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Estate No. 35-2212212

**IN THE MATTER OF THE PROPOSAL OF
INTERENTAINMENT MEDIA INC.
OF THE CITY OF LONDON, IN THE PROVINCE OF ONTARIO**

NOTICE OF PROPOSAL TO CREDITORS

Take notice that Intertainment Media Inc. of the City of London, in the Province of Ontario, has lodged with me a Proposal under the *Bankruptcy and Insolvency Act*.

Enclosed please find the following documents:

1. Report of the Trustee on the Financial Position of the Company and on the Proposal;
2. Proposal dated April 11, 2017;
3. Statement of Affairs including a list of creditors affected by the Proposal; and
4. Proof of Claim and Voting Letter.

A General Meeting of Creditors will be held at Farber Financial Group, 150 York Street, Suite 1600, Toronto, Ontario on May 2, 2017 at 2:00pm.

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, proxies and voting letters intended to be used at the meeting must be lodged with me prior thereto.

DATED AT TORONTO this 20th day of April, 2017.

A. FARBER & PARTNERS INC.

The Trustee acting *in re* the proposal of
INTERENTAINMENT MEDIA INC.



Per: Rob Stelzer, CPA, CA, CIRP

District of Ontario
Division No. 05 - London
Estate No. 35-2212212

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

**IN THE MATTER OF THE PROPOSAL OF ENTERTAINMENT MEDIA INC.,
A COMPANY DULY INCORPORATED PURSUANT TO THE LAWS OF THE
PROVINCE OF ONTARIO, WITH A HEAD OFFICE IN LONDON, IN THE
PROVINCE OF ONTARIO**

PROPOSAL TRUSTEE'S REPORT TO THE CREDITORS

APRIL 20, 2017

TO THE CREDITORS OF ENTERTAINMENT MEDIA INC.

This report is prepared in conjunction with the Proposal (the **"Proposal"**) under Part III, Division I, of the Bankruptcy and Insolvency Act (the **"BIA"**) which has been lodged by Entertainment Media Inc., (the **"Company"** or **"Entertainment"**) with A. Farber & Partners Inc. (**"Farber"** or the **"Proposal Trustee"**).

This Report contains an outline of the background and financial position of the Company, including relevant information that the Proposal Trustee feels will be of assistance to creditors in considering and voting upon the Proposal.

Unless otherwise indicated herein, capitalized terms in this report have the same meaning as in the Proposal, a copy of which is included in this mailing to the creditors of the Company.

We caution the reader that the Proposal Trustee has conducted neither an audit nor an investigation of the books and records of the Company. Consequently, we cannot render an opinion as to the accuracy of the financial information contained in this Report. The information discussed herein has been obtained from the books and records of the Company and from discussions with management of the Company (**"Management"**).

OVERVIEW

1. Entertainment is a technology incubator focused on investing in technology and social media companies. The Company held investments in certain technology companies. The Company was listed on the TSX Venture Exchange trading under the ticker **"TSXV:INT"** until it was delisted in November of last year.
2. On January 27, 2017, Entertainment filed a Notice of Intention to make a Proposal (**"NOI"**) under Section 50.4 of the BIA. Farber was named as Proposal Trustee.
3. On February 27, 2017, the Proposal Trustee brought a Motion to the Ontario Superior Court of Justice for a Court Order extending the time the Company is required to make a Proposal to April 11, 2017. This Order was granted.

On April 11, 2017, Entertainment filed its Proposal.

BACKGROUND

4. Intertainment has experienced negative cash flow from operations for over a year due to the performance of its investments. The last interim financial statements filed reflected a net loss of approximately \$1.3 million for the quarter ended March 31, 2016. Cash used in operating activities for the 9 months ended March 31, 2016 was negative \$2.5 million, as compared with negative \$4.2 million for the 9 months ended March 31, 2015.
5. Burdened by excessive debt, on May 9, 2016, the Company announced that it had entered into a debt settlement and forbearance agreement with the holders of outstanding secured debentures of the Company representing an aggregate principal and interest amount of \$3,628,396.81. The agreement called for the transfer of 12,000,000 common shares of Yappn (defined below) as partial settlement of the secured debentures. As at the date of this report, the Company is still holding the 12,000,000 Yappn shares in trust. The Company anticipates that the transfer will be effected in the next few days.
6. With the passage of time and continued liquidity issues, investors were unwilling to continue to support the Company. As a result of a lack of funding, on October 27, 2016, Intertainment announced that it would be unable to file its audited annual financial statements for the financial year ending June 30, 2016. As a consequence, the Company's shares were cease traded on November 3, 2016.
7. On November 30, 2016, the Company received a Demand Letter and a Notice of Intention to Enforce Security under Section 244(1) of the Bankruptcy and Insolvency Act (Canada) from Cancor Debt Agency Inc. (the "**Collateral Agent**"), on behalf of the Secured Creditors, pursuant to a Collateral Agency Agreement dated May 3, 2016. The Collateral Agent demanded repayment of the principal amount of \$1,291,839.37 due to the Secured Creditors, plus accrued and accruing costs and interest.
8. As noted above, the Company filed an NOI on January 27, 2017. On February 27, 2017 the Company received a 45 day extension on the time it had to file a proposal. Subsequently, the Company sought Court approval for a sale process wherein 2541843 Ontario Inc. (the "**Purchaser**"), a company incorporated by the Secured Creditors, provided stalking horse bid which would stand as the opening bid in a Court-approved marketing and sales process (the "**Sales Process**"), to be conducted by the Proposal Trustee on behalf of and in consultation with Intertainment.
9. The Sales Process contemplated the sale, for at least \$2.1 million, of the following "**Purchased Assets**" of Intertainment: 4.8 million shares of Yappn Corp.; a 20% stake in Active ImageNation Inc.; a note or instrument exchangeable for 80% of the net proceeds realized in the Company's tax losses; an assignment of the Company's

rights under an agreement relating to itiBiti Ventures Inc.; and, an assignment of the Company's claim against Mi5 Print & Digital Communications Inc. The Court approved the Sales Process on March 1, 2017.

10. On April 10, 2017, the Proposal Trustee issued a report to Court reporting on the efforts undertaken pursuant to the sales process and reporting that no bids had been received by the Proposal Trustee. Accordingly, the Proposal Trustee's report recommended the Court vest in the Purchaser the Purchased Assets. As at the date of this report, the Company has not yet sought a vesting order, but it is expected that the Company will do so in the next few days.
11. The Purchased Assets comprise all of the assets believed to have any value. After the vesting order is issued at the sale of the Purchase Assets is completed, the only assets of potential value remaining is a 20% interest in any amount realized on the sale of the Company's tax losses, as is described more particularly below.

THE PROPOSAL

12. The following is a summary of key terms and conditions of the Proposal. It represents the Proposal Trustee's understanding of the highlights of the Proposal following discussions with Management and the Company's counsel and is provided to assist the creditors in considering the Proposal. **However, the following summary does not encompass all of the terms of the Proposal and creditors are cautioned not to rely on this summary alone in reaching a decision.** The terms of the Proposal itself will govern the rights of creditors if accepted, and creditors must, therefore, ensure that they have read and understood the Proposal before reaching a decision.

PROPOSAL SUMMARY

13. The purpose of the Proposal is to restructure the affairs of the Company and allow the Company to continue to operate rather than become bankrupt.
14. The Proposal Trustee is not aware of any deemed trust amounts owing to the Canada Revenue Agency or BIA 136(1)(d) employee preferred claims, though the Proposal has provisions dealing with these creditors, should they exist.
15. Under the Proposal, Unsecured Creditors will receive from the Company certificates (the "**Certificates**") for the value of the creditor's claim. The value of the Certificates will ultimately reflect the value of the claim which is proven with the Proposal Trustee.
16. In the thirty-six (36) months following Court approval of the Proposal, the Company will attempt to negotiate and implement one or more transactions pursuant to which cash proceeds would be received by the Company from a person or persons who

wish to utilize the Debtor's accumulated tax losses. If such a transaction or transactions are concluded, immediately on receipt of the proceeds by the Debtor, 20% of the net proceeds (after the payment of professional fees) received by the Company will be paid to the Proposal Trustee and distributed by the Proposal Trustee to the creditors in accordance with the terms of the Proposal (the "Tax Asset").

17. Acceptance of the Proposal requires the approval of the majority in number of Unsecured Creditors voting in favour of the Proposal at the Creditors' Meeting and representing at least 2/3 in value of their Claims (the "Required Majority"). Thereafter, the Proposal has to be approved by the Court.

FINANCIAL POSITION AND EVALUATION OF ASSETS AND LIABILITIES

18. As noted above, the Purchased Assets comprise almost all of the assets believed to have any value. The only remaining asset of value is the Tax Asset.
19. The table below compares the assets and expected recovery under a Proposal versus a Bankruptcy. **If the Proposal is not accepted by the creditors, there will be an automatic bankruptcy; in that situation, the Tax Assets, which is the only asset believed to be of any value, will be of no value.**

	Proposal	Bankruptcy
Assets	The Proposal Trustee understands that the tax losses could be up to \$60,000,000. If, for example, the Company was able to sell \$60,000,000 of tax losses for 3% of their face value, 20% of that sum, or \$360,000, would be available for the Unsecured Creditors, subject to the terms of the Proposal.	None
Recovery	Potential recovery in the Tax Asset as is described above.	None

SYNOPSIS OF THE PROPOSAL PROCESS

20. The following is a summary of the procedures for review and consideration of the Proposal.

21. As indicated in the attached Notice to Creditors, a meeting will be held at 2:00 p.m. EST on May 2, 2017 in Toronto, Ontario, at which the creditors will consider the attached Proposal.
22. A Proof of Claim with Proxy and a Voting Letter are attached to the Notice to Creditors. In order to participate in the process, Proofs of Claim must be lodged with the Proposal Trustee prior to commencement of the meeting. The Notice to Creditors of the meeting of creditors provides detailed instructions for completion and submission of the Proof of Claim, Proxy and Voting Letter.
23. Unsecured Creditors may vote in one of two ways:
 - in person or by proxy (if the proxy attached to the Proof of Claim is completed) at the meeting; or,
 - by Voting Letter submitted to the Proposal Trustee prior to the meeting with the Proof of Claim.
24. The Proposal provides for Inspectors (up to five) to be elected at the meeting of creditors who shall have the power to advise the Proposal Trustee.
25. Acceptance of the Proposal requires the Required Majority as defined above.
26. If the Proposal is accepted by the Creditors, it is then required to be approved by the Court, which would normally occur within a month of the creditors' meeting.

CONCLUSION AND RECOMMENDATIONS

27. **The Proposal Trustee notes if the Proposal is not accepted by the creditors, there will be an automatic bankruptcy; in that situation, the Tax Asset will be of no value. Since there are no other assets of the Company believed to be of value, Unsecured Creditors can expect to receive nothing if they do not vote in favour of the Proposal.**
28. The Proposal, by contrast, offers Unsecured Creditors potential value through the Tax Asset since 20% of the recoveries will be distributed to the unsecured creditors, subject to the terms of the Proposal. While there is no guarantee that the tax losses can be monetized and thus that there will be recovery for unsecured creditors under the Proposal, there is at least a prospect for a recovery.
29. Accordingly, the Proposal Trustee recommends that the creditors vote to approve the Proposal.

All of which is respectfully submitted this 20th day of April, 2017.

**A. FARBER & PARTNERS INC., in its
capacity as Trustee acting *in re* the proposal of
Entertainment Media Inc.**

A. Farber & Partners Inc.

ONTARIO
SUPERIOR COURT OF JUSTICE
(in Bankruptcy and Insolvency)

District of Ontario
Division No: 09 – Toronto
Court No: 35-2212212
Estate N.: 35-2212212

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
INTERENTAINMENT MEDIA INC.**

PROPOSAL OF INTERENTAINMENT MEDIA INC.

INTERENTAINMENT MEDIA INC. hereby submit the following Proposal to its Unsecured Creditors pursuant to Part III of the BIA.

ARTICLE 1

DEFINITIONS

1.1 Definitions

In this Proposal:

- (a) “**Administrative Fees and Expenses**” means the proper fees, expenses, including legal fees and disbursements, of the Trustee and the Debtor, including the fees and disbursements of Gowlings, on and incidental to the negotiation, preparation, presentation, consideration and implementation of the Proposal, and all proceedings and matters relating to or arising out of the Proposal;
- (b) “**Approval Order**” means an Order of the Court approving the Proposal;
- (c) “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and in force as at the Proposal Date;
- (d) “**Business Day**” means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (e) “**Canada Pension Plan**” means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (f) “**Certificates**” has the meaning ascribed by **Article [5.2]**;

- (g) “**Claim**” means any right of any Person against the Debtor or a Director in connection with any indebtedness, liability or obligation of any kind of the Debtor which indebtedness, liability or obligation is in existence at the Proposal Date, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory in nature, including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or as of the Proposal Date;
- (h) “**Court**” means the Ontario Superior Court of Justice (in Bankruptcy and Insolvency);
- (i) “**Creditor**” means any Person, having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (j) “**Creditors’ Meeting**” means the meeting of the Unsecured Creditors called for the purpose of considering and voting upon the Proposal;
- (k) “**Creditors’ Meeting Date**” means the date and time as may be called by the Trustee for the meeting of creditors to consider this Proposal, but in any event shall be no later than twenty-one (21) days following the Proposal Date;
- (l) “**Debtor**” means Intertainment Media Inc.;
- (m) “**Directors**” means the Debtor’s current and past directors;
- (n) “**Employee Creditors**” means employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under **paragraph 136(l)(d)** of the BIA if the Debtor became bankrupt on the Proposal Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salesmen, disbursements properly incurred by those salesmen in and about the Debtor’s business during the same period;
- (o) “**Employment Insurance Act**” means the *Employment Insurance Act*, S.C. 1996 c. 23, as amended;
- (p) “**Gowlings**” means Gowling WLG (Canada) LLP;
- (q) “**Implementation Date**” means the date upon which the conditions set forth in **Article [7.4]** have been satisfied;

- (r) “**Income Tax Act**” means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended;
- (s) “**Inspectors**” means one or more inspectors appointed pursuant to the BIA as provided for in the Proposal;
- (t) “**Official Receiver**” shall have the meaning ascribed thereto in the BIA;
- (u) “**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;
- (v) “**Preferred Creditors**” means Creditors with Proven Claims that are required by the BIA to be paid in priority to all other claims under a proposal made by a debtor save and except for Employee Creditors and Source Deduction Creditors.
- (w) “**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;
- (x) “**Proposal**” means this proposal together with any amendments or additions thereto;
- (y) “**Proposal Proceeds**” mean 20% of the net proceeds after the payment of professional fees received by the Debtor under any transaction or transactions that is or are intended, in whole or in part, to permit any person to utilize or realize the benefit of all or any of the accumulated tax losses of the Debtor or any of its wholly owned subsidiaries;
- (z) “**Proposal Date**” means the date of the filing of the Proposal with the Official Receiver;
- (aa) “**Proven Claim**” of a Creditor means the amount of the Claim of such Creditor finally determined in accordance with the provisions of the BIA;
- (bb) “**Source Deduction Creditors**” means Her Majesty in Right of Canada or a Province for all amounts that were outstanding on the Proposal Date and are of a kind that could be subject to a demand under,
 - (i) **subsection 224(1.2)** of the *Income Tax Act*;
 - (ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to **subsection 224(1.2)** of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee’s premium, or employer’s premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

- (iii) any provision of provincial legislation that has a similar purpose to **subsection 224(1.2)** of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum;
 - (A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
 - (B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a “province providing a comprehensive pension plan” as defined in **subsection 3(1)** of the *Canada Pension Plan* and the provincial legislation establishes a “provincial pension plan” as defined in that subsection;
- (cc) **“Secured Creditor”** means a person, holding a valid and perfected mortgage, hypothec, pledge, charge or lien on or against the property or assets of the Debtor as security for a debt due or accruing due to the person from the Debtor, but shall not include the Trustee;
- (dd) **“Trustee”** means A. Farber & Partners Inc. or its duly appointed successor or successors;
- (ee) **“Unsecured Creditors”** means the Preferred Creditors and any Creditor who is not a Secured Creditor; and
- (ff) **“Voting Letter”** shall mean the voting letter required by **subsection 51(1)** of the BIA to be mailed to each known Creditor prior to the Unsecured Creditors’ Meeting.

1.2 Articles of Reference

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

1.3 Interpretation Not Affected by Headings

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

1.4 Date for Any Action

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

1.5 Time

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

1.6 Numbers

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

1.7 Currency

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

1.8 Statutory References

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

1.9 Successors and Assigns

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

ARTICLE 2

CLASSIFICATION AND TREATMENT OF CREDITOR

2.1 Classes of Creditors

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

2.2 Secured Creditor

The Claim of each Secured Creditor shall be paid and satisfied outside of the Proposal. For greater clarity, each Secured Creditor shall not be affected by the Proposal or the Proposal proceedings commenced by the Debtor under the BIA.

2.3 Administrative Fees and Expenses

The Administrative Fees and Expenses will be paid in full from the Proposal Proceeds in priority to all other Claims.

2.4 Preferred Creditors

The Proven Claims of the Preferred Creditors are to be paid in full in priority to the Proven Claims of the Unsecured Creditors in accordance with the BIA and the Proposal.

2.5 Unsecured Creditors

The Proven Claims of the Unsecured Creditors, other than Preferred Creditors, will be satisfied or paid as provided by **Article [6]**.

ARTICLE 3

PROCEDURE FOR VALIDATION OF CLAIMS

3.1 Filing of Proofs of Claim

Each Unsecured Creditor must file a Proof of Claim as required by the BIA to vote on, or receive a distribution under, the Proposal.

3.2 Allowance or Disallowance of Claims by the Trustee

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

ARTICLE 4

MEETING OF CREDITORS

4.1 Unsecured Creditors' Meeting

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

4.2 Time and Place of Meeting

Unless otherwise ordered by the Court, the Creditors' Meeting shall be held at a time and place to be established by the Official Receiver, or the nominee thereof, and confirmed in the notice of Creditors' Meeting to be mailed to Creditors pursuant to the BIA.

4.3 Conduct of Meetings

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

4.4 Adjournment of Meetings

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

4.5 Voting by Creditors

To the extent provided for herein, each Unsecured Creditor will be entitled to vote to the extent of the amount that is equal to that Unsecured Creditor's Claim. Any Proof of Claim in respect of a Claim that is not a Proven Claim as at the Creditors' Meeting Date will be marked as objected to in accordance with **subsection 108(3)** of the BIA. Related Creditors will not be entitled to vote at the Creditors' Meeting.

4.6 Approval by Creditors

In order that the Proposal be binding on all of the Unsecured Creditors of the Debtor in accordance with the BIA, it must first be accepted by the class of Unsecured Creditors 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 Proven Claims of the Unsecured Creditors in each class who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

4.7 Appointment of Inspectors

At the Meeting of Creditors the Unsecured Creditors may appoint up to **five (5)** Inspectors whose powers will be limited to: (a) advising the Trustee concerning any dispute which may arise as to the validity of Claims; and (b) advising the Trustee from time to time with respect to any other matter that the Trustee may refer to them.

ARTICLE 5

FUNDING OF PROPOSAL

5.1 Certificates

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

5.2 Tax Loss Transaction(s)

In the thirty-six (36) months following the making of the Approval Order, the Debtor will attempt to negotiate and implement one or more transactions pursuant to which cash proceeds will be received by the Debtor from a person or persons who wish to utilize the Debtor’s accumulated tax losses. If such a transaction or transactions are concluded, immediately on receipt of the proceeds by the Debtor, 20% of the net proceeds after the payment of professional fees received by the Debtor – the Proposal Proceeds – will be paid to the Trustee for distribution in accordance with **Article [6]**. The transaction(s) contemplated by this Article may involve the issuance of shares by the Debtor.

ARTICLE 6

DISTRIBUTION

6.1 Payment of Employee Creditors

The Claims, if any, of the Employee Creditors shall be paid immediately after the making of the Approval Order in the ordinary course using proceeds from the operation of the Debtor’s business.

6.2 Payment of Source Deduction Creditors

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

6.3 Distribution to Unsecured Creditors

If one or more of the transactions contemplated by **Article [5.2]** are concluded, within sixty (60) Business Days of the Implementation Date the Proposal Proceeds will be distributed by the Trustee as follows:

- (a) First, to pay the Administrative Fees and Expenses in full, to the extent not otherwise paid by the Debtor.
- (b) Second, to each Preferred Creditor in respect of its Proven Claim in the priority established by the BIA.
- (c) Third, the remaining Proposal Proceeds after the making of the distributions contemplated by paragraphs (a) and (b) will be paid to each Unsecured Creditor *pro rata* based on the proportion that the Proven Claim of such Unsecured Creditor bears to the total Proven Claims of all Unsecured Creditors.

6.4 Levy

Payments to each Unsecured Creditor shall be net of any applicable levy payable to the Office of the Superintendent of Bankruptcy as required by the BIA and the Trustee shall remit the amount of such levy to the Office of the Superintendent of Bankruptcy contemporaneous with the distributions to Unsecured Creditors.

6.5 Discharge of Trustee

Upon the making of distribution by the Trustee of the amounts contemplated in this **Article [6.3]** or, if no transaction(s) as contemplated by **Article [5.2]** have been negotiated, thirty-six (36) months after the making of the Approval Order, the Trustee shall have discharged its duties as Trustee and the Trustee shall be entitled to apply for its discharge as Trustee. For greater certainty, the Trustee will not be responsible or liable for any 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 a wilful or wrongful act or default.

ARTICLE 7

MISCELLANEOUS

7.1 Compromise Effective for all Purposes

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

7.2 Modification of Proposal

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

7.3 Consents, Waivers and Agreements

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

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

7.4 Conditions to Proposal Implementation

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

- (a) The acceptance of the Proposal by the Unsecured Creditors; and
- (b) The making of the Approval Order and the expiry of all appeal periods.
- (c) The Claims of each of the Unsecured Creditors becoming Proven Claims.

- (d) The completion of the transaction(s) contemplated by **Article [5.2]** and the payment of the Proposal Proceeds to the Trustee

7.5 Full Implementation

This Proposal will be fully implemented by the Debtor on delivery of the Certificates as provided by **Article [5.1]**.

7.6 Effect of Proposal Generally

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

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

7.7 Conduct of Debtor's Business

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

ARTICLE 8

ADVOIDANCE OF TRANSACTION

8.1 Avoidance Proceedings

Sections 95 to 101 of the BIA will not apply in respect of the Debtor or this Proposal.

ARTICLE 9

GENERAL

9.1 Notices

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

- (a) if to the Debtor:

c/o Gowling WLG (Canada) LLP

Suite 1600, 100 King St.W.
Toronto ON M5X 1G5

Attention: E. Patrick Shea, LSM, CS

Telecopier: 416-862-7661

E-mail : patrick.shea@gowlingwlg.com

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

- (c) if to the Trustee:

A. Farber & Partners Inc.

150 York St, Suite 1600
Toronto, ON M5H 3S5

Attention: Rob Stelzer

Telecopier: 416-496-3500

E-mail : rstelzer@farberfinancial.com

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

9.2 Foreign Currency Obligations

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

9.3 Applicable Law

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

9.4 Non Severability

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

9.5 Deeming Provisions

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

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EXECUTION PAGE

DATED at Toronto, this 11 day of April 2017.

INTERENTAINMENT MEDIA INC.

Per: 

Name: WAYNE PARSONS

Title: CEO

I have authority to bind the corporation.

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212

☒ Original ☐ Amended

-- Form 78 --

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

In the matter of the proposal of
Entertainment Media Inc.
of the City of London, in the Province of Ontario

To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 27th day of January 2017. 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)	
1. Unsecured creditors as per list "A"	3,081,408.00
Balance of secured claims as per list "B"	0.00
Total unsecured creditors	3,081,408.00
2. Secured creditors as per list "B"	1,885,532.83
3. Preferred creditors as per list "C"	0.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for	0.00
Total liabilities	4,966,940.83
Surplus	NIL


ASSETS (as stated and estimated by the officer)	
1. Inventory	0.00
2. Trade fixtures, etc.	0.00
3. Accounts receivable and other receivables, as per list "E"	
Good	0.00
Doubtful	0.00
Bad	0.00
Estimated to produce	0.00
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"	1,885,532.83
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	1,885,532.83
Deficiency	3,081,408.00

I, S. Wayne Parsons, of the City of London 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 my affairs on the 11th day of April 2017 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)

before me at the City of Toronto in the Province of Ontario, on this 11th day of April 2017.


Diane Da Silva-Falcione, Commissioner of Oaths
For the Province of Ontario
Expires January 16, 2018


S. Wayne Parsons

Diane Da Silva-Falcione, A Commissioner, etc.,
Province of Ontario, for A. Farber & Partners Inc.
Trustee in Bankruptcy.
Expires: January 16, 2018.

District of: Ontario
 Division No. 05 - London
 Court No. 35-2212212
 Estate No. 35-2212212

FORM 78 -- Continued

List "A"
 Unsecured Creditors

Intertainment Media Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	Anthony Pearlman	c/o Yappn Canada Inc. 80 Tiverton Court, Suite 100 Markham ON L3R 0G4	383,054.00	0.00	383,054.00
2	Archie Leach	240 Sydenham Street London ON N6A 1W5	113,000.00	0.00	113,000.00
3	Brad Parry	17 McRae Drive Toronto ON M4G 1S1	62,837.00	0.00	62,837.00
4	Broadridge	4 King Street West, Suite 500 Toronto ON M5H 1B6	4,125.00	0.00	4,125.00
5	Broadridge (US)	PO Box 416423 Boston MA 02241-6423 USA	4,100.00	0.00	4,100.00
6	Chanox	3836 Bloor Street West Toronto ON M9B 1L1	166.00	0.00	166.00
7	Computershare Attn: Pauline Osayande	600, 530 8th Avenue SW Calgary AB T2P 3S8	3,303.00	0.00	3,303.00
8	Constance Olscheski	701 Evans Avenue, Suite 700 Toronto ON M9C 1A3	35,892.00	0.00	35,892.00
9	Craig McCannell	c/o Yappn Canada Inc. 80 Tiverton Court, Suite 100 Markham ON L3R 0G4	262,431.00	0.00	262,431.00
10	CT Corporation	PO Box 4349 Carol Stream IL 60197-4349 USA	2,491.00	0.00	2,491.00
11	David Lucatch	Personal & Confidential	744,655.00	0.00	744,655.00
12	DLA PIPER	Suite 100, Livingston Place W., 250 2nd St SW Calgary AB T2P 0C1	184,977.00	0.00	184,977.00
13	DoubleClick USD	111 8th Avenue, 10th Floor New York NY 10011 USA	27,615.00	0.00	27,615.00
14	Douglas Gregory Hall	3531 Mathers Avenue West Vancouver BC V7V 2K8	56,250.00	0.00	56,250.00
15	Earl Marek	367 Bantry Avenue Richmond Hill ON L4B 4G1	10,000.00	0.00	10,000.00
16	Edward Jonasson	50 Brooks Avenue Aurora ON L4G 7W1	34,078.00	0.00	34,078.00
17	Girvan Patterson	545 Windermere Avenue Ottawa ON K2A 2W4	76,500.00	0.00	76,500.00
18	Gordon, Herlands, Randolph, & Cox LLP	355 Lexington Avenue New York NY 10017 USA	16,377.00	0.00	16,377.00
19	Heather Clechorski	361 Golden Orchard Road Maple ON L6A 0N5	1,703.00	0.00	1,703.00
20	Herb Willer	4 Beaverhall Drive Toronto ON M2L 2C5	172,000.00	0.00	172,000.00
21	IJAY Investments (Paul Fox)	1186 Eglinton Avenue West, Box 509 Toronto ON M6C 2E6	216,750.00	0.00	216,750.00
22	Innovative Management Solutions	1881 Yonge Street, Suite 708 Toronto ON M4S 3C4	8,364.00	0.00	8,364.00
23	Jeffrey Puritt	41 Edenbrook Hill Toronto ON M9A 3Z8	4,587.00	0.00	4,587.00

11-Apr-2017

Date

S. Wayne Parsons

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212

FORM 78 -- Continued

List "A"
Unsecured Creditors

Intertainment Media Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
24	K&L Gates LLP	599 Lexington Avenue New York NY 10022-6030 USA	38,342.00	0.00	38,342.00
25	Kevin Shea	5 Elm Avenue, Suite 411 Toronto ON M4W 1N1	5,000.00	0.00	5,000.00
26	Liberty Media Group Inc	12300 Liberty Blvd. Englewood CO 80112 USA	15,780.00	0.00	15,780.00
27	Lynn Cumiskey	c/o Yappn Canada Inc. 80 Tiverton Court, Suite 100 Markham ON L3R 0G4	116,557.00	0.00	116,557.00
28	Maxim Group LLC	Chrysler Building, 405 Lexington Ave New York NY 10174 USA	52,600.00	0.00	52,600.00
29	Mediant Communications	P.O.Box 29976 New York NY 10087-9976 USA	521.00	0.00	521.00
30	Michael Sheridan Communications Inc	203 - 665 Davis Drive Toronto ON L3Y 2R2	1,306.00	0.00	1,306.00
31	Mitchell Silberberg & Knupp LLP USD	12 East 49th Street, 30th Floor New York NY 10017 USA	72,050.00	0.00	72,050.00
32	MNP LLP	111 Richmond St. W., Suite 300 Toronto ON M5H 2G4	120,726.00	0.00	120,726.00
33	Newsfile Corp	# 380 - 1100 Melville Street Vancouver ON V6E 4A6	339.00	0.00	339.00
34	Paisley Manor	1446 Don Mills Road, Suite 110 Toronto ON M3B 3N3	1.00	0.00	1.00
35	Payscale US	PO Box 674480 Detroit MI 48267-4480 USA	5,126.00	0.00	5,126.00
36	PGI	Lockbox# T56395C, PO Box 56395 STN A Toronto ON M5W 4L1	598.00	0.00	598.00
37	Standard & Poor's Financial Services, LLC	55 Water Street New York NY 10041-0016 USA	15,754.00	0.00	15,754.00
38	Staples	3175 Highway 7 Markham ON L3R 0J5	84.00	0.00	84.00
39	Steven Wayne Parsons	1455 Corley Drive London ON L4G 2K5	204,869.00	0.00	204,869.00
40	Stock Vantage	Suite 1500, 800 - 6th Avenue SW Calgary ON T2P 3G3	4,014.00	0.00	4,014.00
41	TSX Inc.	3rd Floor, 130 King Street West Toronto ON M5X 1J2	2,486.00	0.00	2,486.00
Total:			3,081,408.00	0.00	3,081,408.00

11-Apr-2017

Date

S. Wayne Parsons

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212

FORM 78 – Continued

List "B"
Secured Creditors

Intertainment Media 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	Amanda Lisus	3 Hedgewood Road Toronto ON M2L 1L4	53,659.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	53,659.00		
2	Calvin B. Cameron	120 Shelter Cove Lane MOOREsville NC 28117 USA	8,225.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	8,225.00		
3	Cheming Yang	6318 Seton House Lane Charlotte NC 28277 USA	29,028.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	29,028.00		
4	Craig Combe	510 McGregor Avenue London ON N6J 2S9	73,509.03	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	73,509.03		
5	Craig Combe	510 McGregor Avenue London ON N6J 2S9	105,000.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	105,000.00		

11-Apr-2017

Date



S. Wayne Parsons

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212

FORM 78 -- Continued

List "B"
Secured Creditors

Intertainment Media 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
6	Eric Smith	21 Cedar Mills Cres. Bolton ON L7E 0A1	38,068.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	38,068.00		
7	Fred Khosrowshahi	201 - 78 Harrison Garden Blvd. North York ON M2N 7E2	7,205.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	7,205.00		
8	Glen Cooke	6 Pittypat Court Aurora ON L4G 6J6	26,648.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	26,648.00		
9	Gordon Stratford	1286 Cumnock Cres. Oakville ON L6J 2N7	29,512.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	29,512.00		
10	Gowlings	100 King St. W., Suite 1600 Toronto ON M5X 1G5	120,000.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	120,000.00		

11-Apr-2017

Date



S. Wayne Parsons

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212

FORM 78 -- Continued

List "B"
Secured Creditors

Interntainment Media 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
11	Hagen Gocht	2230 Lakeshore Blvd. W., Suite 1201 Toronto ON M8V 0B2	24,503.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	24,503.00		
12	Ian Hasinoff	15629 Frohock Place Charlotte NC 28277 USA	24,190.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	24,190.00		
13	Jerome Van-Vliet	PO Box 100, Stn. Main Uxbridge ON L9P 1M6	19,034.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	19,034.00		
14	John Kutevicius Professional Corporation	102 Burnett Avenue North York ON M2N 1V3	19,034.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	19,034.00		
15	John Lynch	1002 - 2067 Lakeshore Blvd. W. Toronto ON M8V 4B8	38,068.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	38,068.00		

11-Apr-2017

Date



S. Wayne Parsons

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212

FORM 78 -- Continued

List "B"
Secured Creditors

Intertainment Media 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
16	John Parr	2 Pakr Place Ct. SAULT STE MARIE ON P6B 6K3	12,095.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	12,095.00		
17	Jonathan Goodman	113 Starwood Road Thornhill ON L4J 9C8	3,792.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	3,792.00		
18	Levitt Insurance Brokers	225 Sheppard Ave. W. Toronto ON M2N 1N2	16,933.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	16,933.00		
19	Marium Anna Stapleton Henson	3363 Cochise Drive Atlanta GA 30339 USA	14,514.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	14,514.00		
20	Mark Greaves	110 Fitzwilliam Blvd. London ON N6H 5H4	159,128.80	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	159,128.80		

11-Apr-2017

Date



S. Wayne Parsons

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212

FORM 78 -- Continued

List "B"
Secured Creditors

Intertainment Media 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
21	Mark Greaves	110 Fitzwilliam Blvd. London ON N6H 5H4	85,000.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	85,000.00		
22	MGP Architects	123 East Street SAULT STE MARIE ON P6A 3C7	24,190.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	24,190.00		
23	Neal Kingstone	48 Yarden Drive Maple ON L6A 0W5	4,806.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	4,806.00		
24	P. Saad	1503 - 2020 Don Mills Rd. Toronto ON M3A 3R6	7,209.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	7,209.00		
25	Philip Turk	561 Avenue Road, Apt. 1104 Toronto ON M4V 2J8	6,067.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	6,067.00		

11-Apr-2017

Date

S. Wayne Parsons

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212

FORM 78 - Continued

List "B"
Secured Creditors

Intertainment Media 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
26	Relouw Family 2004 Discretionary Trust	254 Thames Road East Exeter ON N0M 1S3	383,670.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	383,670.00		
27	Roselyn Stratford	1286 Cumnock Cres. Oakville ON L6J 2N7	31,448.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	31,448.00		
28	Samuel Sayson	5710 Providence Country Club Dr. Charlotte NC 28277-2621 USA	5,322.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	5,322.00		
29	Sanford Miller	28 Broadriver Road Ormono Beach FL 32174 USA	12,016.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	12,016.00		
30	Steve Singh	28 Normandale Crescent Toronto ON M2P 1M8	196,583.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	196,583.00		

11-Apr-2017

Date

S. Wayne Parsons

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212

FORM 78 -- Continued


List "B"
Secured Creditors

Interntainment Media 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
31	Steven Wayne Parsons	1455 Corley Drive London ON L4G 2K5	20,000.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	20,000.00		
32	Thomas Fairfull	6 Flazington Court Ajax ON L1S 6N5	3,045.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	3,045.00		
33	Thomas P. McDonnell III	1052 Highland Colony Pkwy, Suite 204 Ridgeland MS 39157 USA	24,031.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	24,031.00		
34	Thornton Grout Finnigan	100 Wellington St. W., Suite 3200, PO Box 329 Toronto ON M5K 1K7	210,000.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	210,000.00		
35	Tony Relouw	254 Thames Road East Exeter ON N0M 1S3	50,000.00	Other - 4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	03-May-2016	50,000.00		
Total:			1,885,532.83			1,885,532.83	0.00	0.00

11-Apr-2017

Date


S. Wayne Parsons

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212

FORM 78 -- Continued


List "C"
Preferred Creditors for Wages, Rent, etc.

Interainment Media 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

11-Apr-2017

Date


S. Wayne Parsons

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212

FORM 78 -- Continued


List "D"
Contingent or Other Liabilities

Intertainment Media Inc.

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

11-Apr-2017

Date


S. Wayne Parsons

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212


FORM 78 -- Continued

List "E"
Debts Due to the Debtor
Interainment Media 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
Total:				0.00 0.00 0.00			0.00	

11-Apr-2017

Date


S. Wayne Parsons

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212

FORM 78 -- Continued

List "F"

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

Intertainment Media 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	

11-Apr-2017

Date



S. Wayne Parsons

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212


FORM 78 -- Continued

List "G"
Real Property or Immovables Owned by Debtor
Intertainment Media 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

11-Apr-2017

Date


S. Wayne Parsons

District of: Ontario
Division No. 05 - London
Court No. 35-2212212
Estate No. 35-2212212

FORM 78 -- Concluded

List "H"
Property


Intertainment Media 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		4.8M Shares of Yappn Corp.; 20% Equity Interest in Active ImageNation Inc.; itiBiti Ventures Inc. Assignment of Rights, Mi5 Print & Digital Communications Inc. Claim; 80% net proceeds of Accumulated Tax Losses	0.00	1,885,532.83
			Total:	1,885,532.83

11-Apr-2017

Date


S. Wayne Parsons

Court No. 35-2212212

File No. 35-2212212

In the matter of the proposal of
Entertainment Media Inc.
of the City of London, in the Province of Ontario

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

A. FARBER & PARTNERS INC., LIT - Licensed
Insolvency Trustee

150 York Street, Suite 1600
Toronto ON M5H 3S5
Phone: (416) 497-0150 Fax: (416) 496-3839

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

IN THE MATTER OF THE **PROPOSAL** of **INTERENTAINMENT MEDIA INC.**, of **London, Ontario** and the claim of _____, creditor.

I, _____ (name of creditor or representative of the creditor),
of _____ (city and province) do hereby certify:

1. That I am a creditor of the above-named debtor (or that I am _____ (state position or title) of _____ (name of creditor or representative of the creditor)).
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of **the notice of intention to make a Proposal**, namely **January 27, 2017**, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)
4. (Check and complete appropriate category.)
 - ☐ **A. UNSECURED CLAIM OF \$ _____**
That in respect of this debt, I do not hold any assets of the debtor as security and (check appropriate description):
 - ☐ Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.
 - ☐ Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on attached sheet details to support priority claim.)
 - ☐ **B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____**
That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)
 - ☐ **C. SECURED CLAIM OF \$ _____**
That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, 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.)
 - ☐ **D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____**
That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____.
(Attach a copy of sales agreement and delivery receipts.)
 - ☐ **E. CLAIM BY WAGE EARNER OF \$ _____**
 - ☐ That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____
 - ☐ That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____
 - ☐ **F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____**
 - ☐ That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____
 - ☐ That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____
 - ☐ **G. CLAIM AGAINST DIRECTOR \$ _____**
(To be completed when a proposal provides for the compromise of claims against directors.)
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.)
 - ☐ **H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____**
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:
(Give full particulars of the claim, including the calculations upon which the claim is based.)
5. That, to the best of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of section 4 of the Act, and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, the credits that I have allowed to and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or party to with the debtor within the three months (*or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months*) immediately before the date of the initial bankruptcy event within the meaning of subsection 2(1) of the Act: (*Provide details of payments, credits and transfers at undervalue.*)

7. (*Applicable only in the case of the bankruptcy of an individual*)

- ☐ Whenever the trustee reviews the financial situation of a bankrupt to re-determine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- ☐ I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address. (*Applicable only in the case of the bankruptcy of an individual.*)

Dated at _____ this _____ day of _____ 20_____.

Witness: _____

Creditor: _____

Phone Number: _____

Fax Number: _____

Email: _____

NOTES: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

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 1.1 must be added at the end of the document.

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.

General

The *signature of a witness* is required.

This document ***must be signed*** personally by the individual completing the declaration.

Give the complete address where all notices or correspondence is to be forwarded.

For your claim to be valid, you must provide ***supporting documentation*** (*i.e., invoice or statement of account*). The amount on the ***statement of account*** must correspond to the amount indicated on the proof of claim (*see Item 3 below*).

Item 1 – Creditor must state full and complete legal name of company or firm. If the individual completing the proof of claim is not the creditor himself, he must state his position or title.

Item 3 – The statement of account must be complete. A ***detailed statement of account of the last three months*** must be attached to the proof of claim and ***must*** show the date, the number and the amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments.

Item 4 – Please ***strike out*** those phrases that do not apply.

- An unsecured creditor must indicate whether he does or does not claim a right to a priority. A schedule must be attached to support priority claims.
- If you are filing as a secured creditor, a certified copy of the security documents must be attached to the proof of claim.
- If making a claim as a farmer, fisherman or aqua culturist, attach a copy of sales agreement and delivery documents.

Item 5 – All claims must indicate if they ***are or are not related*** to the debtor, as defined in Section 4 of the Bankrupt Act, by striking out ***“are” or “are not.”*** If you are related by blood or marriage to the debtor, you should consider yourself to be a related person. If the bankrupt is a corporation, you would be considered to be related to it if you were a shareholder or if your company was controlled by the same shareholders as the bankrupt corporation.

Item 6 – All Claimants must attach a detailed list of all payments or credits received or granted as follows:

- ***within the three (3) months preceding*** the bankruptcy or the proposal, in case where the claimant and the debtor are not related.
- ***within the twelve (12) months preceding*** the bankruptcy or proposal, in the case where the claimant and the debtor are related.

PROXY

All signatures must be witnessed.

A creditor may vote either in person or by proxy.

A debtor may not be appointed a proxy to vote at any meeting of his creditors.

The trustee may be appointed as a proxy for any creditor.

In order for a duly authorized person to have a right to vote he must himself be a creditor or be holder of a properly executed proxy.

The name of the creditor must appear in the proxy.

Completed forms can be sent by:

Mail: **Diane Falcione**
A. Farber & Partners Inc., Trustee
150 York Street, Suite 1600
Toronto, ON M5H 3S5

Fax: 416 496-3839

Email: **dfalcione@farberfinancial.com**

Note: As an original claim is not necessary, multiple copies of your claim do not need to be sent. One copy of your claim and supporting documentation, either by mail, fax or email, would suffice.

GENERAL PROXY

IN THE MATTER OF THE **PROPOSAL** of **INTERENTAINMENT MEDIA INC.**

an insolvent person. I (*or We*), _____
(*name of creditor*), of _____ (*name of city, town or village*), a creditor in the above
matter, hereby appoint _____ or, _____ to be my (*or our*) general
proxy in the above except as to the receipt of dividends, with (*or without*) power to appoint another general proxy in his or her place.

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

Witness

Individual Creditor (Telephone no.)

Name of Corporate Creditor

Witness

Per: _____
Name and Title of Signing Officer (Telephone no.)

**IN THE MATTER OF THE PROPOSAL OF
INTERENTAINMENT MEDIA INC.
OF THE CITY OF LONDON, IN THE PROVINCE OF ONTARIO**

VOTING LETTER

I, _____, creditor (or

I, _____, representative

of _____, creditor), of _____ (*name*

of city), a creditor in the above matter for the sum of \$_____ hereby

request the Trustee acting with respect to the Proposal of INTERENTAINMENT

MEDIA INC. to record my vote _____ ("*For*" or "*Against*") the acceptance of

the Proposal as made on the 11th day of April, 2017.

DATED AT _____ this _____ day of _____, 20_____.

Witness

Individual Creditor

Name of Corporate Creditor

Witness

Per:
Name and Title of Signing Officer