to seek approval of Affected Creditors for the Proposal in the requisite majority in number and value of the class of Affected Creditors. The performance of this Proposal by the Company shall be conditional upon approval of the Affected Creditors in accordance with the Act. If the Affected Creditors do not approve the Proposal, the Trustee shall report on the result of the vote as required under Section 57 of the Act and the Company shall be deemed bankrupt.

Assignment of HSBC Secured Indebtedness

43. As a condition precedent to the implementation of this Proposal, the HSBC Secured Indebtedness, including all applicable loan documentation, security and guarantees, shall have been assumed by the Proposal Sponsor on terms in all respects acceptable to HSBC, in its sole discretion.

Court Approval

44. In the event the Proposal is approved by the Affected Creditors the Trustee shall, within 5 days of such approval, apply to the Court for a hearing to seek the Proposal Approval and Vesting Order in the form acceptable to the Trustee. The performance of this Proposal by the Company shall be conditional upon the issuance of the Proposal Approval and Vesting Order. In the event that the Court does not approve the Proposal, the Company shall be deemed bankrupt.

PART XIII RELEASES

45. As at 12:01 a.m. on the Effective Date, each of the Released Parties shall be released and discharged from all present and future actions, causes of action, damages, judgments, executions, obligations, liabilities and Claims of any kind or nature whatsoever arising on or prior to the Effective Date in connection with this Proposal and the Company, the transactions contemplated hereunder, and any other actions or matters related directly or indirectly to the foregoing, provided that nothing in this paragraph shall release or discharge (i) any of the Released Parties from or in respect of their respective obligations under this Proposal, (ii) any Released Party from liabilities or claims which cannot be released pursuant to s. 50(14) of the Act as determined by the final, non-appealable judgment of the Court, or (iii) any Released Party from the HSBC Secured Indebtedness.
46. As at 12.01 a.m. on the Effective Date, all Persons are permanently and forever barred, estopped, stayed and enjoined from commencing, conducting or continuing in any manner, directly or indirectly, any actions, suits, demands or other proceedings of any nature or

kind whatsoever of any Person against the Released Parties, provided however, that the foregoing shall not apply to the enforcement of any obligations under this Proposal during the Proposal Period and in the event that the Proposal is annulled pursuant to Section 63 of the Act, the releases as contemplated herein shall be nullified and be of no force or effect.

PART XIV MISCELLANEOUS

Preferential Payments

47. Sections 95 to 101 of the Act shall not apply to any dealings by the Company at any time prior to the Date of Filing unless the Company or Proposal Sponsor become bankrupt before the terms of the Proposal are fully performed. The releases contemplated in Part XIII of this Proposal include releases from all claims, actions, or remedies available to Creditors or others pursuant to Sections 95 to 101 of the Act, provided that nothing herein shall release any director of the Company from any claims coming within the exceptions set out in Section 50(14) of the Act.

Consents, Waivers and Agreements

48. On the Effective Date, all Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety. For greater certainty, each such Creditor will be deemed to have waived any default by the Company in any provision, express or implied, in any agreement existing between the Creditor and the Company that has occurred on or prior to the Date of Filing, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of this Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

Further Actions

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

Performance

50. All obligations of the Company under this Proposal will commence as of the Effective Date. All obligations of the Company under this Proposal will be fully performed for the purposes of Section 65.3 of the Act only upon the Company having made the payments to the Trustee provided for herein and a Certificate of Full Performance is issued by the Trustee to the Company and the Office of the Superintendent of Bankruptcy.

Binding Effect

51. The provisions of this Proposal will be binding on the Creditors and the Company, and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Approval and Vesting Order after all appeal periods have expired.

**PART XV
ANNULMENT OF PROPOSAL**

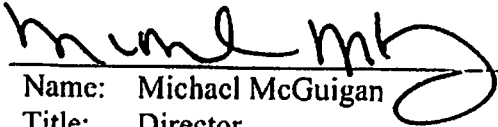
52. If this Proposal is annulled by an order of the Court, all payments on account of Claims made pursuant to the terms of this Proposal will reduce the Claims of Creditors.

**PART XVI
AMENDMENTS**

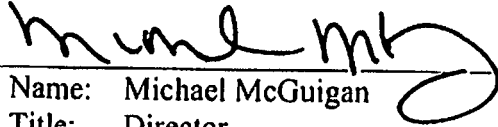
53. The Company may, with prior written consent of HSBC, propose amendments to the Proposal at any time prior to the conclusion of the Creditors Meeting provided that any such amendment does not reduce the rights and benefits given to the Creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

DATED at the City of Toronto, in the Province of Ontario, as of this 7th day of July 2022.


BREAKTHROUGH ENTERPRISES INC.

Per: 
Name: Michael McGuigan
Title: Director


BREAKTHROUGH ENTERTAINMENT INC.

Per: 
Name: Michael McGuigan
Title: Director


**BREAKTHROUGH FILMS & TELEVISION
INC.**

Per: 
Name: Michael McGuigan
Title: Director


BREAKTHROUGH MERCHANDISING INC.

Per: 
Name: Michael McGuigan
Title: Director


BREAKTHROUGH NEW MEDIA INC.

Per: 
Name: Michael McGuigan
Title: Director


BREAKTHROUGH POST INC.

Per: 
Name: Michael McGuigan
Title: Director

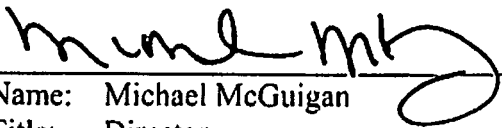
BREAKTHROUGH PUBLISHING INC.

Per: 
Name: Michael McGuigan
Title: Director


OAK ROOM PRODUCTIONS INC.

Per: 
Name: Michael McGuigan
Title: Director

2447134 ONTARIO INC.

Per: 
Name: Michael McGuigan
Title: Director

1000242627 ONTARIO INC.

Per: 
Name: Michael McGuigan
Title: Director

Schedule "A"

CONVENIENCE CLASS ELECTION FORM

TO: DODICK LANDAU INC, in its capacity as Proposal Trustee of Breakthrough Enterprises Inc., Breakthrough Entertainment Inc., Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., Oak Room Productions Inc. and 2447134 Ontario Inc. (collectively, "Breakthrough")

In connection with the Proposal of Breakthrough pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended, dated July 7, 2022 (as amended, restated, modified and supplemented from time to time, the "Proposal"), the undersigned hereby irrevocably elects to be treated for all purposes under the Proposal as a Convenience Creditor and thereby receive the lesser of (i) \$1,500.00, and (ii) the amount of its Proven Claim, in full and final satisfaction of the Proven Claims of the undersigned.

For the purposes of this election, capitalized terms not defined herein shall have the meanings ascribed thereto in the Proposal.

DATED at _____ this ____ day of _____, 2022.

AFFECTED CREDITOR'S SIGNATURE:

Legal Name of the Affected Creditor

Legal Name of the Assignee, if applicable

Signature of the Affected Creditor/Assignee or an Authorized Signing Officer of the Affected Creditor/Assignee

Print Name and Title of Authorized Signing Officer of the Affected Creditor/Assignee, if applicable

Mailing Address of the Affected Creditor/Assignee

Telephone Number and E-mail of the Affected Creditor/Assignee or Authorized Signing Officer of the Affected Creditor/Assignee

Schedule "B"

PERMITTED ENCUMBRANCES

Indebtedness and Security of HSBC Bank Canada.

APPENDIX "G"



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2801364
Estate No. 31-2801364

In the Matter of the Proposal of:

Breakthrough Enterprises Inc.

Debtor

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of Proposal:	July 12, 2022	Security:	\$
Meeting of Creditors:	August 02, 2022, 11:00 To Be Conducted Via Zoom https://us06web.zoom.us/j/87245065237? PWD=WC9oZjhyTXRRRmN5WHdOa0hwVn, Ontario Canada,		
Chair:	Trustee		

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that:

- a proposal in respect of the aforementioned debtor was filed under section 62 of the *Bankruptcy and Insolvency Act*.

The aforementioned trustee is required:

- to provide to me, without delay, security in the aforementioned amount; and
- to send to all creditors, at least ten days prior to the meeting, a notice of a meeting of creditors, which will be held at the aforementioned time and place.

Date: July 12, 2022, 12:48

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

APPENDIX "H"

Consolidated Cash Flows of: Breakthrough Enterprises Inc., Breakthrough Films & Television Inc., Breakthrough Entertainment Inc., Breakthrough New Media Inc., Breakthrough Publishing Inc. Breakthrough Post Inc., 1706184 Ontario Inc., 2447134 Ontario Inc. and Oak Room Productions Inc. (collectively "Breakthrough")

Weekly Cash Flow Forecast

For the period from June 4, 2022 to August 26, 2022
in thousands \$CDN

Week Ending	Notes	10-Jun-22	17-Jun-22	24-Jun-22	01-Jul-22	08-Jul-22	15-Jul-22	22-Jul-22	29-Jul-22	05-Aug-22	12-Aug-22	19-Aug-22	26-Aug-22	TOTAL
		1	2	3	4	5	6	7	8	9	10	11	12	
Receipts														
Sales to International Broadcasters	2	15	15	15	15	57	57	57	57	12	12	12	12	339
Royalty receipts	3	11	11	11	11	14	14	14	14	14	14	14	14	156
Fees from Productions	4	3	3	3	3	11	11	11	11	11	11	11	11	111
Total Receipts		29	29	29	29	71	71	71	71	38	38	38	38	526
Disbursements														
Production	5	5	5	5	5	5	5	5	5	4	4	4	4	55
Payroll and employee benefits	6	11	18	20	20	15	9	15	15	16	9	16	16	129
Development	7	9	8	9	9	5	2	5	5	5	2	5	5	48
Marketing and distribution	8	4	1	7	7	8	1	1	1	1	1	12	12	47
Distributions to third party investors and/producers	9	-	-	14	14	-	28	-	-	-	74	74	74	191
Overhead	10	8	5	5	5	6	6	6	6	6	6	6	6	75
Total Disbursements		36	36	60	60	39	50	32	32	32	107	118	118	544
Net Cash Flow From Operations		(7)	(7)	(31)	(31)	32	21	39	39	6	(81)	(92)	(92)	(18)
Professional Fees & Disbursements	11	20	44	20	20	15	-	15	-	10	-	10	-	134
HSEC Principal Repayments	12	-	-	-	-	11	-	-	-	11	-	-	-	22
Net Cash Flow		(27)	(52)	(51)	(51)	16	17	24	24	(16)	(81)	(102)	(102)	(175)
Cash Balance														
Opening Cash Balance		594	567	516	465	480	497	518	542	602	586	505	404	594
Add: Net Cash Flow		(27)	(52)	(51)	(51)	16	17	24	24	(16)	(81)	(102)	(102)	(175)
Closing Cash Balance		567	516	465	480	497	518	542	602	586	505	404	419	419

BREAKTHROUGH ENTERTAINMENT GROUP OF COMPANIES
MAJOR ASSUMPTIONS
CASH FLOW STATEMENT
FOR THE PERIOD JUNE 4 2022 TO AUGUST 26, 2022 (THE “PERIOD”)

1. Breakthrough Enterprises Inc. and certain of its affiliates and subsidiaries (detailed below and collectively defined as “**Breakthrough**” or the “**Company**”) operate as a television production company that produces and distributes television programming worldwide. Nine separate Notices of Intention to File Proposals (“**NOIs**”) were filed in respect of the Breakthrough companies on February 1, 2022. Breakthrough’s cash flow projections have been prepared by management of Breakthrough on a consolidated basis and include the following related legal entities, each of which filed NOIs:
 - a. Breakthrough Enterprises Inc.;
 - b. Breakthrough Films & Television Inc.;
 - c. Breakthrough Entertainment Inc.;
 - d. Breakthrough New Media Inc.;
 - e. Breakthrough Publishing Inc.;
 - f. Breakthrough Post Inc.;
 - g. 1706184 Ontario Inc.;
 - h. 2447134 Ontario Inc.; and
 - i. Oak Room Productions Inc.

The cash flow projection is based on the hypotheses that:

- a. Breakthrough will complete a successful proposal;
 - b. Breakthrough will continue operations in the normal course; and
 - c. Breakthrough’s secured creditor HSBC Bank of Canada (“**HSBC**”) will continue to be supportive of its planned restructuring.
2. **Customer Collections**
Collection of receipts in respect of the sale of completed productions (television shows or movies) from the Company’s catalogues of productions to international broadcasters. Receipts are forecast based on the collection terms in existing sale contracts.
 3. **Royalty Receipts**
Collection of receipts in respect of the sale of completed productions (television shows or movies) from the Company’s catalogues of productions to various streaming services. These sales are from a share of the revenues realized by the streaming services. Receipts are estimated based on the average receipts collected by Breakthrough over the past nine months.
 4. **Fees from Productions**
Fees realized from the production of new content as executive producers of either a television show or film.

5. Production Expenses

Advances made to active productions to fund production costs not covered by external production financing. The forecast is based on existing active productions.

6. Payroll, Employee Benefits and Payroll Taxes

Breakthrough has eight employees and is forecast to retain all its employees for the duration of the Period. The payroll costs reflect expected costs over the period including salaries, source deduction remittances and employee benefit payments. Payroll is paid bi-weekly one week in arrears and is processed in house. Source deduction remittances are current. Payroll also includes two contractors, shareholder, Michael McGuigan and VP Distribution, Craig McGillivray.

7. Development Expenses

These costs are payable in connection with the creation of new content and include payments to writers or producers.

8. Marketing and Distribution Expenses

Relates primarily to costs associated with attending tradeshow. Also included are costs associated with earning revenue on the sale of the completed catalogue.

9. Distributions to Third-Party Investors and Producers

From funds received by Breakthrough for the sale of its distribution catalogue/library (to either international broadcasters or streaming services) on average approximately 40-50% is earned by Breakthrough in its capacity as the sales agent. The remaining receipts collected by Breakthrough are payable to third-party investors and producers. These distributions are forecast based on historical average collections.

10. Overhead Expenses

Included in overhead expenses are expenses related to storage, insurance, vehicles and advertising and promotion.

11. Professional Fees

Over the Period, professional fees of Breakthrough's legal counsel, the Proposal Trustee and legal counsel to the Proposal Trustee are estimated to total approximately \$134,000.

12. HSBC Principal Repayments

Breakthrough is indebted to HSBC pursuant to secured revolving and non-revolving demand loan facilities. In addition, certain Breakthrough subsidiary production companies are also indebted to HSBC on account of secured production financing facilities. These productions are solvent and did not file NOIs.

The cash flow includes loan payments of approximately \$11,000 per month to be funded by Breakthrough to reduce the HSBC secured line of credit. Over the Period, payments to HSBC are expected to total approximately \$22,000.

APPENDIX "I"

Breakthrough Entertainment Inc. (the "Company")
Liquidation Analysis as at February 25, 2022
\$Cdn

Nature of Asset	Description	Net Book Value ("NBV")	NBV Date	Liquidation Value	% of NBV	Notes
Cash	Cash on hand	706,000	February 25, 2022	674,854	96%	(1)
Accounts Receivable	Sales to Broadcasters	1,136,420	February 25, 2022	428,707	38%	(2)
Accounts Receivable	Receipts from Streaming Revenue		February 25, 2022	163,000		(6)
Investment in Film Rights	Library of leased and owned titles and Distribution Rights	2,503,501	October 31, 2020	570,000	23%	(3)
Other Assets:	Equipment	139,436	October 31, 2020	27,887	20%	(4)
	Programs in Development	1,368,124	October 31, 2020	7,500	1%	(5)
Proceeds available from the Assets		<u>5,853,481</u>		<u>1,871,948</u>		
Less: Operations and costs of realizations				(530,000)		(6)
Less: Costs to complete certain active productions				<u>(583,000)</u>		(7)
				<u>758,948</u>		

Notes:

- Cash on hand as at February 25, 2022.
- Accounts receivable ("AR") is based on the balance of the AR subledger as at February 25, 2022, net of overdue accounts not considered collectible by Management. The AR is based on existing invoices that are being paid pursuant to long term payment plans and no collection concerns were identified by Management. However, following a bankruptcy filing it is common for a bankruptcy trustee to experience challenges collecting AR. Accordingly, a discount of 15% was applied. Furthermore, following in bankruptcy, the bankruptcy trustee may elect to also offer a discount to certain customers to incentivise customers to pay their balances off earlier. Approximately 50% of what is collected by Breakthrough will be remitted by the bankruptcy trustee to investors/producers etc. pursuant to the relevant contract for the sale of the title in question.
- Represents the estimated value of Breakthrough's library of titles (includes tv episodes and films) and distribution rights of approximately (book value of \$314K) which represent amounts paid to acquire distribution rights to new content ("Library"). The title in the Library were either developed by Breakthrough in house or Breakthrough has purchased the rights to distribute them from third parties. The analysis consists of a discounted cash flow which assumes a stream of income being generated by the Library over a 10 year period, net of certain carrying costs for the Library identified by Management. The analysis applies a 50% discount to the portion of the Library for which the content is copyrighted by someone other than the Company as the owners of those copyrights can withdraw their titles from a liquidation sale. It is assumed that 50% will opt to exercise that right, reducing the number of titles that can be sold by the bankruptcy trustee.
- It is assumed that the liquidation value of Breakthrough's fixed assets which includes office furniture, computers, servers and other ancillary equipment to be to 20% of its fiscal 2020 book value. This value is net of costs to liquidate.
- Represents capitalized costs invested in new programming being developed and pitched to broadcasters for future production. The October 2020 balance included scripts and trailers but was primarily costs paid to those staff who focus on new product development, which were capitalized for reporting purposes. On March 16, 2022 Breakthrough completed a sale of a portion of its development slate. Based on discussions with Management the development costs as of Oct 2020, if saleable, would either already been sold since the October 2020 or would have been included in the development slate sold on March 16th. Accordingly to Management there almost no net realizable value to the remaining unamortized costs. As the majority of these costs relates to capitalized salaries Management's view that there is no remaining value appears reasonable. The only exception was \$7,500 that was identified by Management that relates to an option that the Company paid for and may be recoverable, which was included at full value.
- During the marketing period, a tax credit is expected to be received in connection with a completed production. As well, streaming revenue will continue to be earned and is assumed to be \$40K per month based on historic average streaming royalties. These sales are not invoiced by Breakthrough as they are collectable only once actual consumption is reported by the applicable streaming service. Certain costs will continue to be incurred by a bankruptcy trustee which will reduce the revenue and are detailed below. The analysis assumes a marketing period by the bankruptcy trustee, through to closure of a transaction, of 3 months.

Cash Receipts from Streaming Revenue 163,000

Costs to wind down certain active operations and liquidate the Library:

Payroll	(146,400)
overheads	(50,400)
Tradeshaw reimbursements	(37,000)
BEI Distribution Expenses	(6,000)
Development	(12,000)
Professional Fees	<u>(275,000)</u>
Total	<u>(526,800)</u>

- In addition to the sale of the Library, the analysis assumes that concurrently the bankruptcy trustee will oversee the completion of 8 active film productions through to the receipt of each production's tax credit, which is estimated to take approximately 24 months from the date of bankruptcy. There is approximately \$4.7M of secured debt owed to HSBC in connection with these 8 productions and their completion is an obligation of BEI, as a guarantor under each of these loans. Should these productions not be completed, HSBC's secured debt would increase by \$4.4M and there would be no monies remaining for unsecured creditors. The costs to complete include payment of certain hard costs, the salaries of 4 employees and certain overheads required to complete each of the productions as well as professional fees to oversee the completion.

STATEMENT OF AFFAIRS

-- 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
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the
 Province of Ontario

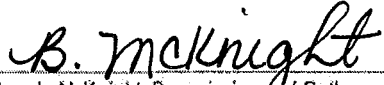
To the debtor:

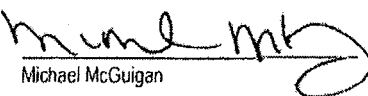
You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 6th day of July 2022. When completed, this form and the applicable attachments will 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" 3,174,039.91	1. Inventory 0.00
Balance of secured claims as per list "B" 0.00	2. Trade fixtures, etc. 0.00
Total unsecured creditors 3,174,039.91	3. Accounts receivable and other receivables, as per list "E"
2. Secured creditors as per list "B" 404,244.31	Good 591,707.00
3. Preferred creditors as per list "C" 0.00	Doubtful 0.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for 5,245,000.00	Bad 0.00
Total liabilities 8,823,284.22	Estimated to produce 591,707.00
Surplus NIL	4. Bills of exchange, promissory note, etc., as per list "F" 0.00
	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" 167,241.00
	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 758,948.00
	Deficiency 8,064,336.22

I, Michael McGuigan, of the city of Oakville 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 6th day of July 2022 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) remotely by Michael McGuigan stated as being located in the city of Toronto in the Province of Ontario before me at the city of Toronto in the Province of Ontario, on this 6th day of July 2022 in accordance with provincial Regulation on Administering Oath or Declaration Remotely.


 Brenda McKnight, Commissioner of Oaths
 For the Province of Ontario
 Expires April 30, 2025
Brenda Lenore McKnight,
a Commissioner, etc.
Province of Ontario,
for Dodick Landau Inc.
Expires April 30, 2025


 Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "A"
 Unsecured Creditors

Breakthrough Enterprises Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	1422444 Ontario Inc. Attn: Francis Mitchell	787410 Grey Rd. 13 Clarksburg ON N0H 1J0	2.13	0.00	2.13
2	6798535 Canada Inc. Breakthrough Enterprises inc.	145 King Street East, 3rd Floor Toronto ON M5C 2Y7	250.00	0.00	250.00
3	9 Story Attn: Blake Tohana Breakthrough Entertainment Inc.	23 Fraser Avenue Toronto ON M6K 1Y7	61,652.24	0.00	61,652.24
4	Action Figure Entertainment - Fear Breakthrough Entertainment Inc.	8206 Grimsby Ave. Los Angeles CA 90045 USA	21,939.97	0.00	21,939.97
5	Actra Performers Rights Society Oak Room Productions Inc.	625 Church Street, Ste. 300 Toronto ON M4Y 2G1	250.00	0.00	250.00
6	Aldo Quirvan Garcia 2447134 Ontario Inc.	316 Douglas Avenue North York ON M5M 1H1	452.00	0.00	452.00
7	Alliance Films Holdings Inc. Breakthrough Enterprises Inc.	455 St. Antoine St. W., Suite 3000 Montreal QC H2Z 1J1	250.00	0.00	250.00
8	Allscreen Docs Inc. Breakthrough Entertainment inc.	84 Frizzell Avenue Toronto ON M4J 1E3	2,617.74	0.00	2,617.74
9	Amazing Ain't It Entertainment Inc. Attn: Kim Saltarski	112 Harcourt Ave. Toronto ON M4J 1J2	11.02	0.00	11.02
10	AMI Breakthrough Entertainment Inc.	1090 Don Mills Road, Suite 200 Toronto ON M3C 3R6	403.12	0.00	403.12
11	Aspire Productions (Hope & Possibility LLC) Attn: Suzanne Guacci	58 Sejon Drive Sayville NY 11782 USA	74.00	0.00	74.00
12	Ballinran Productions	147 Downie Street Stratford ON N5A 1X3	23.70	0.00	23.70
13	BDC Capital 2447134 Ontario Inc.	121 King St. W., Suite 1200 Toronto ON M5H 3T9	250.00	0.00	250.00
14	Beanfield Metroconnect Breakthrough Post Inc. #BF010394	418 - 67 Mowat Avenue Toronto ON M6K 3E3	891.98	0.00	891.98
15	Bell Canada F-88 - Business Attn: Insolvency Department 4163639726	1 Carrefour Alexandre-Graham-Bell, Aile E3 Verdun QC H3E 3B3	575.65	0.00	575.65
16	Bell Canada F-88 - Business Attn: Insolvency Department 416-366-7796	1 Carrefour Alexandre-Graham-Bell, Aile E3 Verdun QC H3E 3B3	720.56	0.00	720.56
17	Bell Canada F-88 - Business Attn: Insolvency Department 4167691436	1 Carrefour Alexandre-Graham-Bell, Aile E3 Verdun QC H3E 3B3	213.43	0.00	213.43

06-Jul-2022

Date


 Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "A"
 Unsecured Creditors

Breakthrough Enterprises Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
18	Black Fawn Films Attn: Chad Archibald Breakthrough Entertainment Inc.	49 Garfield Avenue South Hamilton ON L8M 2R9	117,694.49	0.00	117,694.49
19	Black Five Media Inc. Attn: Nick Paonessa Breakthrough Post Inc.	28 Grand Valley Blvd. Maple ON L6A 3K2	7,910.00	0.00	7,910.00
20	Bonterra Productions Inc. Attn: Daniel Goldenberg Breakthrough Entertainment Inc.	Goldenberg Nahmias LLP 468 Queen Street East, Suite 301 Toronto ON M5A 1T7	59,495.56	0.00	59,495.56
21	Border City Pictures Attn: Cornelia Principe	444 Marguerita Street Toronto ON M6H 3S5	83.26	0.00	83.26
22	Canadian Film Centre Attn: Chelsea Crothers Blocko 2020	2489 Bayview Avenue Toronto ON M2L 1A8	5,000.00	0.00	5,000.00
23	Case Receivable Management Inc. Attn: Michelle Dugan Breakthrough Films & Television	Suite 280 - 2181 Premier Way Sherwood Park AB T8H 2V1	1.00	0.00	1.00
24	CBC Attn: Brendan Moore Breakthrough Entertainment Inc.	CBC Business Affairs P. O. Box 500, Station A Toronto ON M4Y 2K2	250.00	0.00	250.00
25	Chantria Tram	176 The Esplanade, #348 Toronto ON M5A 4H2	76.28	0.00	76.28
26	Child Eater Productions LLC Breakthrough Entertainment Inc.	63 Arbor Lane Roslyn Heights NY 11577 USA	9,514.48	0.00	9,514.48
27	Cogeco (Independent Production Fund) Breakthrough Entertainment Inc.	2 Carlton Street, Suite 1709 Toronto ON M5B 1J3	2,605.07	0.00	2,605.07
28	Corus Media Holdings Inc. Breakthrough Entertainment Inc.	Legal Department 25 Dockside Drive Toronto ON M5A 0B5	48,174.75	0.00	48,174.75
29	CRA - Tax - Ontario Breakthrough Films & TV - 12426	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	12,564.43	0.00	12,564.43
30	Craig McGillivray Breakthrough Entertainment Inc.	35 Blakley Avenue York ON M6N 3Y4	153,239.55	0.00	153,239.55
31	David Brady	220 King St. W. Toronto ON M5V 3M2	3,884.26	0.00	3,884.26
32	Deep Waters Productions, LLC Breakthrough Entertainment Inc.	8790 Hillcrest Road Buena Park CA 90821 USA	2,973.89	0.00	2,973.89
33	Denton Canada LLP Breakthrough Films & Television	77 King St. W., Suite 400, TD Centre Toronto ON M5K 0A1	1,774.40	0.00	1,774.40

06-Jul-2022

Date


 Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "A"
 Unsecured Creditors

Breakthrough Enterprises Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
34	Departures Holding Inc. Breakthrough Entertainment Inc.	270 Sherman Ave N. #2223 Hamilton ON L8L 6N4	103,807.52	0.00	103,807.52
35	Discovery (US) Breakthrough Entertainment Inc.	Royalty Department One Discovery Place Silver Spring MD 90910 USA	250.00	0.00	250.00
36	DLA Piper Canada LLP Breakthrough Films & Television	PO Box 367, 100 King St. W. 1 First Canadian Place, Ste. 6000 Toronto ON M5X 1E2	11,060.45	0.00	11,060.45
37	Dylan Films (New Metric Media)	225 Commissioners St., Unit 206 Toronto ON M4M 0A1	223.26	0.00	223.26
38	Eggplant Pictures Attn: Dave Conlon	157 Princess St., 3rd Floor Toronto ON M5A 4M4	21,083.33	0.00	21,083.33
39	Emergent Productions III Breakthrough Entertainment Inc.	6322 Molson Street Montreal QC H1Y 3C3	5,537.75	0.00	5,537.75
40	Enbridge Gas Distribution Inc. 91 00 28 86182 1	P. O. Box 644 Scarborough ON M1K 5H1	252.11	0.00	252.11
41	Enviroshred Recycling Ltd. Breakthrough Films & Television	197 Geary Avenue Toronto ON M6H 2C1	1,975.24	0.00	1,975.24
42	ESC 2447134 Ontario Inc.	455 King St. W., Suite 400 Toronto ON M5V 1K4	372.89	0.00	372.89
43	Farpoint Distribution Inc. Breakthrough Entertainment Inc.	202-1335 Erin Street Winnipeg MB R3E 2S7	386,086.06	0.00	386,086.06
44	Frank Content Inc. Breakthrough Entertainment Inc.	67A Portland St. (Upper Level) Toronto ON M5V 2M9	15,291.61	0.00	15,291.61
45	Frankfurt Kurnit Klein & Seiz, PC 030887 0200	28 Liberty Street New York NY 10005 USA	34,173.55	0.00	34,173.55
46	Generator Productions Inc. Attn: Michael Schwartz	67 Portland St. (Upper Level) Toronto ON M5V 2M9	15.12	0.00	15.12
47	GFL Environmental Inc. Attn: Chris Chase GD-22462	39 Fenmar Drive North York ON M9L 1M1	3,143.38	0.00	3,143.38
48	Gismond Construction Limited Attn: Victor Martins 35 Britain St. Toronto, ON	Loopstra Nixon LLP 135 Queens Plate Dr., Ste. 600 Toronto ON M9W 6V7	450,000.00	0.00	450,000.00
49	Go Jump Productions Breakthrough Entertainment Inc.	147 Liberty Street Toronto ON M6K 3G3	50,970.08	0.00	50,970.08
50	Green Clean Maintenance Breakthrough Entertainment	420 Main St. E., Suite 470 Milton ON L9T 5G3	7,770.94	0.00	7,770.94
51	Grid Productions Attn: Jeff Maher	2507 Dundas St. W. Toronto ON M6P 1X5	21,000.00	0.00	21,000.00

06-Jul-2022

Date


 Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "A"

Unsecured Creditors

Breakthrough Enterprises Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
52	Grindstone Entertainment Group Inc. Breakthrough Entertainment Inc.	2700 Colorado Ave. Suite 200 Santa Monica CA 90405 USA	250.00	0.00	250.00
53	Groia & Company, Lawyers Attn: att. David Sischy, Lawyer	Wildebcer Dellelce Place 1100 - 365 Bay Street Toronto ON M5H 2V1	743.61	0.00	743.61
54	Hallihan Casting Inc. 2447134 Ontario Inc.	14 Dunlop Drive St. Catharines ON L2R 1A3	2,825.00	0.00	2,825.00
55	Hard Night LLC Breakthrough Entertainment Inc.	111 Central Park Avenue, Suite 400 Hartsdale NY 11530 USA	7,359.01	0.00	7,359.01
56	Henry Less Productions Inc. Breakthrough Entertainment Inc.	19 Waterman Avenue, Unit 17 Toronto ON M4B 1Y2	194,601.60	0.00	194,601.60
57	Hicks Morley Hamilton Stewart Storie LLP	77 King S. T., 39th Floor, Box 371 TD Centre Toronto ON M5K 1K8	937.50	0.00	937.50
58	HSBC Bank Canada Attn: R. Nicholson Mastercard	Thomson Groot Finnegan LLP Suite 3200 - 100 Wellington St. W. Toronto ON M5K 1K7	7,500.00	0.00	7,500.00
59	Iron Mountain Canada Corporation 83488-Breakthrough Entertainment	P.O. Box 3527, Station A Toronto ON M5W 3G4	20,931.74	0.00	20,931.74
60	Jencor Entertainment Breakthrough Entertainment Inc.	1162 - 2720 Queensview Drive Ottawa ON K2B 1A5	18,172.37	0.00	18,172.37
61	Joel Cohen (The Hoserrific Corporation) Breakthrough Entertainment Inc.	1284 Monument Street Los Angeles CA 90272 USA	3,641.48	0.00	3,641.48
62	John Barrack Breakthrough Entertainment	Barrister & Solicitor 500B - 229 Yonge Street Toronto ON M6B 1N9	10,424.25	0.00	10,424.25
63	Julle Mohammed	c/o W. Yos, Monkhouse Law 220 Bay Street, Suite 900 Toronto ON M5J 2W4	1.00	0.00	1.00
64	Kay & Warburton 1524335 Ontario Inc.	255 Richmond St. W., Suite 403 Toronto ON M5V 1W2	2,599.00	0.00	2,599.00
65	Killer Seduction Productions Inc. Breakthrough Entertainment Inc.	#818, 43 Hanna Avenue Toronto ON M6K 1Z6	12,444.49	0.00	12,444.49
66	Konica Minolta Business Solutions (Canada) Ltd. Attn: Bankruptcy Department 500035180-1A	369 Britannia Road East Mississauga ON L4Z 2H5	4,780.64	0.00	4,780.64
67	KWCA Consultants Inc. Breakthrough Entertainment Inc.	255 Richmond St. W., Suite 403 Toronto ON M5V 1W2	452.00	0.00	452.00
68	Leyla Yilmaz Bassoy Breakthrough Entertainment Inc.	Bankalar Cad, Vefai Han No. 18/3 Istanbul, Turkey .34353	1,561.33	0.00	1,561.33

06-Jul-2022

Date


 Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "A"
 Unsecured Creditors

Breakthrough Enterprises Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
69	Lonely Boy Productions Inc. Breakthrough Entertainment Inc.	c/o Karma Film Inc. PO Box 32099, Erindale RPO Saskatoon SK S7S 1N8	137,106.26	0.00	137,106.26
70	Lost and Sold (RTR) Productions Inc. Breakthrough Entertainment Inc.	10 Brentcliffe Road, Unit 212 Toronto ON M4G 3Y2	91,249.70	0.00	91,249.70
71	Lucas Talent in Trust for Maureen Medved	#6 - 1238 Homer Street Vancouver BC V6B 2Y5	4,968.61	0.00	4,968.61
72	Manitoba Film & Sound Breakthrough Entertainment Inc.	410 - 93 Lombard Avenue Winnipeg MB R3B 3B1	250.00	0.00	250.00
73	Merit Breakthrough Entertainment Inc.	xxx xxxx ON XXX XXX	250.00	0.00	250.00
74	MH Wizzle Productions Breakthrough Entertainment inc.	147 Liberty Street Toronto ON M6K 3G3	130,117.89	0.00	130,117.89
75	Michael McGuigan Breakthrough Films & Television	1372 Tinsmith Line Oakville ON L6M 3C8	294,403.46	0.00	294,403.46
76	Miller Thomson HSBC Bank of Canada	Scotia Plaza 40 King St. W., Suite 5800, Box 1011 Toronto ON M5H 3S1	1,433.44	0.00	1,433.44
77	Mogulmedia OY Ltd. Breakthrough Entertainment Inc.	Ilmalankuja 2 L Helsinki, Finland xx 00240 xx	1,461.09	0.00	1,461.09
78	Nissan Canada Finance Inc. c/o BankruptcyHighway Attn: Mike Timko 5N1AZ2MH7HN191819	PO Box 57100 Etobicoke ON M8Y 3Y2	250.00	0.00	250.00
79	NJA Enterprises Inc.	Nathaniel Abraham 33 Cynthia Crescent Richmond Hill ON L4E 2R1	109,615.00	0.00	109,615.00
80	NSIF Breakthrough Entertainment Inc.	21 Alfred Street, 3rd Floor Alfred House Belfast x BT2 8ED x	250.00	0.00	250.00
81	Olympic Dust Control Breakthrough Films & Television	222 Norfinch Drive Toronto ON M3N 1Y5	256.45	0.00	256.45
82	Orkin Canada Corporation Breakthrough Films & Television	5840 Falbourne Street Mississauga ON L5R 4B5	427.14	0.00	427.14
83	Outside In Productions Inc. Attn: Cynthia Banks Breakthrough Entertainment Inc.	7167 Carscadden Road Orono ON L0B 1M0	1,173.02	0.00	1,173.02
84	Outside In Productions Inc. Attn: Michael Wheeler Breakthrough Entertainment Inc.	685 Gemmill Road, Box 1038 Snow Road Station ON K0H 2R0	1,173.02	0.00	1,173.02
85	Ovation LLC Breakthrough Entertainment inc.	12910 Culver Boulevard Los Angeles CA 90066 USA	12,000.00	0.00	12,000.00

06-Jul-2022

Date


 Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Continued


In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "A"
 Unsecured Creditors

Breakthrough Enterprises Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
86	Over the Horizon Pictures (Canada) Inc. Breakthrough Entertainment Inc.	270 Sherman Ave. N, #2223 Hamilton ON L8L 6N4	59,744.75	0.00	59,744.75
87	Peg Leg Films Breakthrough Entertainment Inc.	3076 Clark Drive Vancouver BC V5N 3J1	4,218.11	0.00	4,218.11
88	Post City Sound Breakthrough Entertainment Inc.	1159 Dundas St. E., Suite 151 - 152 Toronto ON M4M 3N9	5,374.90	0.00	5,374.90
89	Productions Emergent Inc. Attn: Frank Fiorito	6322 Molson Street Montreal QC H1Y 3C3	23.08	0.00	23.08
90	Prophecy Productions Breakthrough Entertainment Inc.	220 King St. W. Toronto ON M5V 3M2	1,397.53	0.00	1,397.53
91	Pyramid Productions Breakthrough Entertainment Inc.	#36, 11010 46th Street SE Calgary AB T2C 1G4	81,525.99	0.00	81,525.99
92	Quinte Productions Breakthrough Entertainment Inc.	220 King St. W. Toronto ON M5V 3M2	2,146.91	0.00	2,146.91
93	RCAP Leasing Inc. Attn: Collection Department Breakthrough Post Inc.	300 - 5575 North Service Road Burlington ON L7L 6M1	250.00	0.00	250.00
94	Rogers Cable c/o FCT Default Solutions Attn: Insolvency Department Breakthrough Enterprises Inc.	PO Box 2514, Stn B London ON N6A 4G9	250.00	0.00	250.00
95	Rogers Documentary Fund Attn: Sergio Enriquez Breakthrough Entertainment Inc.	1 Mount Pleasant Road, 11th Floor Toronto ON M4Y 2Y5	250.00	0.00	250.00
96	Sea Nation LLC Breakthrough Entertainment Inc.	114 Arbor Lane Sala Rosa Beach FL 32459 USA	12,134.95	0.00	12,134.95
97	Sean P. Fahey & Dielerich Gray Attn: Nicole Bergstrom Bishop Sheen - Case No. 21 Civ.	Frankfurt Kurmit Klein & Selz PC. 28 Liberty St., 35th Floor New York NY 10005 USA	1.00	0.00	1.00
98	Shafesbury Breakthrough Entertainment Inc.	18 Logan Avenue Toronto ON M4M 2M8	10,510.60	0.00	10,510.60
99	Shaw Rocket Fund Breakthrough Entertainment Inc.	2441 37th Avenue NE, Suite 100 Calgary AB T2E 6Y7	1,262.38	0.00	1,262.38
100	Shortwave LLC Breakthrough Entertainment Inc.	1511 Penmar Ave. #1 Venice CA 90291 USA	37,002.93	0.00	37,002.93
101	Telus Residential/Business Services Attn: Rick Wan 34855989	3rd Fl - 4519 Canada Way Burnaby BC V5G 4S4	1,999.78	0.00	1,999.78
102	The Horror of Hall Productions Breakthrough Entertainment Inc.	P. O. Box 5300 Burlington ON L7R 4S9	54,568.57	0.00	54,568.57

06-Jul-2022

Date


 Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "A"
 Unsecured Creditors

Breakthrough Enterprises Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
103	The Truth About Lies LLC Breakthrough Entertainment Inc.	1 Northside Piers 15D Brooklyn NY 11249 USA	6,166.29	0.00	6,166.29
104	Toronto Hydro-Electric Systems Limited Attn: Josephine Pemarell / Mary Degroot 4154895385	500 Commissioners St, 2nd fl Toronto ON M4M 3N7	2,669.11	0.00	2,669.11
105	Toronto Hydro-Electric Systems Limited Attn: Josephine Pemarell / Mary Degroot 5683769535	500 Commissioners St, 2nd fl Toronto ON M4M 3N7	1,095.21	0.00	1,095.21
106	Tricord Breakthrough Entertainment Inc.	1295 North Service Road Burlington ON L7R 4M2	726.72	0.00	726.72
107	TV Ontario Breakthrough Entertainment Inc.	2180 Yonge Street Toronto ON M4T 2T1	250.00	0.00	250.00
108	Two Mutts Attn: Sheldon Teicher Breakthrough Entertainment Inc.	34 Warwick Avenue Toronto ON M6C 1T8	28,186.39	0.00	28,186.39
109	United Messengers Ltd.	270 Drumlin Circle Concord ON L4K 3E2	40.97	0.00	40.97
110	Vicious Fun Productions Inc. Breakthrough Films & Television	35 Britain Street Toronto ON M5A 1R7	250.00	0.00	250.00
111	Volcano Productions Inc. Breakthrough Entertainment Inc.	220 King St. W. Toronto ON M6C 1T8	19,026.76	0.00	19,026.76
112	Wavelength Entertainment Breakthrough Entertainment Inc.	1877 York Street Regina SK S4T 4R3	137,259.63	0.00	137,259.63
113	Zhuang Yimin (aka Fanfan Zhuang) Breakthrough Films & Television	No. 12, Bai Gou Yan Hutong Dongcheng district Beijing CHINA . .	1,265.00	0.00	1,265.00
Total:			3,174,039.91	0.00	3,174,039.91

06-Jul-2022

Date


 Michael McGulgan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "B"
 Secured Creditors

Breakthrough Enterprises 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	CRA - Tax - Ontario 2447134 Ontario Inc.	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	250.00	Other - Cash on Hand	01-Jan-2022	250.00		
				Other - Programs in Development	01-Jan-2022	0.00		
				Other - Investment in Film Rights - Library of leased and owned titles and distribution rights	01-Jan-2022	0.00		
				Other - Equipment	01-Jan-2022	0.00		
				Debts Due - Business - Accounts Receivable - Sales to Broadcasters	01-Jan-2022	0.00		
2	CRA - Tax - Ontario Breakthrough Enterprises Inc.	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	250.00	Debts Due - Business - Accounts Receivable - Sales to Broadcasters	01-Jan-2022	250.00		
				Other - Equipment	01-Jan-2022	0.00		
				Other - Investment in Film Rights - Library of leased and owned titles and distribution rights	01-Jan-2022	0.00		
				Other - Programs in Development	01-Jan-2022	0.00		
				Other - Cash on Hand	01-Jan-2022	0.00		

06-Jul-2022

Date


 Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "B"
 Secured Creditors

Breakthrough Enterprises 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
3	CRA - Tax - Ontario Breakthrough Entertainment Inc.	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd. Shawinigan-Sud QC G9P 5H9	250.00	Debts Due - Business - Accounts Receivable - Sales to Broadcasters	01-Jan-2022	250.00		
				Other - Equipment	01-Jan-2022	0.00		
				Other - Investment in Film Rights - Library of leased and owned titles and distribution rights	01-Jan-2022	0.00		
				Other - Programs in Development	01-Jan-2022	0.00		
				Other - Cash on Hand	01-Jan-2022	0.00		
4	CRA - Tax - Ontario Breakthrough Films & TV - 12426	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	250.00	Debts Due - Business - Accounts Receivable - Sales to Broadcasters	01-Jan-2022	250.00		
				Other - Equipment	01-Jan-2022	0.00		
				Other - Investment in Film Rights - Library of leased and owned titles and distribution rights	01-Jan-2022	0.00		
				Other - Programs in Development	01-Jan-2022	0.00		
				Other - Cash on Hand	01-Jan-2022	0.00		

06-Jul-2022

Date


 Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "B"
 Secured Creditors

Breakthrough Enterprises 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
5	CRA - Tax - Ontario Breakthrough Merchandising Inc.	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	250.00	Debts Due - Business - Accounts Receivable - Sales to Broadcasters Other - Equipment Other - Investment in Film Rights - Library of leased and owned titles and distribution rights Other - Programs in Development Other - Cash on Hand	01-Jan-2022 01-Jan-2022 01-Jan-2022 01-Jan-2022	250.00 0.00 0.00 0.00 0.00		
6	CRA - Tax - Ontario Breakthrough New Media Inc.	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	250.00	Debts Due - Business - Accounts Receivable - Sales to Broadcasters Other - Equipment Other - Investment in Film Rights - Library of leased and owned titles and distribution rights Other - Programs in Development Other - Cash on Hand	01-Jan-2022 01-Jan-2022 01-Jan-2022 01-Jan-2022	250.00 0.00 0.00 0.00 0.00		

06-Jul-2022

Date


 Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "B"
 Secured Creditors

Breakthrough Enterprises 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
7	CRA - Tax - Ontario Breakthrough Post Inc. 86487 746	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	3,672.31	Debts Due - Business - Accounts Receivable - Sales to Broadcasters	01-Jan-2022	3,672.31		
				Other - Equipment	01-Jan-2022	0.00		
				Other - Investment in Film Rights - Library of leased and owned titles and distribution rights	01-Jan-2022	0.00		
				Other - Programs in Development	01-Jan-2022	0.00		
				Other - Cash on Hand	01-Jan-2022	0.00		
8	CRA - Tax - Ontario Breakthrough Publishing Inc.	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	250.00	Debts Due - Business - Accounts Receivable - Sales to Broadcasters	01-Jan-2022	250.00		
				Other - Equipment	01-Jan-2022	0.00		
				Other - Investment in Film Rights - Library of leased and owned titles and distribution rights	01-Jan-2022	0.00		
				Other - Programs in Development	01-Jan-2022	0.00		
				Other - Cash on Hand	01-Jan-2022	0.00		

06-Jul-2022

Date


 Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 312801364
 Estate No. 312801364

FORM 78 -- Continued

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "B"
 Secured Creditors

Breakthrough Enterprises 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
9	CRA - Tax - Ontario Oak Room Productions Inc.	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	250.00	Debts Due - Business - Accounts Receivable - Sales to Broadcasters Other - Equipment Other - Investment in Film Rights - Library of leased and owned titles and distribution rights Other - Programs in Development Other - Cash on Hand	01-Jan-2022 01-Jan-2022 01-Jan-2022 01-Jan-2022	250.00 0.00 0.00 0.00 0.00		
10	HSBC Bank Canada Attn: D. J. Miller & R. Nicholson	Thornton Groat Finnegan LLP Suite 3200 - 100 Wellington St. W. Toronto ON M5K 1K7	398,572.00	Debts Due - Business - Accounts Receivable - Sales to Broadcasters Other - Cash on Hand Other - Investment in Film Rights - Library of leased and owned titles and distribution rights Other - Equipment Other - Programs in Development	09-Nov-2021 09-Nov-2021 09-Nov-2021 09-Nov-2021	398,572.00 0.00 0.00 0.00 0.00	187,712.69 674,604.00 570,000.00 27,887.00 7,500.00	
Total:			404,244.31			404,244.31	1,467,703.69	0.00

06-Jul-2022

Date


 Michael McGuigan

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2801364
Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
Ontario
List "C"
Preferred Creditors for Wages, Rent, etc.

Breakthrough Enterprises 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
Total:					0.00	0.00	0.00

06-Jul-2022

Date


Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "D"
 Contingent or Other Liabilities

Breakthrough Enterprises 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
1	Leyla Yilmaz Bassoy Breakthrough Entertainment Inc.	Bankalar Cad, Vefai Han No. 18/3 Istanbul, Turkey . 34353	210,000.00	0.00		
2	NJA Enterprises Inc.	Nathaniel Abraham 33 Cynthia Crescent Richmond Hill ON L4E 2R1	4,960,000.00	0.00		
3	Sean P. Fahey & Dieterich Gray Attn: Nicole Bergstrom Bishop Sheen - Case No. 21 Civ.	Frankfurt Kurnit-Klein & Selz PC. 28 Liberty St., 35th Floor New York NY 10005 USA	75,000.00	0.00		
Total:			5,245,000.00	0.00		

06-Jul-2022

Date


 Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "E"
 Debts Due to the Debtor
 Breakthrough Enterprises 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	Accounts Receivable - Sales to Broadcasters			591,707.00 0.00 0.00		01-Jan-2022	591,707.00	
			Total:	591,707.00 0.00 0.00			591,707.00	

06-Jul-2022

Date


 Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "F"

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

Breakthrough Enterprises 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	

06-Jul-2022

Date


 Michael McGuigan

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2801364
Estate No. 31-2801364

FORM 78 -- Continued

In the Matter of the Proposal of
Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
Ontario
List "G"

Real Property or Immovables Owned by Debtor

Breakthrough Enterprises 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

06-Jul-2022

Date


Michael McGuigan

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2801364
 Estate No. 31-2801364

FORM 78 -- Concluded

In the Matter of the Proposal of
 Breakthrough Enterprises Inc., Breakthrough Entertainment Inc.,
 Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough
 New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
 Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a
 Substantive Consolidation Order dated June 13, 2022, all of the City of Toronto, in the Province of
 Ontario
 List "H"
 Property

Breakthrough Enterprises 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		Investment in Film Rights - Library of leased and owned titles and distribution rights	0.00	570,000.00
		Equipment	0.00	27,887.00
		Programs in Development	0.00	7,500.00
		Less: Operations and Costs of Realization	0.00	-530,000.00
		Less: Costs to complete certain active productions	0.00	-583,000.00
		Cash on Hand	0.00	674,854.00
		Total:		167,241.00

06-Jul-2022

Date


 Michael McGuigan

Court No. 31-2801364

File No. 31-2801364

In the Matter of the Proposal of
Breakthrough Enterprises Inc., Breakthrough
Entertainment Inc.,
Breakthrough Films & Television Inc., Breakthrough
Merchandising Inc., Breakthrough
New Media Inc., Breakthrough Post Inc., Breakthrough
Publishing Inc., 2447134 Ontario Inc.,
Oak Room Productions Inc., consolidated under
Breakthrough Enterprises Inc. by a
Substantive Consolidation Order dated June 13, 2022,
all of the City of Toronto, in the Province of Ontario

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

Trustee: Rahn Dodick
License: 3276
Email: rahn.dodick@dodick.ca

Dodick Landau Inc. - Licensed Insolvency Trustee

4646 Dufferin St., Suite 6
Toronto ON M3H 5S4
Phone: (416) 645-0542 Fax: (416) 649-7725

PROOF OF CLAIM WITH INSTRUCTIONS

DODICK LANDAU

PROOF OF CLAIM FORM 31

IN THE MATTER OF THE PROPOSAL OF **Breakthrough Enterprises Inc.** (referred to in this form as "the debtor")

and the claim of _____ (referred to in this form as "the creditor")

All notices or correspondence regarding this claim to be forwarded to the creditor at the following address:

Telephone : _____ Fax : _____ Email : _____

I, _____ (name of person signing claim) residing in the _____ (city, town, etc.)
of _____ (name of city, town, etc.) in the Province of _____

Do hereby certify that:

If an officer of the company, state position or title

1. I am the creditor or I am _____ (state position or title) of the creditor.
2. I have knowledge of all the circumstances connected with the claim referred to in this form.

The attached statement of account must include invoices or other evidence in support of the claim

3. The debtor was, at the date of the Notice of Intention to Make a Proposal, namely **February 1, 2022** and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account attached hereto and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled.

Check and complete appropriate category.

4. A **Unsecured claim** of \$ _____
In respect to the said debt, I do not hold any assets of the debtor as security and

Check appropriate description and attach a separate sheet to detail and support priority claim, if applicable.

- (i) I do not claim a right to a priority or
- (ii) I do claim a right to a priority under section 136 of the Bankruptcy and Insolvency Act (the "Act").

Give full particulars of the claim, including the calculations upon which the claim is based.

- B **Claim of landlord for disclaimer of a lease** of \$ _____
That I hereby makes a claim under subsection 65.2(4) of the Act , particulars of which are as follows: _____

Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.

- C **Secured claim** of \$ _____
In respect of the said debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows: _____

Attach a copy of sales agreement and delivery receipts.

- D **Claim by farmer, fisherman, or aquaculturist** of \$ _____
That I hereby makes a claim under subsection 81.2(1) of the Act for the unpaid amount \$ _____.

Check and complete appropriate category.

- E **Claim by Wage Earner** of \$ _____

Check appropriate description.

- (i) That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____
- (ii) That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____

**PROOF OF CLAIM
FORM 31
PAGE TWO**

To be filed when a proposal provides for the compromise of claims against directors.

F **Claim against Director of \$** _____
That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows: _____

Give full particulars of the claim, including the calculations upon which the claim is based.

G **Claim of a Customer of a Bankrupt Securities Firm of \$** _____
That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows: _____

Strike out "is" or "is not".

5. To the best of my knowledge, the creditor **is / is not** related to the debtor within the meaning of section 4 of the Act.

Attach a separate schedule if necessary.

6. The following are the payments that the creditor has received from and the credits that the creditor has allowed to the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act, within the twelve months) immediately before the date of the initial bankruptcy event (February 1, 2022) within the meaning of section 2 of the Act.

_____, _____,

_____, _____.

Dated at _____, this _____ day of _____, 20_____

Must be signed and witnessed

Witness

(Signature of individual completing this form)

Print Name: _____

Print Name: _____

Notes: All references to "the Act" refer to the Bankruptcy and Insolvency Act. If a copy of this Form is sent electronically by means such as email, the name and contact information of the sender, prescribed in Form I.1, must be added at the end of the document.

If an affidavit or solemn declaration is attached, it must have been made before a person qualified to take affidavits or solemn declarations.

Warning: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor. Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

Instructions for completing proof of claim forms

Every creditor who does not prove his claim is not entitled to share in any distribution. Claims not completed correctly in every respect will be returned. As well, in order to vote at a meeting of creditors, a properly completed Proof of Claim must be returned to the Trustee's office before the time of the meeting.

In completing the attached form, your attention is directed to the marginal notes on the form and to the following requirements:

Proof of Claim:

1. The form must be completed by an individual and not by a corporation. If you are acting for a corporation or other person, you must state the capacity in which you are acting, such as, "Credit Manager", "Treasurer", "Authorized Agent", etc.
2. The person signing the form must have knowledge of the circumstances connected with the claim.
3. The debtor's name and date of the bankruptcy must be filled in and a Statement of Account containing details of the claim must be attached and marked "Schedule A". The date at which claims are to be calculated and the correct name of the debtor may be found as well on the Notice sent to the creditor.
4. The nature of the claim must be indicated by placing a check mark at the type of claim which applies, for example:

Check mark at A indicates the claim is unsecured and

Check mark at A(i) indicates that the creditor is not claiming any priority or

Check mark at A(ii) indicates the creditor is claiming preferred status under section 136 of the Act. Details to support the priority claim must be set out on an attached schedule.

Check mark at B indicates a claim of landlord for disclaimer of a lease under subsection 65.2(4) of the Act. Details to support this claim must be set out on an attached schedule.

Check mark at C indicates the claim is secured and the value at which the creditor assesses the security must be inserted. Details of each item of security held should be attached as a separate schedule and submitted with a copy of the chattel mortgage, conditional sales contract, security agreement, etc.

Check mark at D indicates that the creditor is a farmer, fisherman or aquaculturist who supplied goods within 15 days prior to the date of receivership or bankruptcy and has not yet been paid for those goods.

Check mark at E indicates that the creditor is a wage earner under subsection 81.3(8) or 81.4(8) of the Act. Details to support this claim must be set out on an attached schedule.

Check mark at F indicates the claim is against a director under subsection 50(13) of the Act. It is applicable only in the case of a proposal which provides for the compromise of claims against directors. Details to support this claim must be set out on an attached schedule.

Check mark at G indicates the claim is of a Customer of a Bankrupt Securities Firm, who is a customer for net equity as contemplated by section 262 of the Act. Details to support this claim must be set out on an attached schedule.

5. The person signing the form must indicate (by striking out "is" or "is not") whether the creditor and the debtor are related. Section 4 of the Act defines persons related to a debtor. If the creditor is related by blood or marriage to the debtor, the creditor should consider itself to be a related person. If the debtor is a corporation, a creditor would be related if it was controlled by the same shareholders as the debtor.
6. The person signing the form must provide full details of all payments and credits received from or allowed to the debtor during the period indicated. Leaving a blank will indicate that there were no such payments and credits.
7. The person signing the form must insert the place and date and the signature must be witnessed. If an affidavit is attached, it must have been made before a person qualified to take affidavits.

General Proxy:

If it is desired to appoint a proxy, the proxy form must be completed and signed by the creditor; if the creditor is a corporation, the proxy form must be signed in the corporate name (not necessarily by the individual signing the proof of claim form) and the proxy must be witnessed.

If there are any questions in completing the proof of claim, please write, email or telephone the office of the trustee:

Dodick Landau Inc.
6 – 4646 Dufferin Street
Toronto, ON M3H 5S4
Telephone: 416-645-0542
Fax: 416-649-7725
Email: brenda.mcknight@dodick.ca



PROXY

District of: Ontario
Division No. 09 – Toronto
Court No. 31-2801364
Estate No. 31-2801364

FORM 36
PROXY
(Paragraph 102(2) and paragraphs 51(1)(e) of the Act)

In the Matter of the Proposal of
BREAKTHROUGH ENTERPRISES INC.,

Breakthrough Entertainment Inc., Breakthrough Films & Television Inc., Breakthrough Merchandising Inc.,
Breakthrough New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a Substantive Consolidation
Order dated June 13, 2022

I, _____, creditor (or I, _____, representative of
_____, (creditor) of _____ (name of city),
appoint _____ of _____ to be my
proxyholder in the above matters, except as to the receipt of dividends, _____ (with or without)
power to appoint another proxyholder in his or her place.

DATED at _____ this _____ day of _____, _____.

Witness

Individual Creditor

Witness

Signature of Corporate Creditor

Per:

Name and Title of Signing Officer

Return to:
Dodick Landau Inc. – Licensed Insolvency Trustee
4646 Dufferin Street, Suite 6
Toronto, ON M3H 5S4
Phone: (416) 645-0542 Fax: (416) 649-7725
Email: brenda.mcknight@dodick.ca

PLEASE NOTE :

All Corporations MUST appoint an individual to act on its behalf if the Corporation wishes to log a vote in the Proposal.

VOTING LETTER

District of: Ontario
Division No. 09 – Toronto
Court No. 31-2801364
Estate No. 31-2801364

FORM 37
Voting Letter
(Paragraph 51(1)(f) of the Act)

In the Matter of the Proposal of
BREAKTHROUGH ENTERPRISES INC.,

Breakthrough Entertainment Inc., Breakthrough Films & Television Inc., Breakthrough Merchandising Inc.,
Breakthrough New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., 2447134 Ontario Inc.,
Oak Room Productions Inc., consolidated under Breakthrough Enterprises Inc. by a Substantive Consolidation
Order dated June 13, 2022

I, _____, creditor (or I, _____, representative
of _____, (creditor) of _____, a creditor in the above matter
for the sum of \$ _____, hereby request the trustee acting with respect to the proposal of
Breakthrough Enterprises Inc., to record my vote _____ (for or against) the acceptance
of the Proposal as made on the _____ day of _____, 20_____.

DATED at _____ this _____ day of _____, 2022.

Witness

Individual Creditor

Witness

Signature of Corporate Creditor

Per:

Name and Title of Signing Officer

Return to:
Dodick Landau Inc. – Licensed Insolvency Trustee
4646 Dufferin Street, Suite 6
Toronto, ON M3H 5S4
Phone: (416) 645-0542 Fax: (416) 649-7725
Email: brenda.mcknight@dodick.ca

**CONVENIENCE CLASS
ELECTION FORM**

CONVENIENCE CLASS ELECTION FORM

TO: DODICK LANDAU INC, in its capacity as Proposal Trustee of Breakthrough Enterprises Inc., Breakthrough Entertainment Inc., Breakthrough Films & Television Inc., Breakthrough Merchandising Inc., Breakthrough New Media Inc., Breakthrough Post Inc., Breakthrough Publishing Inc., Oak Room Productions Inc. and 2447134 Ontario Inc. (collectively, "Breakthrough")

In connection with the Proposal of Breakthrough pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended, dated July 7, 2022 (as amended, restated, modified and supplemented from time to time, the "Proposal"), the undersigned hereby irrevocably elects to be treated for all purposes under the Proposal as a Convenience Creditor and thereby receive the lesser of (i) \$1,500.00, and (ii) the amount of its Proven Claim, in full and final satisfaction of the Proven Claims of the undersigned.

For the purposes of this election, capitalized terms not defined herein shall have the meanings ascribed thereto in the Proposal.

DATED at _____ this _____ day of _____, 2022.

AFFECTED CREDITOR'S SIGNATURE:

Legal Name of the Affected Creditor

Legal Name of the Assignee, if applicable

Signature of the Affected Creditor/Assignee or an Authorized Signing Officer of the Affected Creditor/Assignee

Print Name and Title of Authorized Signing Officer of the Affected Creditor/Assignee, if applicable

Mailing Address of the Affected Creditor/Assignee

Telephone Number and E-mail of the Affected Creditor/Assignee or Authorized Signing Officer of the Affected Creditor/Assignee

