

COURT FILE NUMBER

B301-004437
25-3004437

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

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

APPLICANTS

AND IN THE MATTER OF THE DIVISION I PROPOSAL
OF IVRNET INC.

DOCUMENT

**FIRST REPORT OF ALVAREZ & MARSAL CANADA
INC. IN ITS CAPACITY AS PROPOSAL TRUSTEE
UNDER THE DIVISION I PROPOSAL**

November 14, 2023

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

PROPOSAL TRUSTEE
ALVAREZ & MARSAL CANADA INC.
Bow Valley Square IV
Suite 1110, 250 – 6th Avenue SW
Calgary, Alberta T2P 3H7
Orest Konowalchuk/Cassie Riglin
Telephone: (403) 538-4736/(403) 538-7519
Email: okonowalchuk@alvarezandmarsal.com
criglin@alvarezandmarsal.com

COUNSEL
Burnet, Duckworth & Palmer LLP
Barristers & Solicitors
David LeGeyt / Ryan Algar
2400, 525 – 8th Ave. SW.
Calgary, AB T2P 1G1
Phone: (403) 260-0210 / 0126
Fax: (403) 260-0332
Email: dlegeyt@bdplaw.com
ralgar@bdplaw.com

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INTRODUCTION

1. On October 30, 2023 (the “**Filing Date**”), Ivynet Inc. (“**Ivynet**” or the “**Company**”), prepared and filed its proposal to creditors (the “**Proposal**”) with the Office of the Superintendent of Bankruptcy (the “**OSB**”), pursuant to section 50 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”). Alvarez & Marsal Canada Inc. (“**A&M**”) consented to act as Trustee under the Proposal (**A&M** in such capacity the “**Proposal Trustee**”).
2. A copy of the Certificate of Filing of the Proposal issued by the Office of the Superintendent of Bankruptcy is attached to this Report as Appendix “A”.

PURPOSE

3. The purpose of this First Report of the Proposal Trustee (the “**First Report**” or this “**Report**”) is to provide this Honourable Court and the Company’s stakeholders with information and the Proposal Trustee’s comments in respect of the following:
 - a) background information about the Company, the cause of the Company’s financial difficulties and the Company’s prior refinancing and sales efforts;
 - b) the activities of the Proposal Trustee since the Filing Date;
 - c) a summary of the terms of the Proposal;
 - d) the outcome of the creditor’s meeting to vote on the Proposal;
 - e) the professional fees incurred within these proceedings;
 - f) the discharge of the Proposal Trustee; and
 - g) the Proposal Trustee’s overall recommendations.

TERMS OF REFERENCE

4. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Company’s representatives, the books and records of

- the Company and discussions with representatives of the Company. The Proposal Trustee has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook.
5. The Proposal Trustee expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Proposal Trustee in preparing this Report. Any party wishing to place reliance on the Company's financial information should perform its own due diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever. The Proposal Trustee accepts no reliance by any party based on the information in this Report.
 6. All references to dollars are in Canadian currency unless otherwise noted.
 7. Capitalized terms not defined in this Report are as defined in the Proposal.
 8. All materials related to these proceeding have been posted on the Proposal Trustee's website at www.alvarezandmarsal.com/ivrnet (the "**Proposal Trustee's Website**") and are available for review.

BACKGROUND

Overview

9. The Company was incorporated under the laws of Alberta and operates as a software and communications company specializing in the development, hosting, sale, and support of value-added business automation software. Ivrnet's products and services are delivered through both the internet and the traditional phone network, enabling automated interactions, personalized communication among individuals, mass communication for simultaneously disseminating information to large audiences, and personalized communication between individuals and automated systems.

10. The Company employs six employees, primarily located in Calgary, Alberta. Furthermore, the Company has an additional eight independent contractors who assist with finance, human resources, cybersecurity, project management, website development, software development, and user interface design related matters.
11. Ivrrnet is indebted to three creditors who have established secured interests in the assets of the Company (collectively, the “**Supporting Creditors**”):
 - a) R.C. Morris & Company Special Opportunities Fund III Limited Partnership by its General Partner R.C. Morris & Company S.O. Fund III GP Ltd. (“**RCM**”);
 - b) David Snell (“**Mr. Snell**”); and
 - c) Parlee McLaws LLP (“**Parlee**”).
12. The Proposal Trustee understands that the Supporting Creditors are collectively owed approximately \$5.7 million. This sum includes \$5.2 million owed to RCM, \$253,000 owed to Mr. Snell, and \$217,000 owed to Parlee. In 2016, RCM granted the Company a term loan for which no principal payments have been received to date, Mr. Snell extended a debenture loan to Ivrrnet, and over the past year Parlee has provided legal services to the Company.

Prior Sale and Refinancing Attempts

13. In early 2019, Ivrrnet began to experience significant financial and operational challenges stemming from an increase in recurring and non-recurring operating costs, a decrease in its revenue streams due to the COVID-19 virus and a concurrent escalation in the interest payments owed to RCM. These issues prompted financial challenges for Ivrrnet, who attempted to navigate these adverse economic conditions and find solutions to stabilize its financial health and business operations.
14. Between 2019 and 2023, the Company undertook initiatives to address its financial and operational challenges including, but not limited to, engaging with eight potential parties regarding a sale or refinancing process and attempting to either

- (i) refinance the RCM debt or (ii) sell the Company as a going concern. In January 2021, the Company received a Letter of Intent (LOI) for the acquisition of the majority of Ivrrnet's shares. Despite extensive negotiation attempts with the interested party, no sales transaction emerged that would receive the backing of the Company, its board of directors, and RCM (the senior secured lender). Subsequent efforts to sell or refinance the Company did not yield any viable offers.
15. In or around May 2023, Ivrrnet entered into negotiations with N. Harris Computer Corporation ("**Harris**") for the potential sale of the Company. Harris was granted access to a data room containing Ivrrnet's financials, detailed product information, customer and vendor data. Harris engaged in numerous conversations with management as part of its due diligence process. Following Harris's preliminary due diligence, a Proposal was chosen as the preferred restructuring process to proceed with the acquisition as a Proposal would allow Harris to preserve the Company's tax assets. On October 27, 2023, Ivrrnet and Harris entered into a purchase agreement (the "**Purchase Agreement**"), which is contingent on a successful Proposal.

ACTIVITIES OF THE COMPANY AND THE PROPOSAL TRUSTEE

16. Since the Filing Date, the Proposal Trustee and the Company's management ("**Management**") have among other things:
- a) on October 31, 2023, the Proposal Trustee notified the creditors and the Office of the Superintendent of Bankruptcy of the Proposal, creditor meeting and court application. A copy of the notice to creditors including the Proposal is attached to this Report as Appendix "**B**".
 - b) prepared the budget to actual cashflow reporting which was provided by the Company to the Proposal Trustee. The Proposal Trustee notes that there have been no material adverse changes to the cash flow;
 - c) held various discussion with creditors on the Proposal and the submission of proof of claim form, proxies and voting letters;

- d) reviewed and verified proof of claims submitted in advance of the creditor meeting;
- e) held the meeting of creditors with respect to the Proposal, with the results of that meeting being discussed below; and
- f) participated in various discussions between the Proposal Trustee, its legal counsel, the Company and the Company's legal counsel relating to matters relevant to the Proposal proceedings, including the Purchase Agreement, preparing for the meeting of creditors and the court application.

SUMMARY OF THE PROPOSAL

17. The Proposal provides that the Company will amend its articles of incorporation to create a new class of shares of Ivrrnet (the “**New Common Shares**”) and will provide for the redemption or cancellation by Ivrrnet of the existing common shares and all other Equity Interests of Ivrrnet, if any, for no consideration, such that Harris will become the sole shareholder of the Company. It is anticipated that most unsecured creditors will have their claims compromised pursuant to the Proposal, but that certain creditors necessary for the continued operation of the business will be paid in the ordinary course of business and will be unaffected by the Proposal.
18. At a high level, the primary objectives of the Proposal are to:
 - a) enable the Company to continue its business as a going concern from and after the Effective Date;
 - b) provide for the redemption or cancellation by Ivrrnet of the common shares and all other Equity Interests of Ivrrnet for no consideration;
 - c) amend and restate the articles of incorporation to create the New Common Shares and issue the New Common Shares to Harris as the sole shareholder of Ivrrnet;

- d) issue the Creditor Distribution Pool to the Unsecured Creditors on a pro-rata basis in satisfaction of their Unsecured Claims;
 - e) issue a distribution to the Supporting Creditors in full satisfaction of their secured claims. The Supporting Creditors are prepared to accept a discounted payment on their secured claims to fund the Proposal; and
 - f) effect a full, final and irrevocable compromise, release, discharge, cancellation and bar of all Claims.
19. If the Proposal is successful, Harris will disburse the Purchase Price according to the Purchase Agreement, as follows:
- a) \$100,000 will be paid to the Proposal Trustee to fund the Proposal Funding Reserve, as stipulated in the Support Agreement between Ivrrnet and the Supporting Creditors. The Proposal Funding Reserve will be fully or partially used to fund the Proposal in the event that the Proposal Funding Amount is adjusted and falls below \$100,000, as discussed further below;
 - b) \$200,000 will be paid to the Proposal Trustee to fund the Professional Fee Reserve, and the Proposal Trustee will utilize the Professional Fee Reserve to pay the reasonable and documented unpaid fees and disbursements of the Ivrrnet Professionals when invoiced. After the fees and disbursements for which the Professional Fee Reserve was established have been paid, any residual amount of the Professional Fee Reserve remaining shall be paid by the Proposal Trustee to the Unsecured Creditors if the Proposal Trustee reasonably determines that it makes economic sense to make a further distribution, failing which the residual amount shall be paid to Ivrrnet without the requirement to effect a further distribution to Unsecured Creditors; and
 - c) a significant portion of the Purchase Price (~90%) will be paid to the Supporting Creditors in full satisfaction of their secured claims (the **"Supporting Creditor Payments"**). The remaining unpaid balance of

the Supporting Creditors' Claims, after making the Supporting Creditor Payments, will constitute an unsecured deficiency claim in favor of the Proposal, but with no entitlement to a distribution under the Proposal.

20. The balance of the Purchase Price, following the distribution of the aforementioned payments, will be paid to the Proposal Trustee and will constitute the Proposal Funding Amount. The Proposal Funding Amount is subject to adjustment if the balance of Ivrrnet's estimated net current assets is lower than the minimum balance stipulated in the Purchase Agreement within 10 days after the Closing Date of the transaction (the “**NCA Adjustment**”).
21. Assuming the Proposal is successful, the Closing Date is currently estimated to be December 1, 2023. The NCA Adjustment is limited to the balance of the Proposal Funding Amount, and if it results in the Proposal Funding Amount dropping below \$100,000, the Proposal Funding Reserve will be used to bring it up to the guaranteed minimum amount of \$100,000. Any funds remaining in the Proposal Funding Reserve will be paid to RCM.
22. Once finalized, the Proposal Funding Amount will be distributed in the following order:
 - a) a 5% levy of the Proposal Funding Amount payable to the OSB;
 - b) payment for priority amounts owed to Preferred Creditors, which are currently estimated to be \$2,000; and
 - c) payment of the remaining balance to the Unsecured Creditors with Proven Claims.

MEETING OF CREDITORS

23. The Proposal was subject to acceptance by way of a resolution of the unsecured class of creditors within the Proposal at the meeting of creditors, which was held on November 10, 2023 at 10:00 AM MST.

24. As per section 54(2)(d) of the BIA, a Proposal is deemed to be accepted by the creditors if, and only if, a majority of creditors in number and two-thirds of the claims in dollar value vote for acceptance of the Proposal.
25. The unsecured creditor class voted in favour of the Proposal with 94% of creditors in number representing 99% in the value of proven claims accepted by the Proposal Trustee. Therefore, the Proposal is deemed to have been accepted.
26. With acceptance of the Proposal by the unsecured creditors, the Proposal Trustee is now seeking approval, by this Honourable Court, of the Proposal and to allow the Company and the Proposal Trustee to take the steps necessary to implement the Proposal.

PROPOSAL TRUSTEE'S RECOMMENDATION ON THE PROPOSAL

27. The Proposal Trustee is supportive of the Proposal for, among others, the following reasons:
 - a) if the Proposal is not sanctioned by this Honourable Court, the Company will be deemed to have made an assignment in bankruptcy on the date of the application to consider the Proposal;
 - b) in a bankruptcy, the claims of the unsecured class of creditors will rank below that of the secured creditor, with no expected surplus of funds available to exceed that of the secured creditors' claims in a liquidation, as further outlined in a numerical analysis in Appendix "C" to this Report;
 - c) the Proposal provides the Company with an opportunity to continue operating as a going concern;
 - d) the Company has acted in good faith and with due diligence during the filing and in preparing the Proposal; and
 - e) the Company conducted a sales process prior to the Filing Date that resulted in no offers in outside of the Harris offer, indicating that the

Proposal is the best available outcome for the Company and its stakeholders.

APPROVAL OF PROFESSIONAL FEES

28. The Proposal Trustee seeks approval from this Honourable Court of its and the Proposal Trustee's Counsel's fees and disbursements to date from October 19, 2023 to November 9, 2023, as well as forecasted professional fees to complete the administration under the Proposal proceedings (together the **"Total Professional Fee Period"**).
29. The total fees and disbursements of the Proposal Trustee incurred through November 9, 2023 total \$51,194 (excluding GST) and the anticipated fees and costs to complete the administration of the Proposal proceedings are estimated to not exceed \$35,000 (excluding GST) (the **"Proposal Trustee's Fees and Costs"**). The total fees and disbursements of the Proposal Trustee's Counsel, incurred through November 9, 2023 total \$15,313 (excluding GST) and the anticipated fees to complete the administration of the Proposal Proceedings are estimated to not exceed \$10,000 (excluding GST) (the **"Proposal Trustee's Counsel's Fees and Costs"**).
30. A summary of the Proposal Trustee's Fees and Costs and the Proposal Trustee's Counsel's Fees and Costs are attached as Appendix **"D"**.
31. The accounts of the Proposal Trustee and the Proposal Trustee's Counsel detail the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. Copies of the invoices will be made available to the Court at its direction, if necessary.
32. The Proposal Trustee respectfully submits that its professional fees and disbursements and those of the Proposal Trustee's Counsel (including forecast fees and costs) are fair and reasonable in the circumstances and as outlined in this Report

and respectfully requests that this Honourable Court approve the Proposal Trustee's Fees and Costs and the Proposal Trustee's Counsel's Fees and Costs.

PROPOSAL TRUSTEE'S DISCHARGE

33. The Proposal Trustee respectfully requests that this Honourable Court grant an Order which, among other things, and subject to the filing of a certificate confirms the Proposal Trustee has satisfied its obligations under the terms of the BIA, absolutely, forever and unconditionally discharges the Proposal Trustee from any claims against the Proposal Trustee arising from, relating to, or in connection with, the performance of the Proposal Trustee's duties and obligations as Proposal Trustee, save and except for claims based on gross negligence, fraud or wilful misconduct.
34. The Proposal Trustee is respectfully of the view that it has conducted itself appropriately in these proceedings and respectfully requests that this Court approve the actions and conduct of the Proposal Trustee since the Filing Date.
35. Upon completion of the steps laid out within the Proposal, the Proposal Trustee will file a certificate with the Court and the OSB confirming that all terms of the Proposal have been satisfied. Upon filing the certificate, the Proposal Trustee will be automatically discharged without further order of the Court.

PROPOSAL TRUSTEE'S OVERALL RECOMMENDATIONS

36. The Trustee recommends that this Honourable Court approve:
 - a) the Proposal;
 - b) the actions of the Company and the Proposal Trustee since the Filing Date;
 - c) the Proposal Trustee's Fees and Costs and the Proposal Trustee's Counsel's Fees and Costs; and
 - d) the Proposal Trustee's discharge and release from liability.

All of which is respectfully submitted this 14th day of November, 2023.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Proposal Trustee of
Ivrnet Inc. and
not in its personal or corporate capacity**

A handwritten signature in black ink, appearing to read 'CR', with a long horizontal flourish extending to the right.

Cassie Riglin, LIT
Senior Vice-President

PROPOSAL TRUSTEE'S FIRST REPORT

APPENDIX "A"



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Alberta
Division No. 02 - Calgary
Court No. 25-3004437
Estate No. 25-3004437

In the Matter of the Proposal of:

Ivrnet Inc.

Debtor

ALVAREZ & MARSAL CANADA INC.

Licensed Insolvency Trustee

Date of Proposal:	October 30, 2023	Security:	\$
Meeting of Creditors:	November 10, 2023, 10:00 Meeting held by Microsoft Teams or by telephone 1-647-749-7010 665 497 750#, Alberta Canada,		
Chair:	Trustee		

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

-- AMENDED --

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

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

The aforementioned trustee is required:

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

Date: November 07, 2023, 13:14

E-File/Dépôt Electronique

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada

PROPOSAL TRUSTEE'S FIRST REPORT

APPENDIX "B"

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-3004437
 Estate No. 25-3004437

FORM 92
 Notice of Proposal to Creditors
 (Section 51 of the Act)

In the Matter of the Division I Proposal of
 Ivynet Inc.

In the City of Calgary, in the Province of Alberta

Take notice that Ivynet Inc. of the city of Calgary in the Province of Alberta has lodged with me a proposal under the *Bankruptcy and Insolvency Act*.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed.

A general meeting of the creditors will be held on the 10th day of November 2023 at 10:00 AM at Microsoft Teams Meeting:

- 1) Please contact Gabby Menzies for meeting link at gmenzies@alvarzeandmarsal.com; or
- 2) Dial-in at +1 647-749-7010, ID: 655 497 750#

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim must be lodged with me prior to the commencement of the meeting.

Proxies and voting letters intended to be used at the meeting may be filed at any time up until the moment a vote is called.

Dated at the city of Calgary in the Province of Alberta, this 31st day of October 2023.

Alvarez & Marsal Canada Inc. - Licensed Insolvency Trustee

Per:




Cassie Riglin - Licensed Insolvency Trustee
 Bow Valley Square 4
 Suite 1110, 250 6th Ave SW
 Calgary AB T2P 3H7
 Phone: (403) 538-7555 Fax: (403) 538-7551

(A form of proof of claim, a form of proxy and a voting letter should be enclosed with each notice.)

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-3004437
 Estate No. 25-3004437

FORM 92 — Continued

In the Matter of the Division I Proposal of
 Ivnet Inc.
 In the City of Calgary, in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Accesswire Canada Ltd	Lockbox No T56394C/UPO Box 56394 Postal Station A Toronto ON M5W 4L1		3,879.76
Accrisoft	PO Box 896543 Charlotte NC 28289-6543 UNITED STATES		656.03
AllSold.ca	514 42 Ave SE Calgary AB T2G1Y7		4,167.98
Altitude Communications	Suite 520, 2710 17th Ave. S.E. Calgary AB T2A0P6		560.72
Amex Bank of America	1801 NW 66 Avenue, Suite 103 (mail code: 05-03-12) Plantation FL 33313 United States		11,500.00
Amex Bank of Canada	2225 Sheppard Avenue East, Suite 100 Toronto ON M2J 5C2		31,586.66
Andrew Watts			22,500.00
Artis REIT Estate Investment	Suite 410, 1331 Macleod Trail SE Calgary AB T2G0K3		388,558.67
Bandwidth, Inc.	PO Box 715382 Cincinnati OH 45271-5382 United States		2,037.35
Boast Capital LP	325 Front St W, Suite 500 Toronto ON M5V2Y1		11,318.50
Bow River Electric Ltd	100 Shawfield Way SW Calgary AB T2Y 2Y1		2,359.40
Broadridge ICS	PO Box 416423 Boston MA 02241-6423 United States		1,089.60
Calgary Transit	PO Box 2100 Station M (mail code: 166SG) Calgary AB T2P2M5		1,680.00
Canadian Wireless Telecomm	Suite 30080 Elgin Street Ottawa ON K1P6R2		6,247.50
Carbon Capital	10555 48 St SE Unit #137 Calgary AB T2C 2B7		35,668.00
CERB	Royal Bank of Canada, Main Branch, 339 - 8 Ave SW Calgary AB T2P 1C4		60,000.00

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-3004437
 Estate No. 25-3004437

FORM 92 — Continued

In the Matter of the Division I Proposal of
 Ivnet Inc.
 In the City of Calgary, in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
David Snell	[REDACTED]		253,027.40
FlexITy	45 Vogell Rd, 8th Floor Richmond Hill ON L4B3P6		4,134.37
ICF Next North America Inc.	400 University Ave. 17th Floor Toronto ON M5G1S7		52,816.27
Imagine Wireless Inc.	3923 - 17 Ave. SW Calgary AB T3E 0C3		3,208.50
IMImobile Inc.	60 Adelaide St. East, Suite 400 Toronto ON M5C 3E4		6,487.82
Insitiful Solutions Inc	17075 Leslie St Unit 7 Markham ON L3Y 8E1		4,576.50
IRONCLADTEK	220, 3700 78 Ave SE Calgary AB T2C 2L8		27,781.95
ISSEC Inc.	PO Box 10135 Airdrie AB T4A 0H5		2,625.00
Kenway Mack Slusarchuk Stewart LLP	300-150 13 Ave SW Calgary AB T2R 0V2		23,625.00
Kluane Partners	Suite 410 505 - 8 Ave. S.W. Calgary AB T2P 1G2		7,875.00
Lindsey MacCarthy LLP	1400, 350 - 7 Ave. S.W. Calgary AB T2P 3N9		1,539.90
Line One Contact Centres Inc.	Suite 123#315 5155 - 130 Ave. S.E. Calgary AB T2Z0N3		4,486.14
MNP LLP	1500, 640 - 5th Avenue SW Calgary AB T2P3G4		62,645.00
Olympia Trust Company	PO Box 128, STN MATTN: Corporate & Shareholder Services Calgary AB T2P 2H6		3,045.97
Parlee McLaws LLP	3300 TD Canada Trust Tower 421 - 7 Ave. SW Calgary AB T2P 4K9		216,997.00

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-3004437
 Estate No. 25-3004437

FORM 92 --- Concluded

In the Matter of the Division I Proposal of
 Ivnet Inc.
 In the City of Calgary, in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Primesoft Solutions Inc.	38 N. Liverty Drive South Barrinton IL 60010 United States		34,743.00
R.C. Morris & Company S.O. Fund III Holdings Ltd.	Suite 810 - 570 Granville Street Vancouver BC V6C3P1		5,198,366.62
Shift IT Corp	1740 13 Ave SW Calgary AB T3C 0T9		4,277.60
The Sayers Group	502 4000 Yonge St Toronto ON M4N 2N9		4,142.57
Think On, Inc.	420-56 Aberfoyle Cres Etobicoke ON M8X 2W4		17,436.74
Thinktel Communications	1135 -740 Notre-Dame O, Montreal QC H3C3X6		477.70
Toppan Merrill Corporation Canada	1 Adelaide Street East Suite 3000, PO Box 204 Toronto ON M5C2V9		5,008.86
ubitrak	1232, rue Saint-Jean Chambly QC J3L 2W5		8,211.01
Ventures Eleven	28 Bow Ridge Drive Cochrane AB T4C 1V6		283.55
Total			6,531,629.64

District of: Alberta
Division No. 02 - Calgary
Court No. 25-3004437
Estate No. 25-3004437

FORM 40.1
Notice of Hearing of Application for Court Approval of Proposal
(Paragraph 58(b) of the Act)

In the Matter of the Division I Proposal of
Ivrnet Inc.
In the City of Calgary, in the Province of Alberta

In Court of King's Bench of Alberta.

In the matter of the proposal of Ivrnet Inc., a debtor.

Take notice that an application will be made to the court, at Calgary Courts Centre Suite 705-N, 601 - 5 St. SW, Calgary, T2P 5P7, Alberta, on the 24th day of November 2023, at 3:00 PM, to approve the proposal of Ivrnet Inc., if accepted by the creditors at a meeting held on the 10th day of November 2023.

Dated at the city of Calgary in the Province of Alberta, this 31st day of October 2023.

Alvarez & Marsal Canada Inc. - Licensed Insolvency Trustee
Per:



Cassie Riglin - Licensed Insolvency Trustee
Bow Valley Square 4
Suite 1110, 250 6th Ave SW
Calgary AB T2P 3H7
Phone: (403) 538-7555 Fax: (403) 538-7551

District of: Alberta
Division No. 02 - Calgary
Court No. 25-3004437
Estate No. 25-3004437

☒ Original

☐ Amended 022

-- 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 Division I Proposal of
Ivnet Inc.

In the City of Calgary, in the Province of Alberta

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 30th day of October 2023. 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"	863,985.13
Balance of secured claims as per list "B"	5,278,410.02
Total unsecured creditors	6,142,395.15
2. Secured creditors as per list "B"	389,981.00
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	6,532,376.15
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	357,615.00
Doubtful	0.00
Bad	0.00
Estimated to produce	357,615.00
4. Bills of exchange, promissory note, etc., as per list "F" ...	0.00
5. Deposits in financial institutions	0.00
6. Cash	32,366.00
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"	0.00
If debtor is a corporation, add:	
Amount of subscribed capital	0.00
Amount paid on capital	0.00
Balance subscribed and unpaid	0.00
Estimated to produce	0.00
Total assets	389,981.00
Deficiency	6,142,395.15

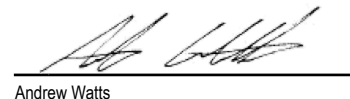
I, Andrew Watts, of the city of Redwood Meadows in the Province of Alberta, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of the affairs of the Corporation on the 30th day of October 2023 and fully disclose 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 Calgary in the Province of Alberta, on this 30th day of October 2023.



Shelly Gamma, Commissioner of Oaths
For the Province of Alberta
Expires June 10, 2025



Andrew Watts

Court No.

File No.

In the Matter of the Division I Proposal of
Ivrnet Inc.
In the City of Calgary, in the Province of Alberta

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

Alvarez & Marsal Canada Inc. - Licensed Insolvency
Trustee
Per:



Cassie Riglin - Licensed Insolvency Trustee
Bow Valley Square 4
Suite 1110, 250 6th Ave SW
Calgary AB T2P 3H7
Phone: (403) 538-7555 Fax: (403) 538-7551

Court No. 25-3004437
Estate No. 25-3004437

COURT OF KINGS'S BENCH FOR ALBERTA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE DIVISION I PROPOSAL OF
IVRNET INC.

TRUSTEE'S REPORT TO CREDITORS

INTRODUCTION

1. On October 30, 2023 (the "**Filing Date**"), Ivrrnet Inc. ("**Ivrrnet**" or the "**Company**"), prepared and filed its proposal to creditors (the "**Proposal**") with the Office of the Superintendent of Bankruptcy, pursuant to section 50 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**"). Alvarez & Marsal Canada Inc. ("**A&M**") consented to act as Trustee under the Proposal (**A&M** in such capacity the "**Proposal Trustee**").
2. A copy of the Certificate of Filing of the Proposal, issued by the Office of the Superintendent of Bankruptcy, is attached as Appendix "**A**", and a copy of the Proposal is attached as Appendix "**B**".

PURPOSE OF THIS REPORT

3. The purposes of this Report are to:
 - a) provide background information about the Company and the cause of the Company's financial difficulties and advise on the Company's prior refinancing and sales efforts;
 - b) summarize the terms of the Proposal;
 - c) discuss the Company's ability to fulfill the terms of the Proposal;

- d) provide the Proposal Trustee's opinion as to the reasonableness of the provision in the Proposal that sections 95 to 101 do not apply in respect of the Proposal, as required pursuant to Section 50(10)(b) of the BIA;
- e) compare the result for creditors under the Proposal to the result if the Proposal is not accepted and the Company is deemed to have made an assignment in bankruptcy; and
- f) provide the Proposal Trustee's recommendation on the Proposal.

TERMS OF REFERENCE AND LIMITATIONS

- 4. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Company's representatives, the books and records of the Company and discussions with representatives of the Company.
- 5. The Proposal Trustee has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook.
- 6. The Proposal Trustee expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Proposal Trustee in preparing this Report. Any party wishing to place reliance on the Company's financial information should perform its own due diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever. The Proposal Trustee accepts no reliance to any party based on the information in this Report.

BACKGROUND

Overview

7. Capitalized terms not defined in this report (the “**Report**”) are as defined in the Proposal.
8. The Company is incorporated under the laws of Alberta and operates as a software and communications company specializing in the development, hosting, sale, and support of value-added business automation software. Ivrnet's products and services are delivered through both the internet and the traditional phone network, enabling automated interactions, personalized communication among individuals, mass communication for simultaneously disseminating information to large audiences, and personalized communication between individuals and automated systems.
9. The Company employs six employees, primarily located in Calgary, Alberta. Furthermore, the Company has an additional eight independent contractors who assist with finance, human resources, cybersecurity, project management, website development, software development, and user interface design related matters.
10. Ivrnet is indebted to three creditors who have established secured interests in the assets of the Company (collectively, the “**Supporting Creditors**”):
 - a) R.C. Morris & Company Special Opportunities Fund III Limited Partnership by its General Partner R.C. Morris & Company S.O. Fund III GP Ltd. (“**RCM**”);
 - b) David Snell (“**Mr. Snell**”); and
 - c) Parlee McLaws LLP (“**Parlee**”).
11. The Proposal Trustee understands that the Supporting Creditors are collectively owed approximately \$5.7 million. This sum includes \$5.2 million owed to RMC, \$253,000 owed to Mr. Snell, and \$217,000 owed to Parlee. In 2016, RMC granted

the Company a term loan for which no principal payments have been received to date. Mr. Snell extended a debenture loan to Ivrrnet, and over the past year Parlee provided legal services to the Company.

Prior Sale and Refinancing Attempts

12. In early 2019, Ivrrnet began to experience significant financial and operational challenges stemming from an increase to recurring and non-recurring operating costs, a decrease to its revenue streams due to the COVID-19 virus and a concurrent escalation in the interest payments owed to RCM. These issues prompted financial challenges for Ivrrnet, as it attempted to navigate through the adverse economic conditions and find solutions to stabilize its financial health and business operations.
13. Between 2019 and 2023, the Company undertook initiatives to address its financial and operational challenges. This involved engaging with eight potential parties in a sales or refinancing process, and attempting to either refinance the RCM debt or sell the Company as a going concern. In January 2021, the Company received a Letter of Intent (LOI) for the acquisition of the majority of Ivrrnet's shares. Despite extensive negotiation attempts with the interested party, no sales transaction emerged that would receive the backing of the Company, its board of directors, and RCM (the main secured lender). Subsequent efforts to sell or refinance the Company did not yield any viable offers.
14. In or around May 2023, Ivrrnet entered into negotiations with N. Harris Computer Corporation ("**Harris**") for the potential sale of the Company. Harris was granted access to a data room containing Ivrrnet's financials, detailed product information, customer and vendor data, and engaged in numerous conversations with management as part of their due diligence process. Following Harris's preliminary due diligence, a Proposal was chosen as the preferred restructuring process to proceed with the acquisition as it would allow Harris to preserve the Company's tax assets. On October 27, 2023, Ivrrnet and Harris entered into a purchase

agreement (the “**Purchase Agreement**”), which is contingent on a successful Proposal.

15. All materials related to these proceeding have been posted on the Proposal Trustee's website at www.alvarezandmarsal.com/ivrnet (the “**Proposal Trustee’s Website**”) and are available for review.

SUMMARY OF THE PROPOSAL

16. The Proposal provides that the Company will amend its articles of incorporation to create a new class of shares of Ivrrnet (the “**New Common Shares**”) and will provide for the redemption or cancellation by Ivrrnet of the common shares and all other Equity Interests of Ivrrnet, if any, for no consideration, such that Harris will become the sole shareholder of the Company. It is anticipated that most unsecured creditors will have their claims compromised pursuant to the Proposal, but that certain creditors necessary for the continued operation of the business will be paid in the ordinary course of business and will be unaffected by the Proposal.
17. The primary objectives of the Proposal are summarized as follows:
 - a) to enable the Company to continue its business as a going concern from and after the Effective Date;
 - b) to provide for the redemption or cancellation by Ivrrnet of the common shares and all other Equity Interests of Ivrrnet for no consideration;
 - c) to amend and restate the articles of incorporation to create the New Common Shares and issue the New Common Shares to Harris as the sole shareholder of Ivrrnet;
 - d) to issue the Creditor Distribution Pool to the Unsecured Creditors in satisfaction of their Unsecured Claims;
 - e) to issue a discounted distribution to the Supporting Creditors in full satisfaction of their secured claims. The Supporting Creditors are

prepared to accept a discounted payment on their secured claims to fund the Proposal; and

- f) to effect a full, final and irrevocable compromise, release, discharge, cancellation and bar of all Claims.

18. If the Proposal is successful, Harris will disburse the Purchase Price according to the Purchase Agreement, as follows:

- a) \$100,000 will be paid to the Proposal Trustee to fund the Proposal Funding Reserve, as stipulated in the Support Agreement between Ivrrnet and the Supporting Creditors. The Proposal Funding Reserve will be fully or partially used to fund the Proposal in the event that the Proposal Funding Amount is adjusted and falls below \$100,000, as discussed further below;
- b) \$200,000 will be paid to the Proposal Trustee to fund the Professional Fee Reserve, and the Proposal Trustee will use the Professional Fee Reserve to pay the reasonable and documented unpaid fees and disbursements of the Ivrrnet Professionals when invoiced. After the fees and disbursements for which the Professional Fee Reserve was established have been paid, any residual amount of the Professional Fee Reserve remaining shall be paid by the Proposal Trustee to the Unsecured Creditors if the Proposal Trustee reasonably determines that it makes economic sense to make a further distribution, failing which the residual amount shall be paid to Ivrrnet without the requirement to effect a further distribution to Unsecured Creditors; and
- c) a significant portion of the Purchase Price (~90%) will be paid to the Supporting Creditors in full satisfaction of their secured claims (the "**Supporting Creditor Payments**"). The remaining unpaid balance of the Supporting Creditors' Claims, after making the Supporting Creditor

Payments, will constitute an unsecured deficiency claim in favor of the Proposal, but with no entitlement to a distribution under the Proposal.

19. The balance of the Purchase Price, after the aforementioned payments, will be paid to the Proposal Trustee and will constitute the Proposal Funding Amount. The Proposal Funding Amount is subject to adjustment if the balance of Ivrrnet's estimated net current assets is lower than the minimum balance stipulated in the Purchase Agreement within 10 days after the Closing Date of the transaction (the “**NCA Adjustment**”). Assuming the Proposal is successful, the Closing Date is currently estimated to be December 1, 2023. The NCA Adjustment is limited to the balance of the Proposal Funding Amount, and if it results in the Proposal Funding Amount dropping below \$100,000, the Proposal Funding Reserve will be used to bring it up to the guaranteed minimum amount of \$100,000. Any funds remaining in the Proposal Funding Reserve will be paid to RCM.
20. Once finalized, the Proposal Funding Amount will be distributed in the following order:
 - a) a 5% levy of the Proposal Funding Amount payable to the Office of the Superintendent of Bankruptcy;
 - b) payment for priority amounts owed to Preferred Creditors, which are currently estimated to be \$2,000; and
 - c) payment of the remaining balance to the Unsecured Creditors with Proven Claims (the “**Creditor Distribution Pool**”).
21. The Creditor Distribution Pool will be distributed by the Proposal Trustee in the following manner:
 - a) Unsecured Claims (if any) that are Convenience Claims will be paid by the Proposal Trustee on behalf of Ivrrnet the lesser of (i) \$2,200 and (ii) the amount of their Convenience Claim, in full and final satisfaction of their Claims. A Convenience Claim can be made by any Unsecured

Creditor with a Proven Claim not exceeding \$2,200 or an Unsecured Creditor with a Proven Claim exceeding \$2,200 but who advises Ivynet and the Proposal Trustee in writing prior to the Creditor Meeting that it will accept payment of \$2,200 in full and final satisfaction of its Proven Claim; and

- b) Unsecured Claims (if any) that are Proven Claims and not Convenience Claims will be paid by the Proposal Trustee, on behalf of Ivynet, as a *pro rata* share of the amount remaining in the Creditor Distribution Pool after (i) payment of or provision for the Convenience Claims and (ii) any provision or holdback (as determined in the discretion of the Proposal Trustee for a Unsecured Claims that were properly filed on a timely basis but which has not been finally determined (each, an “**Unresolved Claim**”). The Proposal Trustee estimates that the *pro rata* distribution could result in recoveries of approximately 8% to 13%, subject to the number of Convenience Claims and the value of the Proven Claims.

PREFERENCE AND TRANSFERS AT UNDER VALUE

- 22. As part of its statutory duties under the BIA, the Proposal Trustee is required to conduct a review of the Company’s transactions immediately preceding the commencement of the Proposal proceedings to identify transactions that could be considered preferences or transfers at undervalue.
- 23. As of the date of this Report, the Proposal Trustee has initiated a review of reviewable or preference transactions. As described above, the Proposal provides that Sections 95 to 101 of the BIA, being the relevant sections under the BIA dealing with transactions that may be challenged by a trustee, do not apply to the Proposal. The Proposal Trustee believes this to be reasonable based on its initial review and the Proposal Trustee will complete its review and comment on its findings at the meeting of creditors.

24. The Proposal Trustee is not aware of any offences under the BIA being committed in relation to the Company or the Proposal proceedings.

PROPOSAL TRUSTEE'S ANALYSIS OF PROPOSAL

25. The Proposal Trustee conducted a numerical analysis to determine if the Proposal would result in greater recoveries for the Unsecured Creditors compared to potential recoveries in a bankruptcy. Within this analysis, the Proposal Trustee detailed the estimated net recoveries to the estate, considering both a 'high' and 'low' range based on the Company's realizable assets and the associated costs of realization and administration. A copy of the Proposal Trustee's numerical analysis is provided as Appendix "C".
26. Upon reviewing the Company's balance sheet, the Proposal Trustee determined that the only assets available for recovery were the accounts receivable and the remaining cash balance as of the Filing Date. Ivrrnet possesses nominal equipment and intangible assets, which were assessed to have no value in a bankruptcy liquidation scenario. The estimated recoveries for these assets range from approximately \$390,000 in the 'high' scenario to \$283,000 in the 'low' scenario.
27. In addition to the previously mentioned asset recoveries, the Trustee considered the potential sale of the Company to a buyer in the 'high' scenario. For this sale to yield any recovery for the Unsecured Creditors, the purchase price would need to surpass \$5.8 million, a significantly higher value than the Purchase Price in the Purchase Agreement between Ivrrnet and Harris. However, achieving this sum in a forced liquidation, considering the nature of the remaining assets, is unlikely. To offer an illustration and due to the confidentiality of the Purchase Price, an estimated sale price of \$500,000 has been assumed, although this figure does not depict the ultimate purchase price in a bankruptcy scenario.
28. The estimated net recoveries, after factoring in the costs of realization and administration, are approximately \$713,000 in the 'high' scenario and \$243,000 in the 'low' scenario. In both scenarios, these recoveries would not be sufficient to

cover the secured creditor claims of around \$5.7 million, leaving no funds available for the Unsecured Creditors. Conversely, the Proposal Funding Amount, guaranteed at \$100,000, would provide recoveries to the Unsecured Creditors.

REQUIREMENTS FOR A SUCCESSFUL PROPOSAL

29. The Proposal is subject to acceptance by way of a resolution of the unsecured creditor class within the Proposal at the meeting of creditors to be held on November 10, 2023 at 10:00 AM MST. The vote must pass by a majority of creditors in number and by two-thirds of the claims in dollar value. If passed, the Proposal Trustee must apply to court within 5 days to book an application to have the Proposal approved. Due to limited availability in the commercial list, the Proposal Trustee has taken the initiative to schedule a hearing on November 24, 2023 at 3:00 PM MST. If the Proposal is unsuccessful, the Proposal Trustee will cancel the hearing.
30. If the Proposal is voted against by the creditors, or if the Court does not approve the Proposal, then the Company will be deemed to have made an assignment in bankruptcy on that day and a meeting of creditors is to be held immediately with respect to the bankruptcy.
31. Details for the meeting of creditors to consider the Proposal are as follows:
 - a) November 10, 2023 at 10:00 AM MST
 - b) Held virtually on Microsoft Teams Video Conference:
 - i. Contact Gabby Menzies (gmenzies@alvarezandmarsal.com) for a Microsoft Teams hyperlink to the meeting
 - ii. Dial in: +1 647-749-7010

Conference ID: 655 497 750#

REMUNERATION OF THE PROPOSAL TRUSTEE

32. The Proposal Trustee's fees will be based on the time spent by the Proposal Trustee and the various members of its staff at their respective regular billing rates plus any direct out of pocket expenses incurred. All administrative fees and expenses of the Proposal Trustee will be assessed by the Court.
33. RCM has paid the Proposal Trustee a retainer of \$75,000 as security for the Proposal Trustee and its legal counsel's fees, costs and disbursements, which largely cover costs leading up to the filing of the Proposal.
34. Should the Proposal be accepted by the Unsecured Creditors and subsequently by the Court, the Proposal Trustee will pay any fees and disbursements incurred in the administration of the Proposal from the Professional Fee Reserve when invoiced.

PROPOSAL TRUSTEE'S RECOMMENDATION

35. The Proposal Trustee is supportive of the Proposal for the following reasons:
 - a) if the Proposal is not accepted by the creditors, the Company will be deemed to have made an assignment in bankruptcy on the date of the vote at the creditors' meeting called to consider the Proposal;
 - b) in a bankruptcy, the claims of the unsecured class of creditors will rank below that of the secured creditors, with no expected surplus of funds available to exceed that of the secured creditors' claims in a liquidation, as further outlined in the aforementioned numerical analysis;
 - c) the Proposal provides the Company with an opportunity to continue operating as a going concern;
 - d) the Company has acted in good faith and with due diligence during the filing and in preparing the Proposal; and

- e) the Company conducted a sales process that resulted in no offers in outside of the Harris offer, indicating that the Proposal is the best available outcome for the Company and its creditors.

Dated this 31st day of October, 2023

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Proposal Trustee of
Ivrnet Inc. and
not in its personal or corporate capacity**

A handwritten signature in black ink, appearing to be 'CR' followed by a flourish.

Cassie Riglin, LIT
Senior Vice-President

APPENDIX “A”



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Alberta
Division No. 02 - Calgary
Court No. 25-3004437
Estate No. 25-3004437

In the Matter of the Proposal of:

Ivrnet Inc.

Debtor

ALVAREZ & MARSAL CANADA INC.

Licensed Insolvency Trustee

Date of Proposal:	October 30, 2023	Security:	\$
Meeting of Creditors:	November 10, 2023, 10:00 Meeting held by Microsoft Teams or by telephone 1-647-749-7010 665 497 750#, Alberta Canada,		
Chair:	Trustee		

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

-- AMENDED --

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

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

The aforementioned trustee is required:

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

Date: November 07, 2023, 13:14

E-File/Dépôt Electronique

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada

APPENDIX “B”

Court File No: _____
Estate No: _____

**ALBERTA
COURT OF KING'S BENCH**

IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE PROPOSAL OF
IVRNET INC.**

**PROPOSAL
October 27, 2023**

Ivrnet hereby submits the following proposal under the BIA. Capitalised terms used herein have the meanings ascribed to them in Section 1.1 below.

Recitals

- A. Ivrnet is insolvent. It has been in discussions with its key financial stakeholders and with potential investors and purchasers to explore possible transactions as a means to address its liabilities and continue to operate as a going concern.
- B. As a result of these discussions, Ivrnet and the Supporting Creditors have reached an agreement with the Purchaser regarding a restructuring transaction for Ivrnet to be implemented pursuant to proposal proceedings under the BIA, and Ivrnet and the Purchaser have entered into the Purchase Agreement pursuant to which the Purchaser will acquire Ivrnet.
- C. Pursuant to the applicable Support Agreement, each of the Supporting Creditors has agreed to (i) accept the payment set out therein in full satisfaction of the secured portion of its claim, (ii) to release and discharge their security against Ivrnet and its property upon payment, (iii) vote its remaining unsecured deficiency claim in favour of this Proposal and (iv) waive its entitlement to a distribution under this Proposal.
- D. As a result, Ivrnet makes this Proposal to implement the transactions contemplated by the Purchase Agreement and believes it is in the best interests of its stakeholders to do so.

**ARTICLE 1
DEFINITIONS**

1.1 Definitions

In this Proposal, capitalized terms have the meanings set out below:

- (a) **"ABCA"** means the Alberta *Business Corporations Act*,

- (b) **“Adjusted Proposal Funding Amount”** means the Proposal Funding Amount less the NCA Adjustment;
- (c) **“Amendment”** is defined in Section 7.1;
- (d) **“Articles of Reorganization”** means articles of reorganization of Ivrrnet to amend Ivrrnet’s articles to, among other things: (i) create a new class of shares of Ivrrnet, being the New Common Shares; and (ii) provide for the redemption or cancellation by Ivrrnet of the common shares and all other Equity Interests of Ivrrnet, if any, for no consideration on the Effective Date, the form of which articles will be approved by the Proposal Approval Order;
- (e) **“BIA”** means the *Bankruptcy and Insolvency Act* (Canada);
- (f) **“Business Day”** means a day on which banks are open for business in Calgary, but does not include a Saturday, Sunday or statutory holiday in the Province of Alberta;
- (g) **“Canada Pension Plan”** means the *Canada Pension Plan* (Canada);
- (h) **“Certificate of Amendment”** means the certificate of amendment to be issued under Section 192 of the ABCA in respect of the Articles of Reorganization of Ivrrnet;
- (i) **“Claim”** means “claim” as defined by the BIA;
- (j) **“Convenience Claim”** means an Unsecured Creditor with a Proven Claim not exceeding \$2,200 or an Unsecured Creditor with a Proven Claim exceeding \$2,200 but who advises Ivrrnet and the Proposal Trustee in writing prior to the Creditor Meeting that it will accept payment of \$2,200 in full and final satisfaction of its Proven Claim;
- (k) **“Court”** means the Court of King’s Bench of Alberta;
- (l) **“Court Approval Date”** means the date of the Proposal Approval Order;
- (m) **“Creditor”** means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or similar officer acting on behalf or in the name of such Person;
- (n) **“Creditor Distribution Pool”** means the Adjusted Proposal Funding Amount less (i) the Superintendent’s Levy; and (ii) the payments to Preferred Creditors, if any, pursuant to Section 2.2(a);
- (o) **“Creditor Meeting”** means the meeting of Unsecured Creditors held to consider and vote on this Proposal;
- (p) **“Crown”** means His Majesty in right of Canada or a province;
- (q) **“Directors”** means any Person who, as at the Effective Date, is a current director or officer of Ivrrnet or who by applicable law is deemed to be or is treated similarly

to a director or officer of Ivrrnet or who currently manages or supervises the management of the business and affairs of Ivrrnet;

- (r) **“Effective Date”** means the date on which the conditions contained in Section 3.1 have been satisfied or such other date as agreed to in writing by Ivrrnet and the Purchaser, with the consent of the Proposal Trustee;
- (s) **“Effective Time”** means the first moment in time (Mountain Standard Time) on the Effective Date;
- (t) **“Employment Insurance Act”** means the *Employment Insurance Act* (Canada);
- (u) **“Encumbrance”** means, with respect to any property of Ivrrnet, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind whatsoever in respect of such property;
- (v) **“Equity Interests”** means any capital share, capital stock, partnership, membership, joint venture or other ownership or equity interest, participation, option, right, warrant, or other securities (whether voting or nonvoting, whether preferred, common or otherwise, and including share appreciation, contingent interest or similar rights) of a Person;
- (w) **“Filing Date”** means October 30, 2023;
- (x) **“Final Proposal Funding Amount”** means the Adjusted Proposal Funding Amount after payment of the amounts in Section 5.2(b) or (c), as applicable;
- (y) **“Governmental Authority”** means any domestic or foreign government, whether federal, provincial, state, territorial, municipal; or supra-national; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation;
- (z) **“Holdback”** is defined in Section 2.2(c);
- (aa) **“Income Tax Act”** means the *Income Tax Act* (Canada);
- (bb) **“Ivrrnet”** means Ivrrnet Inc.;
- (cc) **“Ivrrnet Professionals”** means the Proposal Trustee, the Proposal Trustee’s counsel and Ivrrnet’s counsel;
- (dd) **“NCA Adjustment”** has the meaning given to such term in the Purchase Agreement;
- (ee) **“New Common Shares”** means the new common shares of Ivrrnet contemplated by the Articles of Reorganization and created upon the issuance of the Certificate of Amendment;

- (ff) **“Person”** means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted;
- (gg) **“Preferred Claim”** means any Unsecured Claim or portion thereof that is required by the BIA to be paid in priority to other Unsecured Claims under a proposal by a debtor, including the Claims of:
 - (i) employees and former employees of Ivrrnet, if any, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court Approval Date, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about Ivrrnet’s business during the same period;
 - (ii) the trustee or other administrator of a prescribed pension plan in which Ivrrnet participates, if any, for the amounts, if any, required to be paid pursuant to section 60(1.5) of the BIA; and
 - (iii) the Crown for all amounts that were outstanding as of the Filing Date and are of a kind that could be subject to a demand under:
 - (A) subsection 224(1.2) of the *Income Tax Act*;
 - (B) any provisions 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 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
 - (C) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - (I) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
 - (II) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a “provincial pension plan” as defined in that subsection;

- (hh) **“Preferred Creditor”** means a Creditor with a Preferred Claim;
- (ii) **“Professional Fee Reserve”** means the reasonable and documented unpaid fees and disbursements of the Ivlnet Professionals prior to or after the commencement of the BIA Proceeding, together with the reasonable estimated fees and disbursements of the Ivlnet Professionals for any work that has not yet been billed at the Effective Time or that is required after the Effective Date to complete the transactions contemplated by the Purchase Agreement and Support Agreements, to implement this Proposal, and to fulfill the Proposal Trustee’s duties under the BIA;
- (jj) **“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;
- (kk) **“Proposal”** means this proposal dated October 27, 2023, as may be further amended or supplemented from time to time in accordance with its terms;
- (ll) **“Proposal Approval Order”** means the Order of the Court approving this Proposal and the Articles of Reorganization, in form and content satisfactory to Ivlnet and the Proposal Trustee;
- (mm) **“Proposal Funding Amount”** means the Purchase Price (before the NCA Adjustment) less the sum of (i) Supporting Creditor Payments and (ii) the Professional Fee Reserve, which amount will be paid to the Proposal Trustee at the direction of Ivlnet in accordance with the Purchase Agreement;
- (nn) **“Proposal Funding Increase”** means the amount (if any) required to increase the Adjusted Proposal Funding Amount to \$100,000 in accordance with Section 5.2(c) (if applicable);
- (oo) **“Proposal Funding Reserve”** has the meaning provided in the Purchase Agreement;
- (pp) **“Proposal Trustee”** means Alvarez & Marsal Canada Inc., a licensed insolvency trustee;
- (qq) **“Proposal Trustee’s Website”** means www.alvarezandmarsal.com/ivlnet;
- (rr) **“Proven Claim”** means the amount of the Claim of any Creditor finally determined in accordance with the provisions of the BIA;
- (ss) **“Purchase Agreement”** means the agreement dated October 27, 2023 between Ivlnet and the Purchaser, pursuant to which the Purchaser will acquire Ivlnet in connection with this Proposal;
- (tt) **“Purchased Shares”** means 100 New Common Shares in the capital of Ivlnet;
- (uu) **“Purchase Price”** has the meaning provided in the Purchase Agreement;
- (vv) **“Purchaser”** means N. Harris Computer Corporation;

- (ww) **"RC Morris"** means R.C. Morris & Company S.O. Fund III Holdings Ltd.;
- (xx) **"Secured Claim"** means any Claim to the extent that it is secured by a valid Encumbrance that is duly and properly registered or otherwise perfected in accordance with applicable law in the appropriate jurisdiction as of the Filing Date or thereafter to the extent permitted by the BIA;
- (yy) **"Secured Creditor"** means a Creditor with a Secured Claim;
- (zz) **"Superintendent's Levy"** means the levy payable in respect of amounts distributed by the Proposal Trustee under this Proposal in accordance with section 147 of the BIA;
- (aaa) **"Support Agreements"** means the agreements between Ivrrnet and each of the Supporting Creditors, pursuant to which the Supporting Creditors, among other things, agree to (i) accept the payment set out therein in full satisfaction of the secured portion of their claims, (ii) to release and discharge their security against Ivrrnet upon payment, (iii) vote their remaining unsecured deficiency claim in favour of this Proposal and (iv) waive their entitlement to a distribution under this Proposal;
- (bbb) **"Supporting Creditors"** means the following Secured Creditors:
 - (i) R.C. Morris & Company S.O. Fund Iii Holdings Ltd.;
 - (ii) Parlee McLaws LLP; and
 - (iii) David Snell;
- (ccc) **"Supporting Creditor Payment"** means, in the case of each Supporting Creditor, the amount to be paid to it in full satisfaction of its secured portion of its claim pursuant to the applicable Support Agreement;
- (ddd) **"Unresolved Claim"** is defined in Section 2.2(c);
- (eee) **"Unsecured Claim"** means any Claim other than a Secured Claim; and
- (fff) **"Unsecured Creditor"** means a Creditor with an Unsecured Claim.

1.2 Interpretation Matters

For the purposes of this Proposal:

- (a) any reference in this Proposal to an order, an existing agreement, or an agreement to be made or registration means such order, or agreement or registration as it may have been or may be amended, modified, joined by additional parties or supplemented (in accordance with the terms of the Purchase Agreement, if applicable);
- (b) unless otherwise specified, all references to currency are in Canadian dollars;

- (c) the division of this Proposal into “Articles” and “Sections” and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Proposal, nor are the descriptive headings of “Articles” and “Sections” intended as complete or accurate descriptions of the content thereof;
- (d) the use of words in the singular or plural, or with a particular gender, including a definition, will not limit the scope or exclude the application of any provision of this Proposal to such Person (or Persons) or circumstances as the context otherwise permits;
- (e) the words “includes” and “including” and similar terms of inclusion will not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather will mean “includes but is not limited to” and “including but not limited to”, so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive;
- (f) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Calgary, Alberta and any reference to an event occurring on a Business Day means prior to 5:00 p.m. (Mountain Standard Time) on such Business Day;
- (g) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;
- (h) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation; and
- (i) references to a specified “Article” or “Section” will, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified article or section of this Proposal, whereas the terms “this Proposal”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions will be deemed to refer generally to this Proposal and not to any particular article, section or other portion of this Proposal and includes any documents supplemental hereto.
- (j) Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Purchase Agreement.

1.3 **Successor and Assigns**

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

1.4 **Governing Law and Jurisdiction**

This Proposal will be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Proposal and all proceedings taken in connection with the Proposal and its provisions will be subject to the exclusive jurisdiction of the Court.

1.5 **Corporate Approvals**

The execution, delivery, implementation and consummation of all matters contemplated under the Proposal involving corporate action of Ivrrnet, including pursuant to any provision of the ABCA, will be deemed to be authorized and approved under this Proposal and by the Court as part of the Proposal Approval Order in all respects and for all purposes without any requirement of further action by any Person.

ARTICLE 2 **CLASSIFICATION AND TREATMENT OF CLAIMS**

2.1 **Class of Unsecured Creditors**

This Proposal is made to the Unsecured Creditors as a single class.

2.2 **Treatment of Unsecured Claims**

As of the Effective Date, Creditors holding the following Unsecured Claims will be entitled to receive the following treatment in respect of, and in full satisfaction of, their Unsecured Claims:

- (a) Preferred Claims (if any) that are Proven Claims will be paid in full from the Final Proposal Funding Amount by the Proposal Trustee on behalf of Ivrrnet, in priority to all other Unsecured Claims in accordance with the scheme of distribution set forth in the BIA;
- (b) Unsecured Claims (if any) that are Convenience Claims will be paid by the Proposal Trustee on behalf of Ivrrnet from the Creditor Distribution Pool the lesser of (i) \$2,200 and (ii) the amount of their Convenience Claim, in full and final satisfaction of their Claims; and
- (c) Subject to Section 2.5, Unsecured Claims (if any) that are Proven Claims and not Convenience Claims will be paid by the Proposal Trustee, on behalf of Ivrrnet, a *pro rata* share of the amount remaining in the Creditor Distribution Pool after (i) payment of or provision for the Convenience Claims and (ii) any provision or holdback (as determined in the discretion of the Proposal Trustee) (the “**Holdback**”) for any Unsecured Claims in respect of which, in each case, a Proof of Claim was properly filed on a timely basis but which has not been finally determined (each, an “**Unresolved Claim**”).

2.3 **Distributions**

Distributions pursuant to Section 2.2 will be effected as soon as practical following the date on which the NCA Adjustment (if any) has been finally determined and the Final Proposal Funding Amount has been finally determined. To be eligible to receive a distribution under Section 2.2, a

Creditor must have filed a Proof of Claim such that it is actually received by the Proposal Trustee in accordance with the BIA prior to the Effective Date and its Claim must be a Proven Claim. Each and every Creditor that fails to file a Proof of Claim with the Proposal Trustee before 5:00 p.m. on the day prior to the Effective Date will not be eligible to participate in the distributions from the Proposal Funds. Any Unsecured Creditor with an Unsecured Claim greater than \$2,200 who wishes to receive payment as a Convenience Claim shall also have provided written notice of same to the Proposal Trustee before 5:00 p.m. on the day prior to the Effective Date.

When an Unresolved Claim becomes a Proven Claim, the Proposal Trustee on behalf of Ivrrnet shall distribute to the Unsecured Creditor from the Holdback of the amount that it would have been entitled to receive on the initial distribution date had its Claim been a Proven Claim on that date. If there is any amount remaining in the Holdback after all Unresolved Claims have been finally determined, the remaining balance will be returned to Ivrrnet.

2.4 Funding

The Proposal Funding Amount, Proposal Funding Reserve and the Professional Fee Reserve will be paid to the Proposal Trustee on or before the Effective Date in accordance with the terms of the Purchase Agreement. The Proposal Trustee will use the Proposal Funding Amount to make the payments described in Sections 2.2 and 5.2 and pay the Superintendent's Levy and will use the Professional Fee Reserve to make those payments described in Section 5.4.

2.5 Supporting Creditors

This Proposal does not affect the Secured Claims of the Supporting Creditors. The Secured Claims of the Secured Lenders will be addressed pursuant to the terms of the applicable Support Agreement or as otherwise agreed between Ivrrnet and the applicable Supporting Creditors.

Each Supporting Creditor has agreed to waive its entitlement to a distribution in respect of its Unsecured Claim, so the *pro rata* share that Unsecured Creditors are entitled to receive pursuant to Section 2.2(c) will be determined without regard to the Unsecured Claims of the Supporting Creditors.

2.6 Different Capacities

Persons may be affected by this Proposal in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

2.7 Set Off

The law of set-off will apply to all Claims.

ARTICLE 3

CONDITIONS PRECEDENT

3.1 Conditions Precedent

The performance of this Proposal by Ivrrnet is conditional upon the fulfillment or satisfaction of the following conditions on or before the Effective Date:

- 10 -

- (a) Ivynet has received a signed copy of the Support Agreement from each of the Supporting Creditors and each agreement remains in effect in accordance with its terms;
- (b) this Proposal has been accepted by the statutory requisite majorities of the Unsecured Creditors;
- (c) the Proposal Approval Order has been issued and has not been appealed, set aside, varied or stayed;
- (d) the Certificate of Amendment has been issued; and
- (e) the Purchase Agreement has closed and the Proposal Funding Amount and the Professional Fee Reserve have been paid to the Proposal Trustee.

ARTICLE 4
RELEASE OF CLAIMS AND SECTIONS 95-101 OF THE BIA

- 4.1 Upon implementation of this Proposal on the Effective Date and subject to Section 4.2, each Director will be released from any and all demands, causes of actions, claims, damages, obligations, liabilities, losses, debts, judgments, liens and other recoveries on account of any potential, contingent or actual statutory liability of whatsoever nature that any Person may be entitled to assert against such Director as at the Filing Date, including any and all claims howsoever related to any obligation of Ivynet where the Director(s) are or may be liable at law in their capacity as Director(s) for the payment of such obligation, whether known or unknown, existing or hereafter arising, based in whole or in part on any act of omission, transaction, dealing or other occurrence existing or taking place prior to the Filing Date or, with respect to any agreements of Ivynet that have been disclaimed, repudiated or terminated after the Filing Date in whole or in part which exist prior to or at the time of such disclaimer, repudiation or termination.
- 4.2 Notwithstanding Section 4.1, nothing in this Proposal will release or discharge any of the Directors from the exceptions set out in section 50(14) of the BIA.
- 4.3 Sections 95 to 101 of the BIA and any provincial statute relating to preferences, settlements, fraudulent conveyances, transfers at undervalue or similar impeachable transactions do not apply to any transactions or other dealings by Ivynet during the period prior to the Filing Date. The release of the Directors contemplated in Section 4.1 includes a release of all claims, actions and remedies available pursuant to sections 95 to 101 of the BIA and any provincial statute relating to preferences, settlements, fraudulent

conveyances, transfers at undervalue or similar impeachable transactions.

ARTICLE 5

PROPOSAL TRUSTEE

- 5.1 Alvarez & Marsal Canada Inc. will be the Proposal Trustee under this Proposal.
- 5.2 Within 5 days of the NCA Adjustment (if any) having been finally determined in accordance with Section 2.4 of the Purchase Agreement, the Proposal Trustee shall make the following payments:
- (a) the amount of the NCA Adjustment shall be paid to the Purchaser; provided however that (i) the obligation of the Proposal Trustee to make such payment to the Purchaser shall be limited to the Proposal Funding Amount paid to the Proposal Trustee by the Purchaser, and (ii) the Proposal Trustee shall have no personal liability for any such repayment;
 - (b) in the event the Adjusted Proposal Funding Amount is greater than \$100,000 after payment under Section 5.2(a), the amount of the Proposal Funding Reserve shall be paid to RC Morris and the Adjusted Proposal Funding Amount shall be deemed to be the Final Proposal Funding Amount; and
 - (c) in the event the Adjusted Proposal Funding Amount is less than \$100,000 after payment under Section 5.2(a):
 - (i) funds in the amount of the Proposal Funding Increase shall be paid from the Proposal Funding Reserve to the Adjusted Proposal Funding Amount, such that the Final Proposal Funding Amount is \$100,000; and
 - (ii) funds in the amount equal to the Proposal Funding Reserve less the Proposal Funding Increase shall be paid to RC Morris.

For greater certainty, all or a portion of the Proposal Funding Reserve will only be used in the event the Adjusted Proposal Funding Amount is less than \$100,000 after payment under Section 5.2(a), in which case the Proposal Trustee will use funds from the Proposal Funding Reserve to increase the Adjusted Proposal Funding Amount to equal the Proposal Funding Reserve. Any funds remaining in the Proposal Funding Reserve following payment under Section 5.2(c)(i) will be paid to RC Morris as outlined in 5.2(c)(ii). The Proposal Trustee shall have no personal liability for the repayment of the Proposal Funding Reserve.

- 5.3 As set out in Section 2.4, the Proposal Funding Amount will be paid to the Proposal Trustee on or before the Effective Date. The Proposal Trustee will make payments from the Proposal Funding Amount or Final Proposal Funding Amount (as applicable), on behalf of Ivlnet, of all payments and distributions of monies required to be made in accordance with the terms of this Proposal.
- 5.4 The Proposal Trustee will hold the Professional Fee Reserve in trust for the benefit of the Ivlnet Professionals, and will pay the reasonable fees and disbursements of the Ivlnet Professionals from the Professional Fee Reserve when invoiced. After the fees and

disbursements for which the Professional Fee Reserve was established have been paid, any residual amount of the Professional Fee Reserve remaining shall be paid by the Proposal Trustee to creditors if the Proposal Trustee reasonably determines that it makes economic sense to make a further distribution, failing which the residual amount shall be paid to Ivrrnet without the requirement for it to effect a further distribution to creditors.

- 5.5 Any payments made by the Proposal Trustee to the Creditors hereunder will be made by the Proposal Trustee net of any levies payable or due under the BIA.
- 5.6 The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee will incur any obligations or liabilities in connection with this Proposal or in respect of the business activities or liabilities of Ivrrnet.
- 5.7 Without limitation to Section 5.6, the Proposal Trustee will have no liability whatsoever for any Claims or other obligations of Ivrrnet arising before, on or after the Filing Date.

ARTICLE 6

FULL PERFORMANCE OF PROPOSAL

- 6.1 All obligations of Ivrrnet under this Proposal will commence as of the Effective Date. This Proposal will be fully performed by Ivrrnet after the following matters have been completed:
 - (a) the Proposal Funds have been paid to the Proposal Trustee; and
 - (b) Ivrrnet has filed the Articles of Reorganization and received the Certificate of Amendment.
- 6.2 When the Proposal has been fully performed, the Proposal Trustee will issue to Ivrrnet, the Purchaser and the Official Receiver the Certificate of Full Performance as provided for in Section 65.3 of the BIA.
- 6.3 During the currency of this Proposal and until the Certificate of Full Performance referred to in Section 6.2 is issued by the Proposal Trustee, Ivrrnet will not amalgamate or otherwise change or reorganize its corporate structure without the approval of the Proposal Trustee and the Purchaser (for greater certainty, other than by way of the Articles of Reorganization).
- 6.4 Subject to approval of this Proposal by the Court in the Proposal Approval Order (including approval of the Articles of Reorganization), Ivrrnet intends to deliver the Purchased Shares to the Purchaser on the Effective Date after the Articles of Reorganization have become effective.

ARTICLE 7

AMENDMENT OF PROPOSAL

- 7.1 At any time and from time to time prior to or at the Creditor Meeting, Ivrrnet may vary, amend, restate, modify or supplement this Proposal (in each case, an “**Amendment**”)

with the consent of the Proposal Trustee and the Purchaser. If any such Amendment is made:

- (a) Ivrnet or the Proposal Trustee will communicate the details of the Amendment to Creditors and other Persons present at the Creditor Meeting prior to any vote being taken at the Creditor Meeting;
- (b) Ivrnet will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay and in any event prior to the hearing in respect of the Proposal Approval Order; and
- (c) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay and in any event prior to the hearing in respect of the Proposal Approval Order.

7.2 At any time and from time to time after the Creditor Meeting, Ivrnet may make an Amendment with the consent of the Proposal Trustee, the Purchaser and approval of the Court. If any such Amendment is made:

- (a) Ivrnet will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay; and
- (b) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay.

7.3 Without limitation to Section 7.2, at any time and from time to time after the Creditor Meeting, Ivrnet may vary, amend, restate, modify or supplement this Proposal with the consent of the Proposal Trustee and the Purchaser and without Court approval, provided that such Amendment concerns a matter that is of an administrative nature and is required to better give effect to the implementation of this Proposal and is not adverse to the financial interests of the Creditors. If any such Amendment is made:

- (a) Ivrnet will provide notice to the service list of the Amendment and file a copy thereof with the Court without delay; and
- (b) the Proposal Trustee will post an electronic copy of the Amendment on the Proposal Trustee's Website without delay.

Dated this 27th day of October, 2023.

IVRNET INC.

DocuSigned by:

Andrew Watts

44F00313C8FE471...

Andrew Watts
Chief Executive Officer

APPENDIX “C”

In the Matter of the Proposal of Ivrrnet Inc.
Estimated Realization in a Bankruptcy Scenario
\$CAD

	High Scenario	Low Scenario
Estimated Asset Realizations		
Cash in Bank (Note 1)	32,266	32,266
Accounts Receivable (Note 2)	357,615	250,330
Sale of Corporation or Assets (Notes 3 & 4)	500,000	-
Total Asset Realizations	\$ 889,881	\$ 282,597
Estimated Disbursements		
Operating Costs (Note 5)	(100,000)	(7,500)
Bankruptcy Administration Costs (Note 6)	(75,000)	(30,000)
Potential Priority Claims (Note 7)	(2,000)	(2,000)
Total Estimated Disbursements	\$ (177,000)	\$ (39,500)
Available for Distribution	\$ 712,881	\$ 243,097
Estimated Distribution to Creditors (s.136 of the BIA)		
Secured Creditor Claims (Note 8)	(5,668,391)	(5,668,391)
Distribution to Secured Creditors	712,881	243,097
Shortfall to Secured Creditors	\$ (4,955,510)	\$ (5,425,295)
Estimated Recovery to Unsecured Creditors (Note 9)	\$ -	\$ -

Notes

- 1 Cash balance held in the bank as at October 30, 2023.
- 2 Collection of outstanding accounts receivable as at October 30, 2023. It is estimated that 100% of A/R will be collected in the high scenario and 70% will be collected in the low scenario.
- 3 The high scenario assumes a sale of the corporation or assets to a potential buyer. In order for the sale to result in any recovery to the unsecured creditors, the purchase price would need to be in excess of \$5.8 million, which is materially higher than the amount contemplated in the Purchase Agreement between Ivrrnet and Harris and is an amount that will likely not be achievable in a forced liquidation basis, given the nature of the assets remaining. For illustrative purposes and given the confidentiality of the purchase price, an estimated sale price of \$500,000 has been assumed, but does not represent what the ultimate purchase price may be in a bankruptcy scenario.
- 4 The low scenario assumes that business operations cease, rendering the remaining assets of the Company valueless. The remaining assets of the Company being tax losses and intangible assets.
- 5 Estimated operating costs are \$100K in the high scenario as it is assumed the Company will need to continue operating while a sales agreement is negotiated. The low scenario assumes costs to retain a Company employee on a part-time basis to assist the Trustee in collecting outstanding A/R.
- 6 Estimated costs with respect to a retainer for professional fees for the trustee and its counsel. Costs in the high scenario are larger as the Trustee will need too continue operating the Company and negotiate the sale of the corporation or assets.
- 7 Potential priority claim for outstanding amounts owing to employees pursuant to BIA s. 81.3(1).
- 8 Secured Creditors include RC Morris & Company (\$5.2M), David Snell (\$253K) and Parlee McLaws LLP (\$217K) have first charge security over the Company's assets and will be paid in priority over other unsecured creditors.
- 9 As demonstrated under both scenarios, it is demonstrated that unsecured creditors would receive no recovery in a liquidation scenario.

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-3004437
 Estate No. 25-3004437

FORM 31
 Proof of Claim
 (Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),
 and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the Matter of the Division I Proposal of
 Ivmet Inc.
 In the City of Calgary, in the Province of Alberta

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

In the matter of the proposal of Ivmet Inc. of the city of Calgary in the Province of Alberta and the claim of

_____, creditor.

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

1. That I am a creditor of the above named debtor (or I am _____ (position/title) of _____,
 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 proposal, namely the 30th day of October 2023, 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 \$_____

(other than as a customer contemplated by Section 262 of the Act)

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 an 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.)

District of Alberta
Division No. 02 - Calgary
Court No. 25-3004437
Estate No. 25-3004437

055

FORM 31 --- Concluded
In the Matter of the Division I Proposal of
lvmet Inc.
In the City of Calgary, in the Province of Alberta

- ☐ 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 81.6 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/am not) (or the above-named creditor _____ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____ (have/has/have not/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, and 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 a 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 Section 2 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 redetermine 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.

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

Witness

Creditor

Phone Number: _____
Fax Number : _____
E-mail Address : _____

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

WARNINGS: 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.

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-3004437
 Estate No. 25-3004437

FORM 36

Proxy

(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the Matter of the Division I Proposal of
 Ivnet Inc.
 In the City of Calgary, in the Province of Alberta

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

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

 Witness

 Individual Creditor

 Witness

 Name of Corporate Creditor

Per _____
 Name and Title of Signing Officer

Return To:

Alvarez & Marsal Canada Inc. - Licensed Insolvency Trustee
 Per:

 Cassie Riglin - Licensed Insolvency Trustee
 Bow Valley Square 4
 Suite 1110, 250 6th Ave SW
 Calgary AB T2P 3H7
 Fax: (403) 538-7551
 E-mail: mgrose@alvarezandmarsal.com

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-3004437
 Estate No. 25-3004437

FORM 37

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

In the Matter of the Division I Proposal of
 Ivnet Inc.
 In the City of Calgary, in the Province of Alberta

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

Dated at _____, this _____ day of _____.

 Witness

 Individual Creditor

 Witness

 Name of Corporate Creditor

Per _____
 Name and Title of Signing Officer

Return To:
 Alvarez & Marsal Canada Inc. - Licensed Insolvency Trustee
 Per:

 Cassie Riglin - Licensed Insolvency Trustee
 Bow Valley Square 4
 Suite 1110, 250 6th Ave SW
 Calgary AB T2P 3H7
 Fax: (403) 538-7551
 E-mail: mgrose@alvarezandmarsal.com



CHECKLIST FOR PROOF OF CLAIM

This checklist is provided to assist you in preparing the proof of claim form and, if appropriate, the proxy form in a complete and accurate manner.

General

- The **signature of a witness** is required.
- The document **must be signed** by the individual completing the declaration.
- **Provide the complete address** where all notices or correspondence are to be forwarded along with your phone number, fax number and email address where appropriate.

Notes:

- It is permissible to file a proof of claim by fax.
- A creditor may vote either in person or by proxy at any meeting of creditors if the proof of claim is filed with the Trustee prior to the time appointed for the meeting.
- A quorum at any meeting of creditors is at least one creditor with a valid proof of claim in attendance in person or by proxy.
- A corporation may vote by an authorized agent or mandatory at meetings of creditors.
- In order for a duly authorized person to have a right to vote, they must be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.
- A creditor who is participating in any distribution from an estate must have filed a proof of claim prior to the distribution being declared.
- In the case of an individual bankrupt, by checking the appropriate boxes at the bottom of the proof of claim form, you may request that the Trustee advise you of any material change in the financial situation of the bankrupt or the amount of the bankrupt is required to pay into the bankruptcy, and a copy of the Trustee's report on the discharge of the bankrupt.

Paragraph (1)

- Creditor must state full and complete legal name of the individual, company or firm.
- If the individual completing the proof of claim is a representative of the creditor, the individual's position or title must be identified.

Paragraph (3)

- The amount owing must be set out in paragraph 3.
- A **detailed statement of account** must be attached to the proof of claim and marked "Schedule A" and must show the date, number and amount of all the invoices, charges, credits or payments. The amount on the statement of account must correspond to the amount indicated on the proof of claim.

Paragraph (4)

Notes:

- **Paragraph A** applies to the ordinary unsecured claims. In addition to recording the amount of the claim, please indicate whether the claim has a priority pursuant to section 136 of the Act.
- **Paragraph B** applies to lessor claims in a commercial proposal. Please ensure that the claim applies to a commercial proposal and, if so, include the full particulars of the claim.
- **Paragraph C** applies to secured claims. Please indicate the dollar value of the security and attach copies of the security documents. In addition, please attach copies of the security registration, where appropriate.
- **Paragraph D** applies to inventory claims of farmers, fisherman and aquaculturists. Please note that such claims apply only to inventory supplied from farmers, fishermen and aquaculturists within 15 (fifteen) days of the date of bankruptcy. In addition, please attach copies of any applicable sales agreement and delivery slips.
- **Paragraph E** applies to claims by wage earners. Please note that such claims apply only for unpaid wages owed upon bankruptcy of an employer or when the employer becomes subject to a receivership.
- **Paragraph F** applies to claims by employees for unpaid amounts regarding pension plans. Please note that such claims apply only to unremitted pension contributions outstanding when the sponsoring employer becomes bankrupt or is subject to a receivership.
- **Paragraph G** applies to claims against directors. Please note that such claims apply only to directors of corporations that have filed a commercial proposal to creditors that includes a compromise of statutory claims against directors.
- **Paragraph H** applies to claims of customers of a bankrupt securities firm. Please ensure that the claim of the customer is for net equity and, if so, include the full particulars of the claim, including the calculations upon which the claim is based.
- In order to prepare its claim, the creditor should refer to the Bankruptcy and Insolvency Act, copy of which is accessible at <http://laws.justice.gc.ca/eng/StatutesByTitle>.

Paragraph (5)

- All claimants must indicate whether or not they are related to the debtor, as defined in section 4 of the Act, or dealt with the debtor in a non-arm's length manner.

Paragraph (6)

- All claimants must attach a detailed list of all payments or credits received or granted, as follows:
 - a) **within the three (3) months preceding** the initial bankruptcy event (including the bankruptcy or the proposal);
 - b) **within the twelve (12) months preceding** the initial bankruptcy event (including the bankruptcy or the proposal) in the case where the claimant and the debtor were not dealing at arm's length.

PROPOSAL TRUSTEE'S FIRST REPORT

APPENDIX “C”

In the Matter of the Proposal of Ivrrnet Inc. Estimated Realization in a Bankruptcy Scenario \$CAD		
	High Scenario	Low Scenario
Estimated Asset Realizations		
Cash in Bank (Note 1)	32,266	32,266
Accounts Receivable (Note 2)	357,615	250,330
Sale of Corporation or Assets (Notes 3 & 4)	500,000	-
Total Asset Realizations	\$ 889,881	\$ 282,597
Estimated Disbursements		
Operating Costs (Note 5)	(100,000)	(7,500)
Bankruptcy Administration Costs (Note 6)	(75,000)	(30,000)
Potential Priority Claims (Note 7)	(2,000)	(2,000)
Total Estimated Disbursements	\$ (177,000)	\$ (39,500)
Available for Distribution	\$ 712,881	\$ 243,097
Estimated Distribution to Creditors (s.136 of the BIA)		
Secured Creditor Claims (Note 8)	(5,668,391)	(5,668,391)
Distribution to Secured Creditors	712,881	243,097
Shortfall to Secured Creditors	\$ (4,955,510)	\$ (5,425,295)
Estimated Recovery to Unsecured Creditors (Note 9)	\$ -	\$ -
Notes		
<p>1 Cash balance held in the bank as at October 30, 2023.</p> <p>2 Collection of outstanding accounts receivable as at October 30, 2023. It is estimated that 100% of A/R will be collected in the high scenario and 70% will be collected in the low scenario.</p> <p>3 The high scenario assumes a sale of the corporation or assets to a potential buyer. In order for the sale to result in any recovery to the unsecured creditors, the purchase price would need to be in excess of \$5.8 million, which is materially higher than the amount contemplated in the Purchase Agreement between Ivrrnet and Harris and is an amount that will likely not be achievable in a forced liquidation basis, given the nature of the assets remaining. For illustrative purposes and given the confidentiality of the purchase price, an estimated sale price of \$500,000 has been assumed, but does not represent what the ultimate purchase price may be in a bankruptcy scenario.</p> <p>4 The low scenario assumes that business operations cease, rendering the remaining assets of the Company valueless. The remaining assets of the Company being tax losses and intangible assets.</p> <p>5 Estimated operating costs are \$100K in the high scenario as it is assumed the Company will need to continue operating while a sales agreement is negotiated. The low scenario assumes costs to retain a Company employee on a part-time basis to assist the Trustee in collecting outstanding A/R.</p> <p>6 Estimated costs with respect to a retainer for professional fees for the trustee and its counsel. Costs in the high scenario are larger as the Trustee will need too continue operating the Company and negotiate the sale of the corporation or assets.</p> <p>7 Potential priority claim for outstanding amounts owing to employees pursuant to BIA s. 81.3(1).</p> <p>8 Secured Creditors include RC Morris & Company (\$5.2M), David Snell (\$253K) and Parlee McLaws LLP (\$217K) have first charge security over the Company's assets and will be paid in priority over other unsecured creditors.</p> <p>9 As demonstrated under both scenarios, it is demonstrated that unsecured creditors would receive no recovery in a liquidation scenario.</p>		

PROPOSAL TRUSTEE'S FIRST REPORT

APPENDIX "D"

Ivrnet Inc. - Division I Proposal
Summary of the Proposal Trustee's Fees & Disbursements
October 30, 2023 to Discharge
Invoices Subject to approval by this Court

Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
October 19 - November 9, 2023	51,194.00	-	51,194.00	2,559.70	53,753.70
	51,194.00	-	51,194.00	2,559.70	53,753.70

Forecasted Fees to Discharge of Proposal Trustee

Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
November 10, 2023 - Discharge	35,000.00	-	35,000.00	1,750.00	36,750.00
	35,000.00	-	35,000.00	1,750.00	36,750.00
	86,194.00	-	86,194.00	4,309.70	90,503.70

Ivrnet Inc. - Division I Proposal
Summary of the Proposal Trustee's Legal Counsel's Fees & Disbursements
October 30, 2023 to Discharge
Invoices Subject to approval by this Court

Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
October 19 - November 9, 2023	15,312.62	-	15,312.62	805.93	16,118.55
	15,312.62	-	15,312.62	805.93	16,118.55

Forecasted Fees to Discharge of Proposal Trustee's Legal Counsel

Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
November 10, 2023 - Discharge	10,000.00	-	10,000.00	500.00	10,500.00
	10,000.00	-	10,000.00	500.00	10,500.00
	25,312.62	-	25,312.62	1,305.93	26,618.55