

CLERK'S STAMP

COURT FILE NUMBER 25 – 2172984
ESTATE NUMBER 25 – 2172984
COURT COURT OF QUEEN'S BENCH OF ALBERTA IN
BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE CALGARY
IN THE MATTER OF THE PROPOSAL OF
MICROPLANET TECHNOLOGY CORPORATION
DOCUMENT AMENDED AMENDED PROPOSAL
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
BENNETT JONES LLP
Barristers and Solicitors
4500, 855- 2nd Street SW
Calgary, Alberta T2P 4K7

Attention: Alexis Teasdale
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Client File No.: 55088.16

MICROPLANET TECHNOLOGY CORPORATION ("MTC") hereby submits the following Proposal under Part III, Division I of the *Bankruptcy and Insolvency Act*.

ARTICLE I
Definitions and Interpretation

- 1.1 In this Proposal, capitalized terms have the following meanings:
- (a) "**2009 Notes**" means the First 2009 Tranche Notes, the Second 2009 Tranche Notes and the Third 2009 Tranche Notes;
 - (b) "**2009 Noteholders**" means the holders of the 2009 Notes listed in Schedule "A" hereto;
 - (c) "**Act**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended from time to time;
 - (d) "**Administrative Fees and Expenses**" means the fees and expenses of the Trustee, as well as the legal fees and disbursements of MTC and of the Trustee,

on or incidental to this Proposal and the proceedings arising out of this Proposal, including advice to MTC;

- (e) "**Affected Claims**" means Preferred Claims, Secured Claims, and Unsecured Claims and, for certainty, excludes Unaffected Claims;
- (f) "**Affected Creditors**" means Creditors holding Affected Claims, solely in respect of those Affected Claims;
- (g) "**Claim**" means any right or claim of any person against MTC, in connection with or relating to any indebtedness, liability, action, cause of action, suit, debt due, trust obligations, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever, whether liquidated, un-liquidated, fixed, contingent, matured, legal, equitable, secured, present, future, known or unknown, and whether by guarantee, surety or otherwise in any way, and whether in whole or in part, incurred or arising or relating to the period prior to or existing on the date of this Proposal with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future based in whole or in part on facts, events or matters which existed or occurred on or before the date of this Proposal, and includes claims against MI related to the MI Guarantee and the MI General Security Agreement;
- (h) "**Court Approval Order**" means the order of the Court approving this Proposal pursuant to sections 58 and 59 of the Act, such order being unaffected by any appeal (including, without limitation, not being subject to any unexpired appeal period), or application to vary or set aside such order, which such order shall include, among other things, a provision approving the transfer of the MTC Asset to the Proposal Sponsor and vesting all of MTC's right, title and interest in and to the MTC Asset, to the Proposal Sponsor, free and clear of all Claims;
- (i) "**Court**" means the Court of Queen's Bench of Alberta in Bankruptcy and Insolvency, in Court of Queen's Bench Action No. 25 – 2172984;
- (j) "**CRA**" means the Canada Revenue Agency;
- (k) "**Creditor**" means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager, or other Person acting on behalf of or in the name of such Person;
- (l) "**Creditors' Meeting**" means the meeting of Creditors held pursuant to sections 51 and 54 of the Act to consider and vote on the Proposal;
- (m) "**Crown**" means Her Majesty in right of Canada or a Province thereof;
- (n) "**Crown Claims**" means Claims of Her Majesty in Right of Canada or any Province of Canada of the kind contemplated in s. 60(1.1) of the Act;
- (o) "**Director Claims**" means claims against directors of MTC that are based in whole or in part on facts, events or matters which existed or occurred on or before

the date of this Proposal and that relate to the obligations of MTC for which the directors are by law liable in their capacity as directors for the payment of such obligations;

- (p) "**Distribution**" means any payment to Affected Creditors pursuant to Section 3.3 of this Proposal;
- (q) "**Distribution Fund**" means the funds payable by the Proposal Sponsor pursuant to Section 3.3 of this Proposal, to a maximum amount of:
 - (i) the sum of all Crown Claims, Proven Preferred Claims, and an amount sufficient to pay in full on the Implementation Date, all Administrative Fees and Expenses; plus
 - (ii) an amount sufficient to pay in full on the Implementation Date, Secured Creditors holding Proven Secured Claims, if any; plus
 - (iii) \$330,000, for distribution to Unsecured Creditors holding Proven Unsecured Claims;

which shall be paid by the Proposal Sponsor to the Trustee in accordance with Section 3.2 of this Proposal;

- (r) "**Effective Date**" means the date on which all conditions contained in Article 4 hereof have been satisfied or, as applicable, waived by MTC and the Proposal Sponsor;
- (s) "**Event of Default**" means the failure to pay the amount of the Distribution Fund to be paid in accordance with the terms of this Proposal and/or statutory defaults under the BIA;
- (t) "**Filing Date**" means October 3, 2016, the date on which MTC filed this Proposal with the Official Receiver in Calgary, Alberta;
- (u) "**First 2009 Tranche Notes**" means the 12% secured convertible notes of MTC issued June 17, 2009 and due June 17, 2011;
- (v) "**Implementation Date**" means the date on which all payments to Affected Creditors have been made and the Trustee has delivered a certificate evidencing full performance of this Proposal for the purposes of Section 65.3 of the Act, provided that no Event of Default has occurred under this Proposal that has not been cured or waived;
- (w) "**ITA**" means the *Income Tax Act* (Canada);
- (x) "**Levy**" means the levy imposed by the Superintendent of Bankruptcy under the Act;

- (y) "**MI**" means Microplanet, Inc., a corporation organized under the laws of the State of Washington that is a wholly owned subsidiary of MTC;
- (z) "**MI General Security Agreement**" means the General Security Agreement dated October 14, 2009, given by MI to secure the MI Guarantee;
- (aa) "**MI Guarantee**" means the Guarantee dated October 14, 2009, given by MI in favour of the 2009 Noteholders;
- (bb) "**MTC Asset**" means the sole asset comprising the assets, undertaking and property of MTC, being all of the issued and outstanding common shares of MI;
- (cc) "**Person**" means any individual, partnership, limited partnership, joint venture, trust, body corporate, unincorporated organization, committee, board, government or agency or instrumentality thereof, and any other entity howsoever designated or constituted, and includes the Crown;
- (dd) "**Preferred Claim**" means that portion of any Claim that is afforded priority under section 136 of the Act;
- (ee) "**Preferred Creditor**" means a Creditor holding a Preferred Claim, solely in respect of that Preferred Claim;
- (ff) "**Principal Amount**" means the principal amount, excluding any and all interest, financing charges, fees, costs, or any other amount whatsoever included in the total amount, of each Claim;
- (gg) "**Proposal**" means this Proposal, as amended or altered from time to time;
- (hh) "**Proposal Period**" means the period of time between the Filing Date and the Implementation Date;
- (ii) "**Proposal Sponsor**" means Emerald Ventures, Inc., a corporation organized under the laws of the State of Washington;
- (jj) "**Proven**" as used in relation to any Claim means such Claim as finally accepted or determined in accordance with the provisions of the Act and this Proposal;
- (kk) "**Proxy**" means a completed and executed form of proxy in the form prescribed by the Act, by means of which a Creditor appoints a proxyholder to attend and act on the Creditor's behalf at the Creditors' Meeting;
- (ll) "**Released Parties**" means those Persons released under this Proposal including, without limitation, under Sections 7.1 and 7.2 hereof;
- (mm) "**Second 2009 Tranche Notes**" means the 12% secured convertible notes of MTC issued June 30, 2009 and due June 30, 2011;

- (nn) "**Secured Claim**" means a Claim in respect of which a Creditor holds Security that is validly attached as of the date of this Proposal, provided however such Claims shall be Secured Claims only to the extent of the realizable value of the assets secured by the Security, as such realizable value is determined (i) by the Trustee, or (ii) by the Court;
- (oo) "**Secured Creditor**" means a Creditor holding a Secured Claim, solely in respect of its Secured Claim;
- (pp) "**Security**" means a mortgage, hypothec, pledge, charge, lien, privilege, encumbrance or security interest on or against the property of MTC or any part thereof as security for a debt due or accruing due to a Creditor by MTC, whether by way of direct indebtedness or by way of guarantee, indemnity, surety or otherwise;
- (qq) "**Third 2009 Tranche Notes**" means the 12% secured convertible notes of MTC issued October 14, 2009 and due October 14, 2011;
- (rr) "**Trustee**" means Deloitte Restructuring Inc., a licensed trustee in bankruptcy who has consented to act as, and is hereby designated as, the trustee acting under this Proposal;
- (ss) "**Unaffected Claims**" means Administrative Fees and Expenses;
- (tt) "**Unsecured Claim**" means a Claim in respect of which a Creditor does not hold Security and is not afforded priority under section 136(1) of the Act, and includes, without limitation, Director Claims and that portion of any Secured Claim that exceeds the realizable value of the assets secured by the Security;
- (uu) "**Unsecured Creditor**" means those Creditors holding Unsecured Claims, solely in respect of their Unsecured Claims;
- (vv) "**Voting Letter**" shall mean the voting letter required by subsection 51(1) of the Act to be mailed to each known Affected Creditor prior to the Creditors' Meeting.

1.2 In this Proposal, unless expressly indicated to the contrary:

- (a) terms not otherwise defined shall have the meaning ascribed to them in the Act;
- (b) all references to dollars, money, cash, currency or "\$" shall be in Canadian dollars;
- (c) words importing the singular number only shall include the plural number and vice versa;
- (d) headings are for ease of reference only and shall not affect the meaning or the interpretation of this Proposal; and
- (e) time shall be of the essence.

ARTICLE II
Purposes and Effect of the Proposal

2.1 The purposes of this Proposal are:

- (a) to allow MTC to wind-up its business;
- (b) to extinguish all liability of MI under the MI Guarantee and the related MI General Security Agreement;
- (c) to ensure MTC's subsidiary, MI, can continue to operate in the ordinary course of business, allowing it to secure additional funding, and thereby potentially realize on the value of a number of ongoing contracts;
- (d) in consideration for the Proposal Sponsor providing the Distribution Fund, transferring the MTC Asset to the Proposal Sponsor, free and clear of all Claims;
- (e) to increase the return to MTC's Creditors compared to what they would receive in a bankruptcy of MTC through the potential opportunity to share in the Distribution Fund to be distributed among Affected Creditors; and
- (f) to avoid the liquidation of MI and the loss of value to the MTC Asset associated therewith;

all on the terms and conditions of the Proposal set out herein.

2.2 This Proposal restructures the affairs of MTC and amends the terms of any and all agreements between MTC and Creditors existing as at the date of this Proposal to the extent affected by the Proposal, and provides the essential terms on which all Claims will be fully and finally resolved and settled. During the Proposal Period, the provisions of Section 69.1 of the Act shall be in effect. Without limiting the generality of the foregoing, during the Proposal Period, all Creditors will be stayed from commencing or continuing any proceeding or remedy against MTC or any of its property or assets in respect of a Claim, including, without limitation, any proceeding or remedy to recover payment of any monies owing to Creditors, to recover or enforce any judgment against MTC in respect of a Claim or to commence any formal proceedings against it in respect of a Claim other than as provided for under this Proposal.

2.3 This Proposal applies to and is binding on all Affected Creditors, whether or not any such Affected Creditor provides a Claim against MTC under this Proposal.

ARTICLE III
Treatment and Compromise of Claims

3.1 There will be one (1) class of Creditors, namely Unsecured Creditors, for all purposes under the Proposal.

3.2 The Distribution Fund shall be paid by Proposal Sponsor to the Trustee within ten (10) business days of the conditions precedent set out in Sections 4.1(a) and 4.1(b) being met.

3.3 The Trustee shall make distributions out of the Distribution Fund within sixty (60) business days of the Effective Date or such later date as is reasonably practicable, in the following order of priority, in full and final satisfaction of all Proven Claims:

- (a) firstly, in an amount sufficient to pay in full on the Implementation Date, all Administrative Fees and Expenses;
- (b) secondly, Her Majesty in Right of Canada and Her Majesty in Right of Alberta will be paid in full by MTC, within 6 months after Court approval of this Proposal, of all amounts that were outstanding at the time of filing the notice of intention, and are of a kind that could be subject to demand under:
 - (i) subsection 224(1.2) of the *Income Tax Act*;
 - (ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or
 - (iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum
 - (A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
 - (B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;
- (c) thirdly, to the Secured Creditors, if any, an amount sufficient to pay in full on the Implementation Date, Proven Secured Claims;
- (d) fourthly, to the Preferred Creditors, if any; and
- (e) fifthly, to all Unsecured Creditors, a cash distribution equal to 10% of the Principal Amount of each Proven Unsecured Claim, provided that:
 - (i) if 10% of the total Principal Amount of all Proven Unsecured Claims exceeds the total amount of the Distribution Fund, the Trustee shall distribute to all Unsecured Creditors a pro rata cash distribution of the funds remaining in the Distribution Fund after payment of the amounts set out in Sections 3.2(a), 3.2(b), 3.2(c) and 3.2(d); and

- (ii) if the amount of the Distribution Fund remaining after the Trustee has made the distributions contemplated in this Article III exceeds 10% of the total Principal Amount of all Proven Unsecured Claims, the Trustee shall pay the remaining amount of the Distribution Fund to the Proposal Sponsor.

3.4 The Levy shall be deducted by the Trustee from Distributions to Creditors with Proven Affected Claims by the Trustee and remitted in accordance with the requirements of the Act.

ARTICLE IV

Conditions Precedent to the Implementation of the Proposal

- 4.1 The following are conditions precedent to the implementation of the Proposal:
- (a) the required majority of Creditors accepting this Proposal;
 - (b) the Court Approval Order being granted, in a form satisfactory to MTC and the Proposal Sponsor, acting reasonably; and
 - (c) the transfer of the MTC Asset to the Proposal Sponsor and the Distribution Fund being paid by the Proposal Sponsor to the Trustee in accordance with Section 3.2 of this Proposal.

ARTICLE V

Meeting of Creditors

5.1 MTC shall hold the reconvened Creditors' Meeting for the Affected Creditors to consider and vote upon the Proposal, as amended, at such a date and time as may be called by the Trustee.

5.2 The Creditors' Meeting shall be confirmed in the notice of meeting to be mailed pursuant to the Act. All proofs of claims shall be delivered in accordance with the provisions of this Proposal, the Act and any order which may be issued by the Court in respect of the procedure governing the Creditors' Meeting.

5.3 Each Affected Creditor shall be entitled to vote to the extent of the amount which is equal to the Creditor's Proven Claim.

5.4 In order that the Proposal be binding on the Affected Creditors of MTC in accordance with the Act, it must first be accepted by the Affected Creditors by a majority in number of each class of Affected Creditors who actually vote upon the Proposal (in person or by Proxy) at the Creditors' Meeting or by a Voting Letter and representing two-thirds in value of the Proven Claims of each class of Affected Creditors who actually vote upon the Proposal (in person or by Proxy) at the Creditors' Meeting or by a Voting Letter.

5.5 At the reconvened Creditors' Meeting, the Affected Creditors may appoint one or more, but not more than five, inspectors under this Proposal, who will have no personal liability to MTC or to the Affected Creditors, and whose power shall be limited to:

- (a) the power to advise the Trustee in respect of such matters as may be referred to the inspectors by the Trustee;
- (b) the power to advise the Trustee concerning any dispute that may arise to the validity or quantum of claims of Affected Creditors under this Proposal, where the Trustee requests such assistance;
- (c) the power to approve on behalf of the Affected Creditors of MTC any decision of the Trustee relating to any matter not contained in this Proposal which the Trustee may refer to them from time to time, including any extension of time of payment required under this Proposal; and
- (d) the power to waive any default in the performance of this Proposal. The Trustee shall notify the Inspectors of any default of which the Trustee becomes aware and the Trustee shall hold a meeting of Inspectors following such notice for the purpose of obtaining the instructions of the Inspectors with respect to such a default and the steps to be taken.

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

ARTICLE VI **The Trustee**

6.1 The Trustee is acting in its capacity as Trustee and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any liabilities or obligations in connection with this Proposal or in respect of the business or obligations of MTC whether existing as at the date of this Proposal or incurred subsequent thereto.

6.2 Upon making the distributions contemplated in Article III, the Proposal shall be fully performed and the Trustee shall be entitled to apply for its discharge as Trustee hereunder. For greater certainty, the Trustee will not be responsible or liable for any obligations of MTC and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default.

ARTICLE VII **Miscellaneous**

7.1 The Distribution of the Distribution Fund by the Trustee as set forth herein, shall operate as payment in full and final satisfaction of all Claims and all Director Claims, and each Creditor receiving payment hereunder will be deemed to have forever released MTC and its directors, officers, employees and agents of any and all debts, liabilities, suits, claims and causes of action that it has, had, or may have for any matter, cause or anything existing as of the date of the Proposal.

7.2 The Distribution of the Distribution Fund by the Trustee as set forth herein, shall operate as payment in full and final satisfaction of the MI Guarantee and the MI General Security

Agreement and each Creditor with a Claim in respect of or arising from the MI Guarantee and the MI General Security Agreement receiving payment hereunder will be deemed to have forever released MI and its officers, directors, employees and agents of and from any and all debts, liabilities, suits, claims and causes of action that it has, had, or may have for any matter, cause or anything existing as of the date of the Proposal and related to or arising from the MI Guarantee and the MI General Security Agreement.

7.3 On the Effective Date, all Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety. For greater certainty, each such Secured or Unsecured Creditor will be deemed to have waived any default by MTC in any provision, express or implied, in any agreement existing between the Creditor and MTC that has occurred on or prior to the Filing Date, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of the Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly. The provisions of this paragraph apply *mutatis mutandis* to the MI Guarantee and the MI General Security Agreement.

7.4 Sections 95 to 101 of the Act and any other laws relating to preferences, fraudulent conveyances or transfers at undervalue shall not apply to this Proposal or to any payment or distributions made in connection with the Proposal whether made before or after the Filing Date, including to any transactions contemplated by or implemented pursuant to, the Proposal, or to which the Proposal is conditional or dependent upon.


7.5 MTC covenants and agrees that during the course of the Proposal, it will remit to the CRA all amounts associated with payroll deductions (income tax deductions, Canada Pension Plan contributions and Employment Insurance premiums) if applicable and will file income tax returns and pay income taxes as required by the ITA.

7.6 This Proposal may be amended by MTC prior to or at the Creditors' Meeting.

Dated at the City of POULSBRO in the State of Washington this 2nd day of December, 2016.

**MICROPLANET TECHNOLOGY
CORPORATION**

Per: _____


Wolfgang Struss
President and CEO

SCHEDULE "A"

First 2009 Tranche Notes

1. Calafate Holdings Ltd.
2. Kim K. McConnell
3. Investor Co. in trust for Elizabeth McPhee, Account No. 7Z28015
4. Elizabeth McPhee
5. Exuma Beach Ltd.
6. Gary Tanner
7. Cole Harris
8. Olympia Trust Co. in trust for Toni Ironside LIRA #27288
9. The Brett Ironside Family Trust
10. Eric Tremblay
11. Olympia Trust Co. RRSP 17997 in trust for Brett Ironside

Second 2009 Tranche Notes

12. RBC Dexia Investor Services Trust ITF IA Clarington Tactical Income Fund, Acct. No. 30-4700/2.1
13. Dundee Securities ITF Marilyn Farmer Acct. No. 12P199NN
14. Michelle Ranks
15. Martin Lambert
16. Ghost River Investments Ltd.
17. Jack Gillespie
18. Eamon Hurley
19. Jacqueline Christina Stahl

Third 2009 Tranche Notes

20. Mark Shilling
21. Canaccord Capital Corp. ITF Jennifer Ironside A/C 658-3565-9
22. Jason Cottle RBC Direct Investing A/C 686-99337-28
23. Myron Tetreault
24. Robert Savin
25. RBC Dominion Securities ITF Patrick Floreani
26. Jack Gillespie