

District of Ontario
Division No. 05 – London
Court No. CV-22-00686113-00CL
Estate No.: 35-2853945

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
ISPAN SYSTEMS LP, IN THE TOWN OF PRINCETON, IN THE COUNTY OF
OXFORD, IN THE PROVINCE OF ONTARIO**

RECITALS

WHEREAS iSPAN Systems LP (the “**Debtor**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) with the Office of the Superintendent of Bankruptcy on August 7, 2022;

AND WHEREAS The Fuller Landau Group Inc. agreed to act as proposal trustee of the Debtor in the NOI proceedings (in such capacity, the “**Trustee**”);

AND WHEREAS the Debtor desires to makes a proposal to its Unsecured Creditors (as such term is defined below) that would result in a better recovery for those Unsecured Creditors that they would receive in a Bankruptcy Proceeding (as such term is defined below);

AMENDED PROPOSAL

The Debtor hereby submits the following Proposal to all of its Creditors pursuant to Part III of the BIA.

ARTICLE 1 - DEFINITIONS

1.1 Definitions

In this Proposal (including in the Recitals above):

- (a) “**Administrative Fees and Expenses**” means the fees, expenses and legal fees and disbursements of the Trustee and the Debtor on and incidental to the negotiation, preparation, presentation, consideration, Court approval of, and implementation of the Proposal and all proceedings and matters relating to or arising out of the Proposal including, without limitation, any meeting or meetings of creditors to consider the Proposal;

- (b) “**Affected Claims**” means all Claims which are not Unaffected Claims;
- (c) “**Affected Creditor**” means a Creditor having an Affected Claim;
- (d) “**Approval Order**” means an Order of the Court approving the Proposal;
- (e) “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended and in force as at the NOI Filing Date;
- (f) “**Business Day**” means each day other than a Saturday or Sunday or a statutory or civic holiday on which banks are open for business in Toronto, Ontario, Canada;
- (g) “**Canada Pension Plan**” means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (h) “**Claim**” means:
 - (i) any right of any Person against the Debtor or the General Partner in connection with any indebtedness, liability or obligation of any kind of the Debtor which indebtedness, liability or obligation is in existence on, or which is based in whole or in part on any act, omission or fact that occurred or existed prior to the NOI Filing Date, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, under-secured, unsecured, present, future, direct or indirect, known or unknown, by guarantee, by surety or otherwise, at law or in equity, and whether or not such a right is executory in including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action;
 - (ii) a claim against Directors that is based in whole or in part on facts, events or matters which existed or occurred on or before the NOI Filing Date and that relates to the obligations of the Debtor for which the Directors are by law liable in their capacity as Directors for the payment of such obligations (each, a “**Director Claim**”) which Director Claims do not include claims that relate to: (a) contractual rights of one or more Creditors arising from contracts with one or more Directors; or (b) wrongful or oppressive conduct by Directors; and
 - (iii) any right or claim of any Person against the Debtor or the General Partner, whether or not made, in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Debtor to such Person arising out of the restructuring, disclaimer, repudiation, resiliation, termination or breach of any lease, contract or other arrangement, agreement or obligation (whether oral or written) by the Debtor on or after the NOI Filing Date;
- (i) “**Construction Act**” means the *Construction Act*, R.S.O. 1990, c. C.30;
- (j) “**Construction Trust Claims**” means claims of trust beneficiaries under the Construction Act, whether arising prior to, on or after the NOI Filing Date;

- (k) “**Court**” means the Ontario Superior Court of Justice (Commercial List) (in Bankruptcy and Insolvency);
- (l) “**Creditor**” means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf of or in the name of such Person;
- (m) “**Creditors’ Meeting**” means any meeting of the Affected Creditors called for the purpose of considering and voting upon the Proposal;
- (n) “**Creditors’ Meeting Date**” means 10:00 a.m. on the date and time as may be called by the Trustee in consultation with the Official Receiver;
- (o) “**Debtor**” has the meaning ascribed to it in the Recitals above;
- (p) “**Director Claim**” has the meaning ascribed to it in subsection 1.1(h) above;
- (q) “**Directors**” means the present and former directors of the General Partner;
- (r) “**Employment Insurance Act**” means the *Employment Insurance Act*, S.C. 1996, c. 23, as amended;
- (s) “**General Partner**” means the general partner of iSPAN, iSPAN Systems GP Corp.;
- (t) “**Implementation Date**” means the date upon which the conditions set forth in Section 9.3 have been satisfied;
- (u) “**Income Tax Act**” means *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended;
- (v) “**Inspectors**” means one or more Inspectors appointed pursuant to the BIA as provided for in the Proposal;
- (w) “**Levy**” has the meaning ascribed to it in Section 4.7 of the Proposal.
- (x) “**NOI Filing Date**” means August 7, 2022;
- (y) “**Official Receiver**” shall have the meaning ascribed thereto in the BIA;
- (z) “**Ordinary Creditors**” means Creditors with Proven Claims, except for those Claims that:
 - (i) are Claims by Preferred Creditors; or
 - (ii) are Unaffected Claims.
- (aa) “**Person**” means any individual, general or limited partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency, regulatory body or instrumentality thereof, or any other entity howsoever designated or constituted;

- (bb) “**Preferred Creditors**” means Creditors with Proven Claims and which are, subject to the rights of secured creditors, required by the BIA to be paid in priority to all other Claims under a proposal made by a debtor and including, without limitation, employees to the extent of their Claims, if any, to the Required Employee Amount (and, for greater certainty a Person can be both a Preferred Creditor and an Unsecured Creditor in respect of distinct Claims);
- (cc) “**Proof of Claim**” shall mean the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors’ Meeting;
- (dd) “**Proposal**” means this proposal together with any amendments or additions thereto;
- (ee) “**Proven Claim**” of a Creditor means the amount of the Affected Claim of such Creditor finally determined in accordance with BIA;
- (ff) “**Required Employee Amount**” means an amount equal to the amount employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, would be qualified to receive under paragraph 136(1)(d) of the BIA if the Debtor became bankrupt on the NOI Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about the Debtor’s business during the same period;
- (gg) “**Required Crown Amount**” means all amounts outstanding at the time of the filing of the NOI to His Majesty in Right of Canada or a Province and that are of a kind that could be subject to a demand under,
- (i) subsection 224(1.2) of the *Income Tax Act*;
 - (ii) any provision of the Canada Pension Plan or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee’s premium, or employer’s premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or
 - (iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - A. has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or
 - B. is of the same nature as a contribution under the Canada Pension Plan if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a “provincial pension plan” as defined in that subsection;

- (hh) “**Secured Creditors**” means “secured creditors” as defined in Section 2 of the Act and includes, without limitation, the Canadian Imperial Bank of Commerce and the beneficiaries of the Charges created by the Order of the Court made September 6, 2022;
- (ii) “**Secured Claims**” means Claims of Secured Creditors, in their capacity as such;
- (jj) “**Trustee**” has the meaning ascribed to it in the Recitals above, or its duly appointed successor or successors;
- (kk) “**Unaffected Claims**” means Secured Claims (to the extent of the value of the Secured Claim only), Construction Trust Claims, Claims in respect of the Administrative Fees and Expenses and any Claim of the Ministry of Labour, Immigration, Training and Skills Development in connection with its ongoing prosecution of iSPAN under the *Provincial Offences Act*, RSO 1990, c. P.33, for potential violations of the *Occupational Health and Safety Act*, RSO 1990, c. O.1;
- (ll) “**Unsecured Creditors**” means, collectively, the Preferred Creditors and the Ordinary Creditors;
- (mm) “**Voting Claims**” has the meaning ascribed to it in Section 6.5 of the Proposal; and
- (nn) “**Voting Letter**” shall mean the voting letter required by Section 51(1) of the BIA to be mailed to each known Creditor prior to the Creditors’ Meeting.

1.2 Articles of Reference

The terms “hereof”, “hereunder”, “herein” and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

1.3 Interpretation Not Affected by Headings

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

1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

1.5 Time

All times expressed herein are local time in Toronto, Ontario, Canada unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified herein, the time shall be deemed to be 5:00 p.m. local time in Toronto, Ontario, Canada.

1.6 Numbers, Gender

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

1.7 Currency

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

1.8 Statutory References

Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

1.9 Successors and Assigns

The Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Proposal.

ARTICLE 2 - PURPOSE OF THE PROPOSAL

2.1 Purpose of the Proposal

The purpose of this Proposal is to effect a restructuring of the business and affairs of the Debtor in the expectation that all Creditors will derive a greater benefit from the continued operation of the business and affairs of the Debtor than would result from a forced liquidation of its assets. The intention of the Proposal, once fully implemented, is to pay in full, all amounts due to the known Unsecured Creditors of the Debtor as of the NOI Filing Date.

The Proposal applies to all Affected Creditors, whether or not any such Affected Creditor proves a Claim against the Debtor under this Proposal. This Proposal provides for the payment in full of all Administrative Fees and Expenses as required by s. 60(1) of the BIA, Required Crown Amounts, if any, as required by s. 60(1.1) of the BIA, and of all Required Employee Amounts, if any, required by s. 60(1.3) of the BIA. This Proposal does not provide for the payment of any equity claims. This Proposal does not affect Unaffected Claims.

ARTICLE 3 - CLASSIFICATION OF CREDITORS

3.1 Classes of Creditors

For the purposes of voting on the Proposal, the Creditors of the Debtor shall be comprised of one class of Unsecured Creditors.

ARTICLE 4 - TREATMENT OF CREDITORS

4.1 Administrative Fees and Expenses

Prior to the Implementation Date, all Administrative Fees and Expenses incurred which remain unpaid shall be paid, in full, in accordance with the BIA. All Administrative Fees and Expenses incurred after the Implementation Date shall be paid by the Debtor when due.

4.2 Required Crown Amount

The Required Crown Amount shall be remitted to His Majesty in Right of Canada within six (6) months of the date of Court approval of the Proposal.

4.3 Preferred Claims

On the Implementation Date:

- (a) the Required Employee Amount, if any, shall be distributed to the applicable employees and former employees of the Debtor; and
- (b) all other Preferred Claims that are Proven Claims will be paid in full;

4.4 Compromise of Claims and Distribution for Proven Claims

The Claims of all Affected Creditors shall be compromised on the Implementation Date and thereafter each Affected Creditor with a Proven Claim shall receive the following in full satisfaction of its Proven Claim(s):

- (a) each Affected Creditor with a Proven Claim totalling \$3,000 or less will have its Claim paid in full no later than the date that is 90 days after the Implementation Date;
- (b) on or before the last Business Day of the months specified below, the amounts specified below will be distributed on a ratable basis to all Affected Creditors not receiving payment in accordance with subsection 4.4(a):
 1. October 2023: \$500,000;
 2. December 2023: \$500,000;
 3. June 2024: \$1,000,000;
 4. December 2024: \$1,000,000;
 5. June 2025: \$1,000,000; and
 6. December 2025: the lesser of:
 - a. the total of all balances outstanding on the Affected Claims; and

- b. \$1,000,000 less the total amount paid pursuant to subsection 4.4(a).¹

4.5 Unliquidated Claims

- (a) The Trustee, in consultation with the Debtor, shall review and assess any unliquidated, contingent litigation Claims of Affected Creditors, provided, in each case, a Proof of Claim has been filed in accordance with section 5.2 below. If the Trustee is able to provisionally quantify the amount of any such contingent litigation Claim, taking into account any claims or rights of set-off that the Debtor may have as against the applicable Affected Creditor, then the Trustee shall establish a reserve for the provisional net amount of such Claim, if any, by holding back any pro rata distribution under section 4.4(b) that would have been made if the Affected Creditor's Claim was a Proven Claim. Such reserve shall be paid to the Affected Creditor once the Affected Creditor's unliquidated Claim has become a Proven Claim in accordance with the terms of this Proposal.
- (b) If the Proven Claim of a litigation claimant is less than the applicable reserve maintained in accordance with section 4.5(a), then the balance of that reserve shall be added to the amount of the next scheduled section 4.4(b) distribution and ratably distributed to the other Affected Creditors on the next distribution date or otherwise as soon as practicable.

4.6 Interest on Claims

Interest will not accrue or be paid on Affected Claims after or in respect of the period following the NOI Filing Date and no Creditor with an Affected Claim will be entitled to any interest in respect of such Claim accruing on or after or in respect of the period following the NOI Filing Date.

4.7 Superintendent of Bankruptcy Levy

The Office of the Superintendent of Bankruptcy shall be paid its prescribed levy from payments to Ordinary Creditors and to Preferred Creditors, as required by sections 60(4) and 147 of the BIA (the "Levy").

4.8 Payment of Distribution Funds to Trustee

All amounts payable by the Debtor under sections 4.2, 4.3 and 4.4 of this Proposal shall be paid by the Debtor to the Trustee at least ten (10) Business Days before the dates on which such payments must be made. The Trustee will distribute such payments pursuant to sections 4.2, 4.3 and 4.4 on the dates appointed for such payments, subject to paying the Levy on the claims paid pursuant to section 4.3 and 4.4.

¹ The Debtor estimates the Claims of Unsecured Creditors to total approximately \$4,400,000. On that assumption, the maximum of \$5,000,000 to be paid under the Proposal will satisfy all Claims of Unsecured Creditors in full.

Upon the Debtor making all such payments to the Trustee, the Debtor and the Directors shall be deemed to have fully satisfied the terms of this Proposal.

4.9 Post-filing Claims

Claims, other than Unaffected Claims or Claims described in subsection 1.1(h)(iii) of this Proposal, arising on or after the NOI Filing Date shall be paid in full by the Debtor in the ordinary course of business, on regular trade terms as agreed to by the Debtor.

ARTICLE 5 - PROCEDURE FOR VALIDATION OF CLAIMS

5.1 Allowance or Disallowance of Claims by the Trustee

Upon receipt of a completed Proof of Claim, the Trustee shall examine the Proof of Claim and shall deal with each claim in accordance with the provisions of the BIA. The Trustee shall have the power and authority to determine the validity of all claims made against the Debtor.

5.2 Claims Bar Process

Forthwith after the Creditors' Meeting, the Trustee shall give notice pursuant to section 149 of the BIA to every Person with an Affected Claim of which the Trustee has notice or knowledge but whose claim has not been filed, that if such Person does not file its proof of claim within a period of thirty (30) days after the mailing of the notice, the Trustee will proceed to declare a dividend without regard to such Person's claim and the dividend referred to in said notice shall be deemed a final dividend and any Person so notified who does not provide its proof of claim within the said thirty (30) day period shall be barred from making a claim in this Proposal, subject to any exceptions set out in subsections 149(2)(3) and (4) of the BIA. Notwithstanding the forgoing, employee Claims to the Required Employee Amount as evidenced by the Debtor's books and records will be deemed to be Proven Claims without need for filing of Proofs of Claim.

ARTICLE 6 - MEETING OF CREDITORS

6.1 Creditors' Meeting

On the Creditors' Meeting Date, the Trustee shall hold the Creditors' Meeting in order for the Creditors to consider and vote upon the Proposal.

6.2 Time and Manner of Meeting

The Creditors' Meeting shall be held at a time and in a manner, including by video-conference, to be established by the Trustee in consultation with the Official Receiver, or the nominee thereof, and confirmed in its notice of meeting to be mailed by the Trustee pursuant to the BIA. All Proofs of Claim shall be delivered in accordance with the provisions of the Proposal, the BIA and any Order which may be issued by the Court in respect of the procedure governing the Creditors' Meeting. In order to vote at the Creditors' Meeting, an Affected Creditor must submit its Proof of Claim prior to the Creditors' Meeting.

6.3 Conduct of Meetings

The Official Receiver, or the nominee thereof, shall preside as the chair of the Creditors' Meeting and will decide all matters relating to the conduct of the Creditors' Meeting. The only Persons entitled to attend the Creditors' Meeting are the Unsecured Creditors, including the holders of proxies, entitled to vote at the Creditors' Meeting and their respective legal counsel, if any, the officers, directors, auditors and legal counsel of the Debtor, together with such representatives of the Trustee as the Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other Person may only be admitted on invitation of the chair of the Creditors' Meeting or with the consent of the Creditors.

6.4 Adjournment of Meetings

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

6.5 Voting by Creditors

To the extent provided for herein, each Affected Creditor will be entitled to vote to the extent of the amount which is equal to that Affected Creditor's Proven Claim, or such amount as may be agreed to by the Trustee for voting purposes at or prior to the Creditors' Meeting (dollar amounts to be voted by Creditors in accordance with the foregoing are referred to as "**Voting Claims**").

6.6 Approval by Creditors

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

6.7 Appointment of Inspectors

At the Creditors' Meeting, the Creditors may appoint up to five (5) Inspectors. The inspectors will have the following powers, but will have no personal liability to the Debtor or other Creditors:

- (a) the power to extend, or accelerate the dates of payments provided under this Proposal, if such extensions are in the best interests of the Creditors;
- (b) the power to waive any default in the performance of any provision of this Proposal, if such waivers are in the best interests of the Creditors;
- (c) the power to permit the Debtor to amend any agreement hereunder where such amendment is in the best interests of the Creditors;
- (d) the power to advise the Trustee concerning any dispute which may arise as to the validity of Claims;

- (e) the power to advise the Trustee from time to time with respect to any other matter that the Trustee may refer to them; and
- (f) the power to exercise all the powers given to inspectors of a bankrupt estate appointed pursuant to the provisions of the BIA.

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

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

6.8 Valuation of Claims

The procedure for valuing Claims of Creditors and resolving disputes with respect to such Claims will be as set forth in the BIA. The Debtor and/or the Trustee reserve the right to seek the assistance of the Court in valuing the Claim of any Unsecured Creditor, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Unsecured Creditor under the Proposal, as the case may be.

ARTICLE 7 - COMPLETION OF THE PROPOSAL

7.1 Discharge of Trustee

Upon making payment, or confirming payment by the Debtor, of the amounts contemplated in Article 4 and all outstanding Administrative Fees and Expenses, the Trustee shall have discharged its duties as Trustee, the Proposal shall be fully performed and the Trustee shall be entitled to apply for its discharge as Trustee hereunder. At such time, the Trustee shall issue to the Debtor a certificate of performance in accordance with the BIA.

The Trustee is acting in its capacity as Trustee under the BIA and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any liabilities or obligations in connection with the Proposal or in respect of the business or obligations of the Debtor and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute wilful misconduct or gross negligence.

7.2 Completion of the Proposal

The payment, compromise, extinguishment or other satisfaction of any Affected Claim under the Proposal will be binding upon each Affected Creditor, its heirs, executors, administrators, successors and assigns, for all purposes, and as and from the Implementation Date all Affected Claims shall be forever discharged and released, excepting only the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Proposal.

ARTICLE 8 - PREFERENCES, TRANSFERS AT UNDER VALUE, ETC.

8.1 Sections 95-101 of the BIA

Sections 95-101 of the BIA and any provincial statute related to preferences, fraudulent conveyances, transfers at undervalue, or the like shall not apply to this Proposal.

8.2 Recourse

As a result of and in accordance with Section 8.1 hereof and all of the rights, remedies, recourses and Affected Claims described therein:

- (a) all such rights, remedies and recourses and any Affected Claims based thereon shall be completely unavailable to the Trustee or any Creditor against the Company, any other Creditor or any other person whatsoever; and
- (b) the Trustee and all of the Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced such rights, remedies and recourses and any Affected Claims based thereon against the Company, any other Creditor or any other persons.

ARTICLE 9 - MISCELLANEOUS

9.1 Modification of Proposal

The Debtor, with the consent of the Trustee, may propose an alteration or modification to the Proposal prior to the conclusion of the first Creditors' Meeting called to consider the Proposal.

9.2 Consents, Waivers and Agreements

As at 12:01 a.m. on the Implementation Date, each Affected Creditor will be deemed to have:

- (a) executed and delivered to the Debtor all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Proposal in its entirety;
- (b) waived any default by the Debtor in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor and the Debtor that has occurred on or prior to the Implementation Date, other than in respect of payments to be made in the ordinary course in accordance with section 4.9 of this Proposal;
- (c) agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Debtor as at the Implementation Date (other than those entered into by the Debtor on, or with effect from, the Implementation Date) and the provisions of the Proposal, that the provisions of this Proposal shall take precedence and priority and the provisions of such agreement or other arrangement shall be amended accordingly; and

- (d) released the Debtor, the General Partner, the Trustee, the Directors and all of their respective affiliates, employees, agents, directors, officers, partners, shareholders, advisors, consultants and solicitors from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens, set off rights and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date, relating to or arising out of or in connection with the matters herein.

provided that nothing herein releases the Debtor or any other Person from their obligations to make distributions in the manner and to the extent provided for in this Proposal.

9.3 Conditions to Proposal Implementation

The implementation of the Proposal by the Debtor will be conditional upon the fulfilment or satisfaction of the following conditions:

- (a) acceptance of the Proposal by the Unsecured Creditors; and
- (b) approval of the Proposal by the Court pursuant to a final and non-appealable Approval Order.

9.4 Release

Upon the Implementation Date, each and every Director shall be fully, finally, irrevocably and forever released from all Director Claims which shall be compromised, released, discharged, cancelled and barred without consideration. This release shall have no force or effect if the Debtor goes bankrupt before the terms of the Proposal are performed.

9.5 Effect of Proposal Generally

As at 12:01 a.m. on the Implementation Date, the treatment of all Affected Claims under the Proposal shall be final and binding on the Debtor and all Creditors (along with their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and the Proposal shall constitute (i) a full, final and absolute settlement of all rights of the holders of the Affected Claims; and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Debtor, the General Partner and the Directors of or in respect of such Affected Claims.

9.6 Notices

Any notices or communication to be made or given hereunder shall be in writing and shall refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail or by receipted email (except for Proofs of Claim which may only be sent by personal delivery, receipted email or registered mail) addressed to the respective parties as follows:

- (a) if to the Debtor:

c/o Aird & Berlis LLP
181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9

Sam Babe
E-mail: sbabe@airdberlis.com

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

- (c) if to the Trustee:

The Fuller Landau Group Inc.
151 Bloor Street West, 12th Floor
Toronto, Ontario, M5S 1S4

Gary Abrahamson / Adam Erlich
Email: gabrahamson@fullerllp.com / aerlich@fullerllp.com

or to such other address or email address as any party may from time to time notify the others in accordance with this section. In the event of any strike, lock-out and other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by receipted email and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption will be deemed not to have been given or made. All such notices and communications will be deemed to have been received, in the case of notice by email or by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and in the case of notice mailed as aforesaid, on the fifth (5th) Business Day following the date on which such notice or other communication is mailed. The unintentional failure to give a notice contemplated hereunder to any particular Creditor will not invalidate this Proposal or any action taken by any Person pursuant to this Proposal.

9.7 Further Assurances

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

9.8 Assignment of Claims

No assignment of a Claim by an Affected Creditor is effective to give the assignee any rights in respect of the Proposal unless written notice of the assignment is given to the Debtor and the Trustee in accordance with the requirements of Section 9.6. The assignment of the Claim will not be effective for a period of five (5) Business Days from the date of effective receipt of the notice of assignment by the Debtor and by Trustee as determined in accordance with Section 9.6.

9.9 Foreign Currency Obligations

For purposes of this Proposal, Claims denominated in a currency other than Canadian funds will be converted to Canadian Dollars at the closing spot rate of exchange of the Bank of Canada on the NOI Filing Date.

9.10 Applicable Law

The Proposal shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

9.11 Non-Severability

It is intended that all material provisions of this Proposal shall be fully binding on and effective between all Persons named or referred to in this Proposal and in the event that any material provision or provisions of the Proposal is or are found by the Court to be void, voidable or unenforceable for any reason whatever, then the remainder of this Proposal and all other provisions shall be void and of no force or effect.

9.12 Annulment

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

9.13 No Third Party Beneficiaries

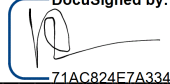
No legal, equitable or other rights or remedies of any nature whatsoever under or by reason of the terms of the Proposal are conferred upon any third party other than: (i) the creditors of the Debtor, who are identified under the Proposal and directly affected by its terms, including their respective

successors and permitted assigns; and (ii) the Persons identified in sections 9.2 and 9.4 of the Proposal.

DATED this 6th day of February, 2023.

**ISPAN SYSTEMS LP, by its general partner,
ISPAN SYSTEMS GP CORP**

Per:

DocuSigned by:


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Walter Koppelaar, President

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