

District of Ontario
Division No. 9 - Toronto
Court No.: 31-1923787
Estate No.: 31-1923787

**IN THE MATTER OF THE PROPOSAL OF
IPSMARX TECHNOLOGY INC.
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

To: The Creditors of IPSMARX TECHNOLOGY INC.

IPSMARX TECHNOLOGY INC. ("IPX") filed a Notice of Intention to Make a Proposal ("NOI") under Division I, Part III, of the Bankruptcy and Insolvency Act ("BIA") on October 21, 2014 and Link & Associates Inc. consented to act as Proposal Trustee.

On November 20, 2014, IPX filed a Proposal with the Office of the Superintendent of Bankruptcy. The Proposal Trustee hereby provides the creditors with the following documents:

- Notice of Proposal to Creditors calling a meeting of creditors for December 10, 2014.
- A copy of the Proposal dated and filed November 20, 2014.
- Statement of Affairs.
- Proof of claim, proxy, and voting letter.

Meeting of Creditors

A meeting of creditors will be held on December 10, 2014, at 2:00 pm at the offices of the Proposal Trustee, Link & Associates Inc., 77 King Street West, Suite 3000, Toronto, Ontario, M5G 1K8, to consider the Proposal.

The Proposal to the Unsecured Creditors

The Proposal offers payment of \$80,000 to the Unsecured Creditors over a period of 48 months from the Approval date (as defined in the Proposal), to be shared pro-rata.

IPX disclaimed its lease of commercial property upon filing its NOI and the landlord is entitled to file a proof of claim according to the formula prescribed in the Proposal.

IPX is the subject of two lawsuits for a total of \$12 million, and which are listed on the statement of affairs as Contingent Claims. The admissibility and valuation of all claims, including those of Contingent Creditors, shall be dealt with in accordance with the provisions of Sections 121 and 135 of the BIA.

The amount owing to the Unsecured Creditors is approximately \$581,000, including related parties and including the estimated claim of the former landlord, but not including any valuation attributable to the Contingent Claims at this time.

The amount distributed to each Unsecured Creditor will depend on the total claims actually filed and being conclusively valued and admitted. The Proposal offers a meaningful recovery to the Unsecured Creditors which is otherwise not expected to be available in a bankruptcy.

Unsecured Creditors must file a completed proof of claim form prior to the commencement of the meeting to be eligible to vote. Unsecured Creditors may vote in person at the meeting or by voting letter submitted to the Proposal Trustee prior to the meeting.

Secured Creditors

IPX has one known secured creditor, Royal Bank of Canada ("RBC"). RBC holds general security agreements over all of the assets of IPX and its US affiliate. RBC is owed approximately \$445,000.

The Proposal is not being made to RBC, and RBC will not share in the proposed distribution. IPX is in the process of negotiating a forbearance agreement with RBC to provide ongoing financial support to IPX during the Proposal process, which will require permanent reductions to the IPX credit facilities.

Trustee's Preliminary Report to the Creditors

The report of the Proposal Trustee will be distributed to the creditors in a separate mailing at least 10 days prior to the meeting of creditors. The report will address the state of IPX's business and financial affairs and the recommendation of the Proposal Trustee.

DATED at Toronto, Ontario this 24th day of November, 2014.

LINK & ASSOCIATES INC.

Proposal Trustee in re
IPsmarx Technology Inc.

Per:  Robert G. Link, CIRP

Email: rlink@linkassociates.ca
Phone: (416) 862-7785
Fax: (416) 862-2136

Encl.

District of: Ontario
Division No. 09 - Toronto
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FORM 92
Notice of Proposal to Creditors
(Section 51 of the Act)

Take notice that IPSMARX TECHNOLOGY INC. of the City of Toronto in the Province of Ontario has lodged with us 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 herewith.

A general meeting of the creditors will be held at 77 King Street West, Suite 3000, Toronto, ON on the 10th day of December 2014 at 2:00 PM.

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

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to the commencement of the meeting.

Dated at the City of Toronto in the Province of Ontario, this 24th day of November 2014.

Link & Associates Inc. - Trustee
Per:



Robert G. Link
P.O. Box 95, TD Centre North Tower
Suite 3000, 77 King Street West
Toronto ON M5K 1G8
Phone: (416) 862-7785 Fax: (416) 862-2136

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