

**ONTARIO SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE PROPOSAL OF
MIDFIELD INTERACTIVE CORP.
A CORPORATION CARRYING ON BUSINESS
IN THE CITY OF HAMILTON IN THE PROVINCE OF ONTARIO**

PROPOSAL

MIDFIELD INTERACTIVE CORP. (hereinafter the "Debtor") hereby submits the following Proposal under the *Bankruptcy and Insolvency Act* (Canada) (the "Act");

1. THAT payment of the claims of secured creditors shall be made in the following manner:
 - (a) Secured creditors, as defined in the Act, shall be paid in accordance with the present arrangements existing between the Debtor and the holders of secured claims, if any, or as may be arranged between the Debtor and holders of secured claims, if any.

2. THAT payment in priority to all other claims or all claims directed by the said Act to be so paid in the distribution of the property of a bankrupt shall be provided for as follows:
 - (a) Claims of His Majesty in Right of Canada or a province of a kind that could be subject to a demand under Section 224(1.2) of the Income Tax Act (Canada) or under any substantially similar provision of provincial legislation (hereinafter referred to as the "Section 224(1.2) claim") and that were outstanding at the date of the filing of the Notice of Intention to Make a

Proposal (the "Filing Date") shall be paid in full within six months after Court approval (the "Deemed Trust Payment Date") of this Proposal and in priority to all claims of ordinary unsecured creditors unless His Majesty in Right of Canada or a province consents to some other arrangement;

(b) Claims (as hereinafter defined) of any preferred creditors, entitled to receive payment of any amount owed to them in priority to ordinary unsecured creditors as set out in Section 136 of the Act are to be paid in full in such priority.

3. THAT provision for payment of all proper fees and expenses, including legal fees, of Ira Smith Trustee & Receiver Inc. (the "Trustee" or "ISI") under this Proposal, and incidental to the proceedings arising out of this Proposal, including advice to the Debtor in connection therewith, either before or after the Filing Date (the "Fees and Expenses") shall be paid in priority to all claims of all creditors. The Trustee will be entitled to pay interim draws on account of the Fees and Expenses provided that any and all payments or draws, interim or otherwise, on account of Fees and Expenses will be subject to final taxation by the Ontario Superior Court of Justice in Bankruptcy and Insolvency (the "Court").

4. (a) THAT all liabilities of the Debtor incurred after the Filing Date, including any and all taxes or remittances to any taxation authority, shall be paid in full in the ordinary course of business by and on terms agreed to between the Debtor

and her respective creditors from funds other than the Proposal Fund (as defined herein). For greater clarity, notwithstanding any other terms of this Proposal, or any potential interpretation based on the combination of any specific terms of this Proposal, the Trustee shall not be liable in any manner whatsoever, or be deemed to be liable, for any debts incurred by the Debtor after the Filing Date. No creditor shall be entitled to payment for any post Filing Date claims from the Proposal Fund.

(b) THAT ISI is acting in its capacity as trustee under this Proposal and not in its personal or corporate capacity and ISI and no officer, director, employee or agent of ISI in its personal or corporate capacity shall incur any obligations or liabilities in connection with the business or liabilities of the Debtor.

(c) All Creditors hereby release and forever discharge the Trustee from any and all liabilities relating to the Debtor's non-payment of any liabilities subsequent to the Filing Date. The Trustee shall not be liable, or be deemed to be liable, for any debts incurred by the Debtor after the Filing Date. No Creditors shall be entitled to payment for any post Filing Date amount from the Proposal Fund.

5. THAT at the meeting of creditors held to consider this Proposal, the creditors may appoint one or more, but not to exceed five, persons as Inspectors under this Proposal to advise the

Trustee in accordance with the provisions of the Act. The inspectors may have, in addition to any powers of inspectors under the Act, the power to:

(a) receive any notice of default in the performance of a provision of the Proposal and waive any such default; and

(b) approve any amendment to the Proposal without calling a meeting of creditors, if the amendment would alter the schedule for and the amount of the payments to be made by the Debtor, but would not change the total amount to be paid.

6. THAT the ordinary unsecured creditors, are those claims not referred to in Paragraphs 2 and 3 of this Proposal, but shall include the portion of the Section 224(1.2) claim which His Majesty in Right of Canada or a province consents to be included herein, if any, and claims of every nature and kind whatsoever, due or not due for payment as of the Filing Date, including contingent or unliquidated claims arising out of any action taken or omitted to be taken or any transaction entered into by the Debtor prior to the Filing Date, which would or could constitute claims provable pursuant to the Act (collectively defined to as “Claims”) which creditors shall hereinafter be referred to as “Ordinary Unsecured Creditors”.

7. THAT provision for payment of all claims referred to in Paragraphs 2, 3 and 6 of this Proposal, subject to acceptance of this Proposal by the creditors and approval by the Court, shall be provided for as follows:

- (a) The amount required in order to make the payments agreed to as between His Majesty in Right of Canada or a province and the Debtor in order to fully satisfy the amounts owing on account of any claim that is a Section 224(1.2) claim and that were outstanding at the Filing Date as defined and described and in accordance with the timing all set out in paragraph 2(a) above, being paid to the Trustee, by the Debtor, to be held in Trust, and will be made available in full satisfaction of the claims of such creditors entitled to the amounts described in paragraph 2(a) above. The Trustee shall distribute this amount as soon as practical after receipt thereof.

- (b) The additional sum of \$162,000.00 (the “Proposal Fund”), being paid to the Trustee, by the Debtor, to be held in Trust, and will be made available in full satisfaction of all claims of all creditors conditional upon acceptance by the creditors of this Proposal and the subsequent approval of same by the Court, no later than twelve (12) months following court approval of the Proposal.

- (c) The Trustee shall distribute the Proposal Fund together with any interest earned thereon by the Trustee pro rata among all such Ordinary Unsecured Creditors provided that the payments which are required to be made in accordance with paragraphs 2 and 3 of this Proposal in priority to the Claims (as hereinafter defined) of such Ordinary Unsecured Creditors have been paid. Such Ordinary Unsecured Creditors shall accept the same in full and complete satisfaction of their Claims.

(d) The Trustee shall distribute the Proposal Fund as soon as practical after receipt thereof.

8. THAT the Claims of all creditors that are payable in a currency other than Canadian currency shall be converted to Canadian currency according to the Bank of Canada “noon” exchange rate as at the Filing Date.
9. THAT the Ordinary Unsecured Creditors will accept the payment as provided for herein in complete satisfaction of all claims and all liens, certificates of pending litigation, executions or any other similar charges or actions or proceedings. Upon the issuance of the Certificate of Full Performance, any and all such liens, certificates of pending litigation, executions or other similar charges or actions will be discharged, dismissed or vacated without costs to the Debtor.
10. THAT except with respect to any property and trust claims of Canada Revenue Agency (“CRA”), other than the portion of the Section 224(1.2) claim which His Majesty in Right of Canada or a province consents to be included herein, if any, CRA shall have a claim in the Proposal as an Ordinary Unsecured Creditor, which shall include any and all taxes, interest and penalties, whether assessed, reassessed or accrued, including as a result of this Proposal, and the acceptance and implementation thereof, due from the Debtor pursuant to the Income Tax Act (Canada), the Excise Tax Act (Canada) and any other statute or law as at the Filing Date.

11. THAT ISI of the City of Vaughan, Province of Ontario shall be the Trustee under this Proposal and shall make the payments provided for in paragraphs 2, 3 and 6 of the Proposal in accordance with the terms of paragraph 7 of the Proposal. The Trustee shall not be responsible in any way for making any payments to creditors of the Debtor for debts incurred after the Filing Date.
12. THAT Sections 91 to 101 of the Act, and any other statute dealing with creditor's rights, shall not apply to any dealings by the Debtor.
13. THAT Claims under this Proposal shall mean the right of any person against the Debtor in connection with any indebtedness, liability or obligation of any kind of the Debtor, including debts or liabilities referred to in subsection 178(1) of the Act, in each case which indebtedness, liability or obligation is in existence at the Filing Date, and interest, if any, in respect of which there is an obligation to pay, and costs which such person would be entitled to receive, pursuant to the terms of any contract with such person or at law or in equity, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, by surety or otherwise, and whether or not such right is executory in nature, including without limitation, a claim against the Debtor for contribution or indemnity or with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future based on facts or events, which exist prior to or at the Filing Date and, without limitation, shall include

any claims that are defined as claims provable in the Act.

14. THAT any claims against the Debtor by any creditor that are also claims against the directors of the Debtor that relates to obligations of the Debtor where directors are under any law liable in their capacity as directors for the payment of such obligations, shall be released and forever discharged as against the directors of the Debtor upon acceptance of this Proposal by the creditors and approval by the Court.
15. THAT on the eleventh (11th) day following approval of this Proposal by the Court (the "Effective Date") the provisions of this Proposal shall be binding on the preferred creditors, the Ordinary Unsecured Creditors, including without limitation secured creditors who have filed unsecured claims with respect to a shortfall, and on the Debtor and each of their respective heirs, executors, administrators, successors and assigns.
16. THAT upon the issuance of the Certificate of Full Performance, all persons shall be deemed to have waived any and all defaults of the Debtor existing or previously committed by the Debtor or caused by the Debtor as of the Filing Date or non-compliance with any covenant, warranty, representation, term, provision or condition or obligation, expressed or implied, in any contract, document, lease or other agreement, written or oral, existing between such person and the Debtor and any and all notices of default and demands for payment shall be deemed to have been rescinded.

17. THE Debtor represents and warrants that it has not committed any of the offences mentioned in sections 198 to 200 of the *Bankruptcy and Insolvency Act* (Canada), and has accurately disclosed all relevant information concerning the nature, extent and valuation of her assets, liabilities and financial affairs as at the filing date of this Proposal, including particulars of all claims withdrawn, or postponed in accordance with the preceding term.

18. THAT the Debtor acknowledges and agrees that His Majesty the King will exercise the rights of set-off to which it is entitled to by law, subject to the effect, if any, of His Majesty in Right of Canada or a province consenting to some other arrangement concerning the Section 224(1.2) claim, if any.

19. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine and the feminine shall include the masculine; the plural shall include the singular and the singular shall include the plural.

DATED at Hamilton, this 24th day of July, 2024

MIDFIELD INTERACTIVE CORP.

Per:



Ryan McIntyre - President

**IN THE MATTER OF THE
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A CORPORATION CARRYING
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**Estate No: 32-3096562
Court File No. BK-24-03096562-0032**

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

PROPOSAL

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