

IN THE MATTER OF THE PROPOSAL OF  
YAPPN CANADA INC.  
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

NOTICE OF PROPOSAL TO CREDITORS  
(Section 51(1) of the *Bankruptcy and Insolvency Act* (Canada))

Take notice that Yappn Canada Inc. (the "**Company**") of the city of Toronto in the Province of Ontario has lodged with us a Proposal (defined below).

Enclosed please find the following documents:

1. Cover letter prepared by the management of the Company;
2. Proposal, under Part III, Division I of the BIA lodged with Albert Gelman Inc. (the "**Proposal Trustee**") by the Company and filed with the Official receiver on November 23, 2018 (the "**Proposal**");
3. Trustee's Report to Creditors on the Proposal dated November 23, 2018;
4. The Company's Statement of Affairs sworn November 23, 2018; and
5. Proof of claim form, voting letter and proxy.

A general meeting of the creditors will be held at 100 Simcoe Street, Suite 125, Toronto, Ontario on December 5, 2018 at 10:00 a.m. (Toronto time).


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 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.

Date at the city of Toronto in the province of Ontario this 23rd day of November, 2018.

**ALBERT GELMAN INC., solely in its  
capacity as Trustee in re the Proposal  
of Yappn Canada Inc. and not in its  
personal capacity**

Per: \_\_\_\_\_

  
Joe Albert, CPA, CA, DIFA, CIRP, LIT



To the creditors of Yappn Canada Inc.:

Please find enclosed a copy of the Proposal of Yappn Canada Inc. (“**Yappn**”), filed in the Ontario Superior Court of Justice (the “**Proposal**”) on November 23<sup>rd</sup>, 2018. Currently, Yappn’s liabilities exceed its assets and is therefore insolvent. Yappn prepared this Proposal to enable it to continue as a going concern through a restructuring involving 7299362 Canada Inc. o/a Alexa Translations, a company which offers professional translation services, while providing its creditors with an anticipated return greater than the nil return they would receive in a bankruptcy.

The Proposal would see Yappn’s creditors exchange their debt for equity participating, non-voting Class “C” Common Shares (the “**Shares**”) in the capital of 2649596 Ontario Ltd. (“**596**”). For greater information on the share capital of 596, please see below. Currently, 596 holds a 49% voting and equity participating interest in the share capital of 2649699 (“**699**”). In turn, 699, directly and indirectly through 2249951 Ontario Inc. (a wholly owned subsidiary of 699), owns all of the shares of 7299362 Canada Inc. o/a Alexa Translations. Alexa Translations operates a successful professional translation business with synergies to Yappn. Upon approval of the Proposal process, it is intended that 699 will purchase all of the issued and outstanding shares of Yappn in exchange for \$1.00 and approximately 40,000 Class “C” Common Shares of 596, making Yappn a wholly owned subsidiary and sister company to Alexa Translations (together, the Proposal and purchase of Yappn’s Shares, the “**Reorganization**”). It should be noted that the purchase of Yappn by 699 is entirely contingent on the approval of the Proposal by the creditors. A chart depicting the final structure is attached hereto.

As a result of the Reorganization, Yappn will be given a second chance for success. Upon completion of the Reorganization, the Shares issued to creditors will represent an approximately 25.8% equity interest in 596. It is through this interest that creditors will receive an interest through 596 in a profitable enterprise, Alexa Translations. A vote in favour of the Proposal will avoid Yappn’s bankruptcy and the consequent loss to all unsecured creditors; as such, Yappn believes and urges each creditor to vote in favour of the Proposal.

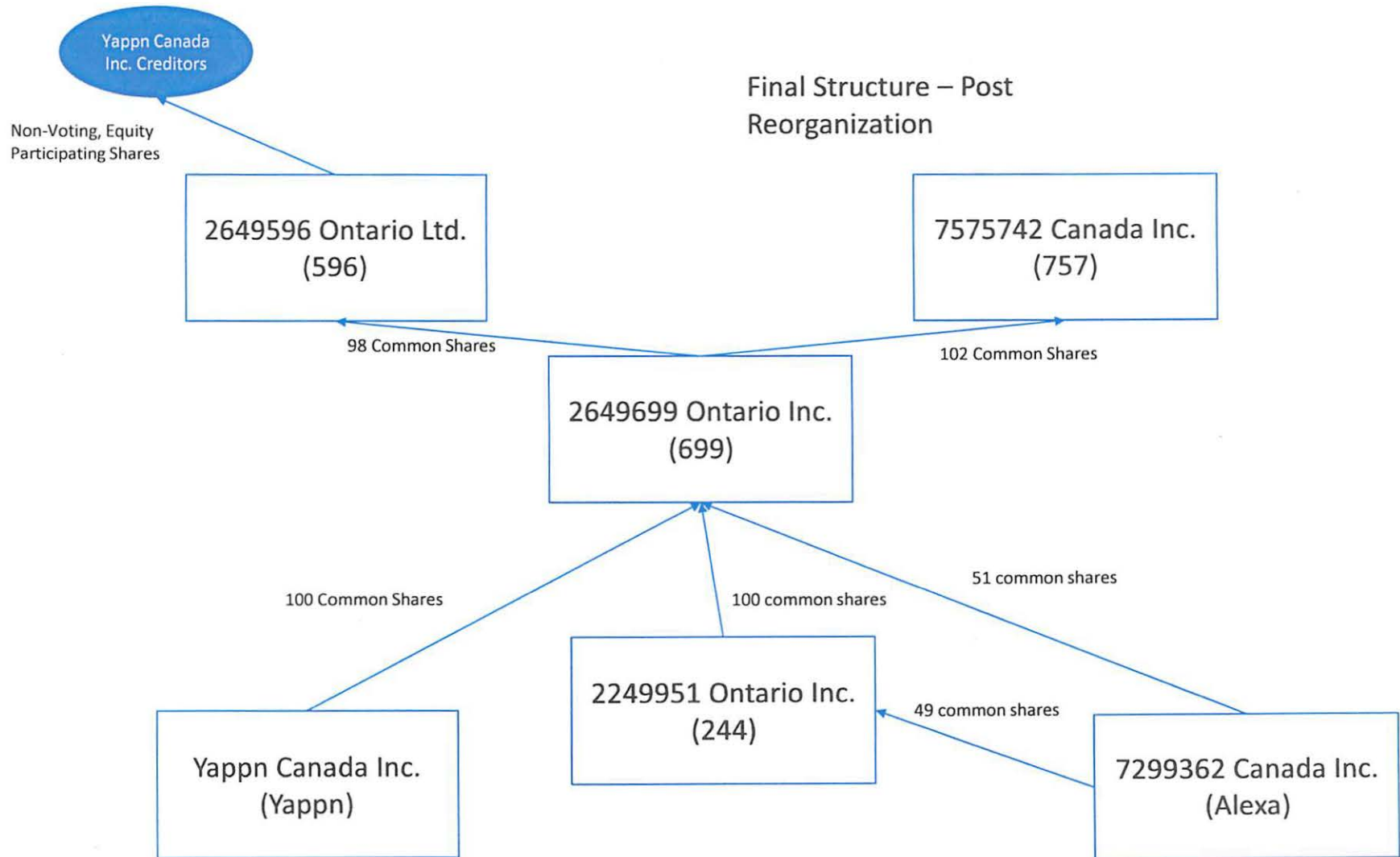
Sincerely,

Yappn Canada Inc.



**SHARE CAPITAL EXPLANATION OF 2649596 ONTARIO LTD.**

<b>Share Class</b>	<b>Issued and Outstanding</b>	<b>Issued and Outstanding (Post-Proposal and Reorganization)</b>	<b>Share Class Rights</b>
Class A Common Shares ("Class A")	1,000,000	1,000,000	Right to Vote; Right to Receive Separate Dividends; Equal Right with Class B and Class C to distribution of assets and equity participation
Class B Common Shares ("Class B")	1,000,000	1,000,000	Right to Vote; Right to Receive Separate Dividends; Equal Right with Class A and Class C to distribution of assets and equity participation
Class C Non-Voting Shares ("Class C")	0	1,000,000 (including shares issued to Yappn Corp and certain key individuals)	No Right to Vote; Right to Receive Separate Dividends; Equal Right with Class A and Class B to distribution of assets and equity participation



Court File No.  
Estate File No.

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

IN THE MATTER OF THE PROPOSAL OF  
YAPPN CANADA INC.  
OF THE CITY OF TORONTO  
IN THE PROVINCE OF ONTARIO

**PROPOSAL**

Yappn Canada Inc. (the "Debtor") hereby submits the following Proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada).

The purpose of this Proposal is to restructure the business and affairs of the Debtor with the expectation that all Creditors will derive a greater benefit from the continued operation of the Debtor's enterprise in conjunction with a merger with 7299362 Canada Inc. ("Alexa") than would result from a bankruptcy and liquidation of its assets.

2649699 Ontario Inc. ("699") currently holds 100% of the issued and outstanding shares in Alexa. 699 holds 51 common shares directly and 49 common shares through its wholly-owned subsidiary, 2249951 Ontario Inc. ("224"). 699 is currently held 51% by 7575742 Canada Inc. ("757") and 49% by 2649596 Ontario Limited ("596").

The merger contemplates that all of the shares of the Debtor will be transferred by its parent company, Yappn Corp. to 699. Completion of the merger will only occur if all of the Debtor's liabilities are exchanged for non-voting, equity participating shares in 596 and this Proposal is approved by the Creditors and the Court.

## 1. DEFINITIONS

For the purposes of this Proposal, the following terms shall have the following meanings:

- a) "Act" means *The Bankruptcy and Insolvency Act* R.S.C. 1985, c.B.3, as amended;
- b) "Administrative Fees and Expenses" means:
  - i. All proper fees and expenses of the Trustee; and
  - ii. All reasonable legal fees and disbursements of the Trustee on and incidental to any proceedings relating to or arising out of the Proposal;
- c) "Claims" means all claims for any and all debts and liabilities, present and future, including, without limitation, contingent and unliquidated claims to which the Debtor is subject at the Filing Date;
- d) "Court" means the Ontario Superior Court of Justice (In Bankruptcy and Insolvency);
- e) "Creditors" means all Persons with Claims against the Debtor, and for greater certainty, includes Unsecured Creditors, Preferred Creditors and Secured Creditors;
- f) "Debtor" means Yappn Canada Inc.;
- g) "Disputed Claims" means claims that have been disallowed or objected to;
- h) "Distribution Date" means a date selected by the Trustee which shall not be later than thirty (30) days following the later of:
  - i. The date on which all Disputed Claims, if any, have been finally determined; or
  - ii. The Effective Date;
- i) "Effective Date" shall mean the later of thirty (30) days following:
  - i. The date on which the Proposal is approved by the Court and is final and non-appealable; and

- ii. The date on which all other conditions precedent set out in paragraph 15 have been fulfilled.
- j) "Employee Claim" means, in respect of any employee or former employee of the Debtor, a Claim in an amount equal to the amount such employee or former employee would be qualified to receive under paragraph 136 (1) (d) of the Act if the Debtor became bankrupt on the date of Court approval of the Proposal;
- k) "Filing Date" means the date upon which this Proposal was lodged by the Debtor with the Official Receiver;
- l) "Inspector" means an Inspector appointed pursuant to paragraph 14 hereof;
- m) "Meeting of Creditors" means the meeting of creditors scheduled to consider and vote on the Proposal;
- n) "New Shares" means a new unlimited class of non-voting, equity participating shares in 2649596 Ontario Ltd.;
- o) "Performance of the Proposal" means satisfaction of the conditions prescribed at paragraph 15 hereof;
- p) "Person" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- q) "Proposal" means this Proposal of the Debtor, as the same may be amended or altered in accordance with the terms hereof;
- r) "Preferred Claim" means a Claim, which is not a Secured Claim or an Employee Claim, the payment of which the Act directs to be paid after payment of Administrative Fees and Expenses but in priority to all unsecured claims on a proposal made by the Debtor;

- s) "Preferred Creditor" means the holder of a Preferred Claim, in such capacity, but excludes holders of Employee Claims;
- t) "Secured Claim" means the Claim of a Secured Creditor to the extent of the valuation of its security;
- u) "Secured Creditor" means a secured creditor of the Debtor as defined in Section 2 of the Act;
- v) "Secured Equity Distribution Basket" has the meaning ascribed thereto in paragraph 10 (a) hereof;
- w) "Trustee" means Albert Gelman Inc. or its duly-appointed successor;
- x) "Unsecured Claim" means any Claim, other than a Claim that:
  - i. Has been disallowed by the Trustee or expunged by the Court;
  - ii. Is a Secured Claim;
  - iii. Is a Preferred Claim; or
  - iv. Is an Employee Claim;

For greater certainty, an Unsecured Claim includes the portion of the Secured Creditor's Claim to the extent that it exceeds the valuation of its security.

- y) "Unsecured Creditor" is a Creditor with an Unsecured Claim;
- z) ""Unsecured Equity Distribution Basket" has the meaning ascribed thereto in paragraph 10 (b) hereof.

## **2. CLASSES OF CREDITORS**

The classes of creditors of the Debtor established pursuant to the provisions of the Act for the purposes of voting on the Proposal are as follows:

- a) Class 1 – Unsecured Creditors and Preferred Creditors: All Unsecured Creditors and all Preferred Creditors of the Debtor to the extent of their Unsecured Claims and Preferred Claims.
- b) Class 2 – Secured Creditors: All Secured Creditors with proven Secured Claims, to the extent of the valuation of their security.

### **3. PROPOSAL TO SECURED CREDITORS**

The Proposal shall apply to Secured Creditors as follows:

- a) Secured Creditors with Secured Claims shall prove the Secured Claims with the Trustee. Where the security interest held by the Secured Creditor is unperfected or invalid for any reason whatsoever, the Trustee shall disallow the Secured Claim;
- b) On the Distribution Date, Secured Creditors of the Debtor, with proven Claims, shall receive their proportionate share of the Secured Equity Distribution Basket in accordance with paragraph 10 (a) hereof; and
- c) Secured Creditors of the Debtor with proven Claims, shall accept the new shares distributed pursuant to paragraph 3 (b) hereof in full and complete satisfaction of their Secured Claims and hereby release the Debtor from any and all claims therefrom.

### **4. ADMINISTRATIVE FEES AND EXPENSES**

Payment of the Administrative Fees and Expenses will be made in priority to all other Claims.

### **5. CROWN CLAIMS**

All claims of Her Majesty in right of Canada or a province of a kind that could be subject to a demand under,

- a) subsection 224 (1.2) of *The Income Tax Act* (Canada);

- b) any provision of the Canada Pension Plan or 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
- 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 as 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;

and that were outstanding on the Filing Date shall be paid in full within six (6) months of the date of Court approval of this Proposal.

## **6. POST-FILING GOODS AND SERVICES**

All persons who advance money or provide goods, services or credit to the Debtor after the Filing Date shall be paid by the Debtor in the ordinary course, but subsequent to Administration Fees and Expenses. The Debtor shall dispose of no assets other than as contemplated by this Proposal, or other than in the normal and regular course of its ongoing business. The Debtor agrees that the Trustee shall not in any case be responsible for ensuring that payment is duly made pursuant to this Proposal and to all those persons supplying post-filing goods or services.

**7. PREFERRED CLAIMS**

All proven Preferred Claims, if any, without interest from the Filing Date, will be paid in full in cash and in priority to all Unsecured Claims.

**8. EMPLOYEE CLAIMS**

All proven Employee Claims, if any, shall be paid in full immediately following the Effective Date, in accordance with the Act.

**9. PROPOSAL TO UNSECURED CREDITORS**

Unsecured Creditors shall receive the following:

- a) On the Distribution Date, Unsecured Creditors with proven Claims shall receive their proportionate share of the Unsecured Equity Distribution Basket in accordance with paragraph 10 (b) hereof; and
- b) Unsecured Creditors with proven Claims shall accept the New Shares distributed pursuant to paragraph 9 (a) hereof in full and complete satisfaction of their Unsecured Claims, and hereby release the Debtor from any and all claims therefrom.

**10. CORPORATE REORGANIZATION**

As at the Effective Date, the following will occur:

- a) 625,000 New Shares shall be issued and shall comprise the Secured Equity Distribution Basket which shall be available for distribution among the Secured Creditors in accordance with paragraph 3 hereof;
- b) 149,106 New Shares shall be issued and shall comprise the Unsecured Equity Distribution Basket which shall be available for distribution among the Unsecured Creditors in accordance with paragraph 9 hereof; and

- c) The Debtor will cause certificates to be issued to the Secured Creditors and the Unsecured Creditors in respect of the New Shares to be issued to each of them pursuant to the terms of the Proposal, on the Distribution Date.

**11. [INTENTIONALLY DELETED]**

**12. TRANSFER OF ALL YAPPN SHARES TO 2649699 ONTARIO INC.**

Contemporaneously with the issuance and distribution of the New Shares referred to in paragraph 10 of this Proposal to Secured Creditors and to Unsecured Creditors under the Proposal, Yappn Corp. will transfer all of its shares in Yappn to 699.

**13. DISCHARGE OF TRUSTEE**

Following Performance of this Proposal, the Trustee's obligations under this Proposal shall be fully performed and the Trustee shall be entitled to apply for its discharge as Trustee hereunder.

The Trustee is acting in its capacity as Trustee under this Proposal, and not in its personal capacity and shall not be responsible or liable for any obligations of the Debtor.

**14. INSPECTORS**

At the meeting of Creditors held to consider the Proposal, the Creditors may appoint one or more, but not exceeding five, inspectors who shall have all the powers conferred on inspectors by the Act.

**15. CONDITIONS FOR IMPLEMENTATION OF THE PROPOSAL**

Implementation of the Proposal shall be subject to the following conditions precedent:

- a) A resolution of the creditors to accept the Proposal (as made or as altered) at the Meeting of Creditors or any adjournment thereof;
- b) An Order of the Court approving the Proposal;

- c) The taking of all necessary corporate actions and proceedings to approve the Proposal, including the capital reorganization provided for herein;
- d) The issuance and distribution of the New Shares of 2649596 Ontario Ltd. pursuant to paragraphs 10 (a) and (b) and paragraphs 3 and 9 hereof; and;
- e) The performance by the Debtor of all its obligations pursuant to the Proposal.

Once all of the above conditions have been fulfilled or satisfied, when possible, the Proposal shall be deemed to be fully performed and the Trustee will deliver and file with the Court a certificate pursuant to Section 65.3 of the Act.

#### **16. VALUATION OF CLAIMS, VOTING AND APPLICABLE DATES**

- a) Claims of all proven creditors shall be valued as at the Filing Date by the creditors, at or before the Meeting of Creditors.
- b) Proofs of claim, proxies and voting letters intended to be used at the meeting of Creditors must be lodged with the Trustee prior to the Meeting of Creditors.
- c) Creditors must vote their Claims by either returning a properly completed voting letter to the Trustee prior to the Meeting of Creditors, or by attending at the Meeting of Creditors and voting in person or by proxy.

#### **17. AMENDMENT**

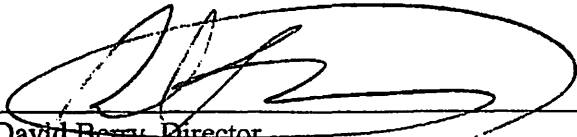
This Proposal may be amended by the Debtor with the consent of the Trustee (i) at the meeting of Creditors called to consider the same or any adjournment thereof, or (ii) at any time prior to and/or thereafter, including after voting and approval by the Creditors but prior to the granting of an Order of the Court approving the Proposal, provided that any such amendment shall not reduce the rights and benefits given to the Creditors under the Proposal before any such amendment. Any and all

amendments made in accordance with the terms hereof shall be deemed to be effective as of the date of the Proposal.

Signed at Toronto, Ontario, this 23<sup>rd</sup> day of November, 2018.

**YAPPN CANADA INC.**

Per:

  
\_\_\_\_\_  
David Berry, Director  
(I have authority to bind the Corporation)

IN THE MATTER OF THE PROPOSAL OF  
YAPPN CANADA INC.  
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

TRUSTEE'S REPORT ON PROPOSAL  
(Office of the Superintendent of Bankruptcy Directive No. 24)

The purpose of this report is to provide the creditors of Yappn Canada Inc. ("**Yappn**" or the "**Company**") with sufficient information in order for them to properly consider the impact that the Proposal will have on them versus the impact on them in the event that the Company is deemed or otherwise becomes bankrupt.

### Section A – Introduction and Background

Yappn was incorporated pursuant to the laws of Ontario on May 5, 2013 and is in the software development business. The software developed by Yappn delivers real-time language translation products which enable vendors and consumers to communicate freely with one another, each in their own preferred languages.

Yappn Corp. is the parent company of Yappn and is the sole shareholder of Yappn. Yappn Corp. is a US registered company. Originally Yappn Corp. was the operating company which owned and developed the software. In 2017 Yappn Corp. spun out all of its assets and liabilities into Yappn.

Pursuant to a corporation profile report dated November 14, 2018 Mr. David Berry and Mr. Kent Jespersen are the directors of the Company.

On November 23<sup>rd</sup>, 2018 the Company filed a proposal under Part III Division I of the *Bankruptcy and Insolvency Act* (Canada) to its creditors (the "**Proposal**"). Albert Gelman Inc. ("**Proposal Trustee**") has been appointed as Trustee in respect of the Company's Proposal.

### Section B – Summary of Proposal

The Debtor's proposal contemplates a reorganization of Yappn. Management has prepared a cover letter dated November 23, 2018 (the "**Management Letter**") which is included with this package. The Management Letter explains the nature and process of the corporate reorganization. A post-reorganization corporate chart is included with the Management Letter.

Pursuant to the Proposal, secured and unsecured creditors would exchange their debt in Yappn for equity participating, non-voting Class "C" Common Shares (the "**Shares**") in the capital of 2649596 Ontario Ltd. ("**596**"). Details of the pre- and post-reorganization share capital structure of 569 is included with the Management Letter.

The Proposal contemplates that the Shares to be distributed to creditors will be as follows:

- a) Secured creditors would be entitled to share pro-rata in a distribution of 625,000 Shares; and,
- b) Unsecured creditors would be entitled to share pro-rata in a distribution of 149,106 Shares.

Preferred creditors, if any, would receive cash consideration in respect of their claim(s).

In accordance with the terms of the Proposal after the corporate reorganization is effected, 596 would own 98 of the 200 issued and outstanding common shares of 2649699 Ontario Inc. ("699"). 699 would then own all of the issued and outstanding common shares of Yappn. 699 would also own directly and indirectly (through 2249951 Ontario Inc.) all of the issued and outstanding common shares of 7299362 Canada Inc. ("Alexa"). The Proposal Trustee understands that Alexa is a translation business that specializes in translating documents that require a high degree of accuracy (e.g. legal documents). Alexa's financial information will be available at the meeting of creditors, provided that creditors sign a confidentiality agreement restricting who they may share such information with.

Internally prepared balances sheets for both 596 and 699 prepared as at October 31, 2018 will be available to creditors for review at the first meeting of creditors.

### **Section C – Financial Position and Causes of Difficulties**

#### **Financial Position**

The Company has advised the Proposal Trustee that no externally prepared financial statements have ever been prepared for Yappn.

The Proposal Trustee has been provided with the internally prepared balance sheet of the Company dated as at May 31, 2018 as well as the internally prepared income statement for the fiscal year ended May 31, 2018. These internally prepared financial statements are attached hereto as Exhibit "A".

#### **Causes of Financial Difficulties**

Management has advised the Proposal Trustee that its financial difficulties resulted from the fact that Yappn is in the product development stage and has not yet succeeded in generating sufficient revenues to support its ongoing development costs or repay its legacy debt obligations.

### **Section E – Identification and Evaluation of Assets**

Pursuant to the Company's Statement of Affairs sworn on November 23, 2018 (the "SOA") the Company's assets, along with their estimated values, are presented below.

Category	Liquidation value (\$)
Book Debts - Accounts Receivable	34,625
Trade fixtures, etc.	6,603
Machinery, equipment and plant	46,221
Other property - Core Technology, IP and Issued Patents	6,603,000

Further details regarding each class of asset of the Company are set out below.

### **Accounts Receivable**

The Company has indicated on its SOA that there are accounts receivable of approximately \$34,625 which are owing to the Company from its customers, which the Company advises are collectible in the ordinary course. This represents accounts receivable of USD\$26,219 converted to Canadian dollars at the Bank of Canada exchange rate of 1.3206 as at the close of November 9, 2018.

### **Trade fixtures, etc. and**

The Company has indicated on its SOA that it owns furniture and fixtures which it has estimated to be approximately \$6,603 in value. This represents a value of USD\$5,000 converted to Canadian dollars at the Bank of Canada exchange rate of 1.3206 as at the close of November 9, 2018.

### **Machinery, equipment and plant**

The Company has indicated on its SOA that it owns computer hardware and third party computer software which it has estimated to be approximately \$46,221 in value. This represents a value of USD\$35,000 converted to Canadian dollars at the Bank of Canada exchange rate of 1.3206 as at the close of November 9, 2018.

### **Other Property – Core Technology, IP and Issued Patents**

The Company has indicated on its SOA that it owns intangible assets which it has valued at \$6,603,000. This represents a value of USD\$5,000,000 converted to Canadian dollars at the Bank of Canada exchange rate of 1.3206 as at the close of November 9, 2018.

These intangible assets include Yappn's core software technology, intellectual property and issued patents. Given the fact that these assets are in a development stage and intangible in nature and are not generating sufficient revenue to support ongoing costs, it is difficult to value these types of assets with any degree of certainty. Therefore, these assets have not been valued independently.

## **Section F – Conduct of Debtor**

### **Bankruptcy Offences**

The Proposal Trustee is not aware of any offense committed by the Company pursuant to the BIA.

### **Monitoring**

Since the date of the filing of the Proposal the Proposal Trustee has monitored the cash receipts and disbursements of the Company. The Proposal Trustee will continue to monitor the receipts and disbursements of the Company until such time as the Proposal is approved by the Court or the Company is deemed or otherwise becomes bankrupt.

## Reviewable Transactions

The Proposal Trustee is in the process of completing its review of the Company's financial records to ascertain whether there were any reviewable transactions, as described in sections 95 through 101 of the BIA. The Trustee will update the creditors on its conclusions at the first meeting.

## Section G – Creditors' Claims

A summary of the classes of the Company's creditors listed on its SOA are set out below.

Category	No. of creditors	Amount (\$)
Secured	24	10,471,261
Preferred	0	0
Unsecured	46	7,536,698

### Secured Creditors

The Proposal Trustee conducted search of the *Personal Property Securities Act* online registry on September 28, 2018 (with a file currency date of September 27, 2018) (the "**PPSA Search**"). The PPSA search identified that one creditor has registered a financing statement against the company as follows:

Registration Date	Creditor	Collateral Classification
December 23, 2015	Winterberry Investments Inc., as Agent	Inventory, Equipment, Accounts, Other, Motor Vehicles

Winterberry Investments Inc. ("**Winterberry**") is acting as collateral agent for each of the holders of debentures subscribed to under a subscription agreement dated July 15, 2015. Pursuant to the SOA there are 24 individual debenture holders (the "**Debenture Holders**") for whom Winterberry is acting as collateral agent. Each of the Debenture Holders is listed on the SOA.

The Proposal Trustee obtained a security opinion dated November 2, 2018 from its independent legal counsel in respect of the validity and enforceability of the security of Winterberry, in its capacity as collateral agent for the Debenture Holders (the "**Security Opinion**"). The Security Opinion indicates that the security of Winterberry, in its capacity as collateral agent for the Debenture Holders, is validly perfected and enforceable.

Creditors may obtain a copy of the Security Opinion directly from the Proposal Trustee upon request.

### Preferred Creditors

According to the SOA, the Company does not have any preferred creditors.

### Unsecured Creditors

Pursuant to the SOA, the Company has creditors with unsecured claims totalling \$7,536,698.

## **Section H – Previous Business Dealings with the Company**

The Proposal Trustee has not previously provided services to Yappn.

## **Section I – Informal Meetings with Major Creditors**

The Trustee has not been involved in any discussion with major creditors as of the date of this report.

## **Section J – Remuneration of Proposal Trustee**

Payment of the fees and expenses of the Proposal Trustee, including its legal fees and disbursements, are provided for in the Proposal.

## **Section K – Other Information**

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, including their internal finance team and legal counsel. The Proposal Trustee has not performed an audit or other verification of such information. Future oriented financial information relied upon in this Report is based on the Companies' representatives' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.

Unless otherwise noted, all currency references in this report are to Canadian dollars.

Capitalized terms not otherwise defined in this report have the meanings ascribed to them in the Proposal.

It is expressly noted and should be clearly understood that Albert Gelman Inc., in its capacity as Trustee under this Proposal, assumes no personal liability for any claims against the Company before or after the filing of the Proposal.

## **Section L – Statement of Estimated Realization**

### **Distribution to Unsecured Creditors – Proposal**

The Proposal contemplates that unsecured creditors will share pro-rata in a distribution of 149,106 non-voting Class "C" Common shares (defined above as "Shares") in the capital of 596, which distribution shall occur contemporaneously with the corporate reorganization. In accordance with the post-reorganization corporate chart, 596 will own a 49% interest in 699 and 669 will own 100% of Yappn and, effectively, 100% of Alexa. The Proposal Trustee has not valued the Shares being offered to unsecured creditors due to the fact that the principal assets of both Yappn and Alexa are intangible and difficult to value with any degree of accuracy.

Unsecured creditors may wish to obtain advice from their own financial and/or other professional advisors as to how the Proposal may impact them.

### **Distribution to Unsecured Creditors – Bankruptcy**

In the event that the Proposal is not accepted by Yappn's creditors or the Court, Yappn will be deemed to have made an assignment in bankruptcy.

In the Trustee's opinion, in the event of a bankruptcy of the Yappn it is unlikely that there will be any distribution to unsecured creditors due to quantum of secured claims listed on the SOA as ranking in priority.

### **Distribution to Secured Creditors – Proposal**

The Trustee does not make any recommendation to secured creditors on the Proposal. Secured creditors should undertake their own due diligence and valuation of their security to determine whether the Proposal is more beneficial to them than a bankruptcy of the Company.

### **Section M – Recommendation – Unsecured Creditors**

If Yappn is declared bankrupt it is anticipated that unsecured creditors will not receive any distribution. Therefore, the Proposal Trustee recommends acceptance of the Proposal by the unsecured creditors.

### **Section L – Meeting of Creditors and Procedures for Voting**

The primary purpose of the Creditors Meeting is to permit creditors an opportunity to consider and to accept or reject the Company's Proposal.

To be eligible to vote, creditors must have filed with the Proposal Trustee, before the commencement of the Creditors Meeting, a proof of claim and either attend the meeting in person or by proxy, or complete and submit the attached voting letter prior to the Creditors Meeting.

**The Proposal Trustee prefers that Proofs of Claim, Proxies and Voting Letters be submitted in advance of the meeting by fax at 416-504-1655 or by email at [proofofclaim@albertgelman.com](mailto:proofofclaim@albertgelman.com).**

Documents sent via mail or courier must be received by the Proposal Trustee prior to the commencement of the Creditors Meeting to be considered for voting purposes.


Corporate creditors who will be sending a representative to vote at the meeting must complete the proxy in favour of the representative in attendance, in order to evidence that this person has the authority to vote on behalf of the corporation.

If the Proposal is not accepted by the requisite majority of creditors, the Debtor will be deemed to have made an assignment in bankruptcy. If the Proposal is accepted by the requisite majority of creditors, the Proposal Trustee will then make an application to the Court for approval of the Proposal. Upon the Court approving the Proposal, the Proposal will be binding upon all creditors with provable claims.

\* \* \*

DATED at Toronto, Ontario, this 23rd day of November, 2018.

**ALBERT GELMAN INC., solely in its  
capacity as Proposal Trustee in re  
the Proposal of Yappn Canada Inc. and  
not in its personal or any other capacity**

  
\_\_\_\_\_  
Per: Joe Albert, CPA, CA, DIFA, CIRP, LIT

**Yappn Canada Inc.**  
**Balance Sheet (CAD)**

	<u>As of</u> <u>May 31, 2018</u>
<b>Assets</b>	
Current assets:	
Cash	\$ 105,321
Accounts receivable	18,153
Receivable from Yappn Corp	-
Prepaid expenses	67,457
Total current assets	<u>190,932</u>
Equipment, net	4,319
Intangible assets	3,081,523
Patent Rights	208,065
<b>Total Assets</b>	<u><u>\$ 3,484,838</u></u>
<b>Liabilities and Stockholders' Deficit</b>	
Current liabilities:	
Accounts payable	\$ 546,410
Accrued expenses	99,335
Short term accrued interest	355,748
Deferred Revenue	2,230
Short term loans	118,815
Convertible promissory notes and debentures	459,654
Secured short term loan	647,400
Total current liabilities	<u>2,229,592</u>
Other liabilities:	
Long term accrued interest	2,966,771
Long term loans	3,487,364
Long term secured debentures	5,891,842
Convertible secured debentures	743,042
<b>Total Liabilities</b>	<u>15,318,611</u>
<b>Stockholders' Deficit</b>	
Additional paid-in capital	(2,056,576)
Deficit	(9,777,197)
<b>Total Stockholders' Deficit</b>	<u>(11,833,773)</u>
<b>Total Liabilities And Stockholders' Deficit</b>	<u><u>\$ 3,484,838</u></u>

**Yappn Canada**  
**Statements of Operations and Comprehensive Loss (CAD)**

	<u>For the year ended</u> <u>May 31, 2018</u>
Revenues	\$ 273,694
Cost of revenue	<u>100,023</u>
Gross profit	173,671
Operating expenses:	
Marketing	7,227
Research and development expenses	994,281
General and administrative expenses	876,599
Professional fees	3,567
Consulting	27,046
Depreciation	15,171
Amortization	784,392
Stock-based compensation	-
Total operating expenses	<u>2,708,283</u>
Loss from operations	<u>(2,534,611)</u>
Other expense/(income):	
Interest expense	849,223
Change in fair value of convertible debentures and notes	179,156
Miscellaneous (income)	(167,402)
Total other expense	<u>860,978</u>
Net loss before taxes	(3,395,589)
Provision for income taxes	-
Net loss and comprehensive loss	<u>\$ (3,395,589)</u>

District of: Ontario  
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Original  Amended

- Form 78 -  
 Statement of Affairs (Business Proposal) made by an entity  
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

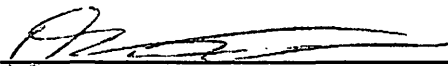
In the matter of the proposal of  
 Yappn Canada Inc.  
 of the City of Markham, in the Province of Ontario

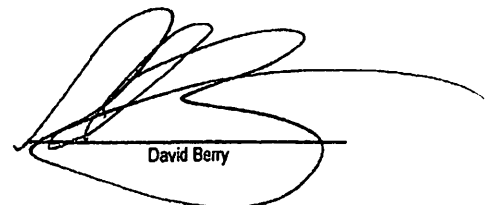
To the debtor:  
 You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal, on the 23<sup>rd</sup> day of November 2018. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A" .....	1. Inventory .....
7,536,698.00	0.00
Balance of secured claims as per list "B" .....	2. Trade fixtures, etc. ....
3,780,812.00	6,603.00
Total unsecured creditors .....	3. Accounts receivable and other receivables, as per list "E"
11,317,510.00	Good .....
2. Secured creditors as per list "B" .....	34,625.00
6,690,449.00	Doubtful .....
3. Preferred creditors as per list "C" .....	0.00
0.00	Bad .....
4. Contingent, trust claims or other liabilities as per list "D"	0.00
estimated to be reclaimable for .....	Estimated to produce .....
0.00	34,625.00
Total liabilities .....	4. Bills of exchange, promissory note, etc., as per list "F" .....
18,007,959.00	0.00
Surplus .....	5. Deposits in financial institutions .....
NIL	0.00
	6. Cash .....
	0.00
	7. Livestock .....
	0.00
	8. Machinery, equipment and plant .....
	46,221.00
	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" .....
	6,603,000.00
	If debtor is a corporation, add:
	Amount of subscribed capital .....
	228,406.00
	Amount paid on capital .....
	228,406.00
	Balance subscribed and unpaid .....
	0.00
	Estimated to produce .....
	0.00
	Total assets .....
	6,690,449.00
	Deficiency .....
	11,317,510.00

I, Kent Jespersen, of the City of Delmar in the State of California, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 16<sup>th</sup> day of November 2018 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)  
 before me at the City of Toronto in the Province of Ontario, on this 23<sup>rd</sup> day of November 2018.

  
 David A. Golding  
 A COMMISSIONER, ETC

  
 David Berry

District of: Ontario  
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FORM 78 - Continued

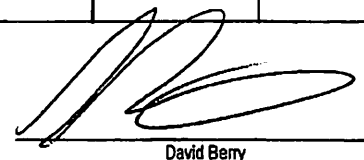
List "A"  
 Unsecured Creditors

Yappn Canada Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	2124312 Ontario Inc *Debenture Holder	320 Bay Street Suite 1600 Toronto ON M5H 4A6	1.00	0.00	1.00
2	2648699 Ontario Inc.	120 Eglinton Avenue East, Suite 1100 Toronto ON M4P 1E2	265,000.00	0.00	265,000.00
3	Accretive Capital Corp *Debenture Holder	26 Lesmill Road Unit 3 Toronto ON M4N 2R6	1.00	0.00	1.00
4	Alexander MacKay	66 Station Street Welland ON L3C 5K7	38,311.00	0.00	38,311.00
5	Amir Bern *Debenture Holder	Achi, Dakar 42 Ra' Anana IL	1.00	0.00	1.00
6	Apple Rock Displays	7602 Business Park Drive Greensboro NC 27409	620.00	0.00	620.00
7	Avenza Holdings Inc. *Debenture Holder	124 Merton Street # 400 Toronto ON M4S 2Z2	1.00	0.00	1.00
8	Barry Paluk	112 Cunnington Avenue Winnipeg MB R2M 0W8	20,883.00	0.00	20,883.00
9	Brad White *Debenture Holder	ON	1.00	0.00	1.00
10	Broadridge	P.O. Box 416423 Boston MA 02241-6423	3,145.00	0.00	3,145.00
11	Catherine Schwartz Productions	1601 Hills Avenue #8 Los Angeles CA 90024	3,962.00	0.00	3,962.00
12	Change 1 Ltd. *Debenture Holder	87 Highland Crescent Toronto ON M2L 1G7	1.00	0.00	1.00
13	Chitiz Pathak LLP *Debenture Holder	320 Bay Street Suite 1600 Toronto ON M5H 4A6	1.00	0.00	1.00
14	CUSIP	55 Water Street, 43rd floor New York NY 10041	530.00	0.00	530.00
15	D.Stahl, LLC	240 Centre Street, Apt 2K New York NY 10013	2,641.00	0.00	2,641.00
16	Dardan Bancorp *Debenture Holder	73 Richmond Street West Suite PH3 Toronto ON M5H 1Z4	1.00	0.00	1.00
17	Datanyze	4 W. 4th Avenue, Unit 501 San Mateo CA 94402	5,811.00	0.00	5,811.00
18	David Berry *Debenture Holder	124 Park Road Toronto ON M4W 2N7	2,877,857.00	0.00	2,877,857.00
19	David Wonch	15 Riva Ridge Brantford ON N3P 1R9	105,819.00	0.00	105,819.00
20	E52 Financial	464-4234 I-75 Bus Spur Sault Ste Marie MI 49783	26,000.00	0.00	26,000.00
21	Edgar Agents	105 White Oak Lane, Suite 104 Old Bridge NJ 08857	4,072.00	0.00	4,072.00
22	Frontier Development Inc. *Debenture Holder	C/O Box 209 Chancery Court. Leeward Highway Providenciales TC	1.00	0.00	1.00
23	Gala Globalization and Localization Assoc	P.O. Box 413 Andover MA 01810	1,321.00	0.00	1,321.00
24	Getty Images	P.O. Box 953604 St Louis MO 63195-3604	19,017.00	0.00	19,017.00

November 23<sup>rd</sup>, 2018

Date



David Berry

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FORM 78 – Continued

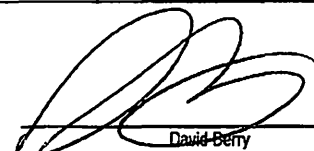
List "A"  
 Unsecured Creditors

Yappn Canada Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
25	Gigya	2513 E. Charleston Suite 200 Mountain View CA 94043	3,768.00	0.00	3,768.00
26	Gordon Herlands Randolph & Cox LLP	355 Lexington Avenue, 10th Floor New York NY 10017	13,371.00	0.00	13,371.00
27	Gowlings Lafleur Henderson LLP	1 First Canadian Place, 100 King St West, Suite 1600 Toronto ON M5X 1G5	46,617.00	0.00	46,617.00
28	Grandhill Capital Inc. *Debenture Holder	516 Vesta Drive Toronto ON M5P 3A8	1.00	0.00	1.00
29	Hootsuite USD	5 East 8th Avenue Vancouver BC V5T 1R6	2,806.00	0.00	2,806.00
30	IBEC Holdings	11D Hawthorn Garden, 70 Sing Woo Road Happy Valley HK	85,599.00	0.00	85,599.00
31	IMG Fashion DIV of IMG Worldwide, LLC.	304 Park Avenue South, Penthouse North New York NY 10010	22,450.00	0.00	22,450.00
32	Jeana Wendel	8089 Wascana Gardens Crescent Regina SK S4V 1G2	57,066.00	0.00	57,066.00
33	Jeff Crane *Debenture Holder	14 Fleming Crescent Toronto ON M4G 2A8	1.00	0.00	1.00
34	Jonathan Smith	10 Indiana Street Blind River ON P0R 1B0	63,050.00	0.00	63,050.00
35	David Berry	1815-40 Avenue. SW Calgary AB T2T 2L7	122,133.00	0.00	122,133.00
36	Loeb & Loeb	345 Park Avenue New York NY 10154	287.00	0.00	287.00
37	Luiz Vazquez Senties and Oscar Joel Christopher Vaquez Callendar *Debenture Holder	Av Revolucion No 468 San Pedro de los Pinos Mexico City MX 03800	2,917,926.00	0.00	2,917,926.00
38	Maletzky Media	157 Columbus Avenue #502 New York NY 10023	30,724.00	0.00	30,724.00
39	Maranden Holdings Inc.	115 Arnold Avenue Thornhill ON L4J 1B6	53,210.00	0.00	53,210.00
40	Martin and Millen Inc. *Debenture Holder	124 Park Road Toronto ON M4W 2N7	1.00	0.00	1.00
41	Martin Bernholtz *Debenture Holder	26 Lesmill Road Unit 3 Toronto ON M4N 2R6	1.00	0.00	1.00
42	MBooth	300 Park Avenue South 12th Floor New York NY 10010	38,546.00	0.00	38,546.00
43	Meissner Marketing	Faithlie, West Street Mayfield GB	14,788.00	0.00	14,788.00
44	Microsoft	One Microsoft Way Redmond WA 98052	71,695.00	0.00	71,695.00
45	Mike Florence *Debenture Holder	103 Vesta Drive Toronto ON M5P 2Z8	1.00	0.00	1.00
46	MNP LLP	50 Burnhamthorpe Road West, Suite 900 Mississauga ON L5B 3C2	29,170.00	0.00	29,170.00
47	NFP Property & Casualty Services, Inc	707 Westchester Avenue, Suite 201 White Plains NY 10604	762.00	0.00	762.00

November 23rd, 2018

Date



David Berry

District of: Ontario  
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FORM 78 - Continued


List "A"  
 Unsecured Creditors

Yappn Canada Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
48	Nora Singh	28 Normandale Crescent Toronto ON M2P 1M8	192,438.00	0.00	192,438.00
49	O&M Partners LLC.	757 Third Avenue 15th Floor New York NY 10017	7,924.00	0.00	7,924.00
50	Paige Capital Inc. *Debenture Holder	38 Edmund Seager Drive Thornhill ON L4J 4R9	1.00	0.00	1.00
51	Patricia Martin	11 Shorthill Place Fonthill ON L0S 1E3	31,726.00	0.00	31,726.00
52	Peter Simeon *Debenture Holder	2359 North Ridge Trail Oakville ON L6H 0B1	1.00	0.00	1.00
53	Quest Document Solutions	757 Third Avenue Suite 2127 New York NY 10017	964.00	0.00	964.00
54	Ricoh Canada Inc	5520 Explorer Drive Suite 300 Mississauga ON L4W 5L1	1,906.00	0.00	1,906.00
55	Rob Cole	66 Howlett Avenue Newmarket ON L3Y 5S5	42,028.00	0.00	42,028.00
56	Ron Santos	20452 TWP Road 515A Shenwood Park AB T8G 1G3	31,726.00	0.00	31,726.00
57	Shaun Henderson	227 Martindale Avenue Oakville ON L6H 4K2	31,726.00	0.00	31,726.00
58	Simon Yakubowicz *Debenture Holder	17 Alderbrook Drive Don Mills ON M3B 1E3	1.00	0.00	1.00
59	Stan Bhatti *Debenture Holder	39 Whitney Avenue Toronto ON M4W 2A7	1.00	0.00	1.00
60	STE Holdings	Ajay Tandon 845 Third Avenue 6th Floor New York NY 10022	8,584.00	0.00	8,584.00
61	Steve Singh	28 Normandale Crescent Toronto ON M2P 1M8	236,891.00	0.00	236,891.00
62	Stu Hornuth *Debenture Holder	81 Hill Street Exeter ON N0M 1S1	1.00	0.00	1.00
63	Telus	P.O. Box 5300 Burlington ON L7R 4S8	222.00	0.00	222.00
64	Toronto Tree Top Holdings Ltd. *Debenture Holder	73 Richmond Street West Suite PH3 Toronto ON M5H 1Z4	1.00	0.00	1.00
65	Ventris	Suite 8, 20F, One International Finance Centre, One Harbor View Street Central HK	1,585.00	0.00	1,585.00
66	Winterberry Investment Inc. *Debenture Holder	124 Park Road Toronto ON M4W 2N7	1.00	0.00	1.00
67	Winterberry Investments Inc., as Collateral Agent for each Debenture Holder	124 Park Road Toronto ON M4W 2N7	0.00	3,780,812.00	3,780,812.00
<b>Total:</b>			<b>7,536,698.00</b>	<b>3,780,812.00</b>	<b>11,317,510.00</b>

November 23rd, 2018

Date



David Berry

District of: Ontario  
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FORM 78 - Continued

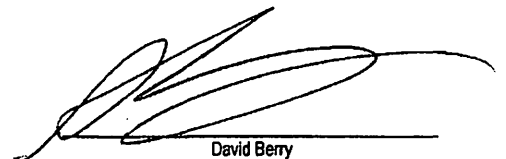
List "B"  
 Secured Creditors

Yappn Canada Inc.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	Winterberry Investments Inc., as Collateral Agent for each Debenture Holder	124 Park Road Toronto ON M4W 2N7	10,471,261.00	Other - Intangible Property - Core Technology, IP and Issued Patents  Business Assets - Machinery - Computer hardware/software  Debts Due - Business - Accounts Receivable - Trade - .  Business Assets - Trade Fixtures - Office furniture and fixtures	23-Dec-2015  23-Dec-2015  23-Dec-2015  23-Dec-2015	6,603,000.00  46,221.00  34,625.00  6,603.00		3,780,812.00
Total:			10,471,261.00			6,680,449.00	0.00	3,780,812.00

November 23rd, 2018

Date



David Berry

District of: Ontario  
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FORM 78 – Continued

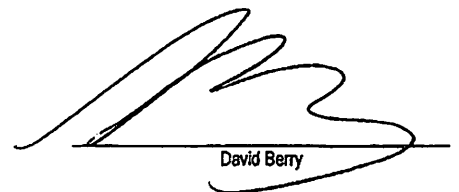
List "C"  
Preferred Creditors for Wages, Rent, etc.

Yappn Canada Inc.

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

November 23rd, 2018

Date



David Berry

District of: Ontario  
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FORM 78 – Continued


List "D"  
Contingent or Other Liabilities

Yappn Canada Inc.

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

November 23rd, 2018

Date



David Berry

District of: Ontario  
 Division No. 09 - Toronto  
 Court No.  
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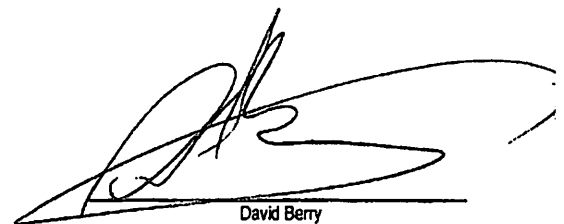
FORM 78 -- Continued

List "E"  
 Debts Due to the Debtor  
 Yappn Canada Inc.

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
1	Accounts Receivable - Trade	ON .	Accounts Receivable - Trade	34,625.00 0.00 0.00		09-Nov-2018	34,625.00	
Total:				34,625.00 0.00 0.00			34,625.00	

November 23rd, 2018

Date



David Berry

District of: Ontario  
Division No. 09 - Toronto  
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FORM 78 - Continued

List "F"

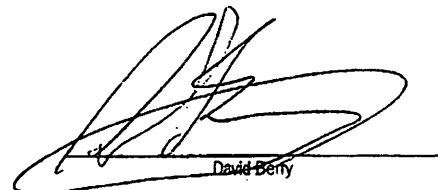
Bills of Exchange, Promissory Notes, Lien Notes, Chattel  
Mortgages, etc., Available as Assets

Yappn Canada Inc.

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
				Total: 0.00		0.00	

November 23rd, 2018

Date



David Bery

District of: Ontario  
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FORM 78 - Continued

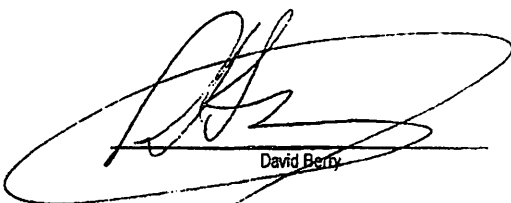
List "G"  
Real Property or Immovables Owned by Debtor

Yappn Canada Inc.

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Total:			0.00		0.00

November 23rd, 2018

Date



David Berry

District of: Ontario  
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FORM 78 – Concluded

List "H"  
 Property

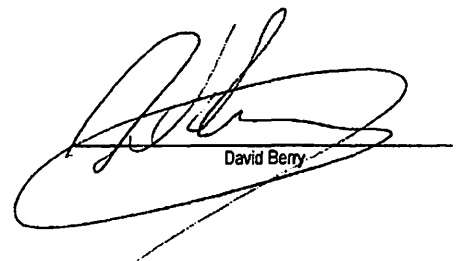
Yappn Canada Inc.

FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade fixtures, etc.		Office furniture and fixtures	0.00	6,603.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant		Computer hardware/software	0.00	46,221.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
(m) Other		Intangible Property - Core Technology, IP and issued Patents	0.00	6,603,000.00
			<b>Total:</b>	<b>6,655,824.00</b>

November 23rd, 2018

Date



David Berry

District of: Ontario  
Division No. 09 - Toronto  
Court No.  
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- 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 proposal of  
Yappn Canada Inc.  
of the City of Markham, in the Province of Ontario

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

\_\_\_\_\_  
\_\_\_\_\_

In the matter of the proposal of Yappn Canada Inc. of the City of Markham in the Province of Ontario 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 23rd day of November 2018, 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.)

- 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 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

District of: Ontario  
Division No. 09 - Toronto  
Court No.  
Estate No.

- FORM 36 -  
Proxy  
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the matter of the proposal of  
Yappn Canada Inc.  
of the City of Markham, in the Province of Ontario

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:

Albert Gelman Inc. - Licensed Insolvency Trustee

\_\_\_\_\_  
100 Simcoe Street, Suite 125  
Toronto ON M5H 3G2  
Phone: (416) 504-1650 Fax: (416) 504-1655  
E-mail: proofofclaim@albertgelman.com

District of: Ontario  
Division No. 09 - Toronto  
Court No.  
Estate No.

- FORM 37 -

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

In the matter of the proposal of  
Yappn Canada Inc.  
of the City of Markham, in the Province of Ontario

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 Yappn  
Canada Inc., to record my vote \_\_\_\_\_ (for or against) the acceptance of the proposal as made on  
the 23rd day of November 2018.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

Per \_\_\_\_\_

\_\_\_\_\_  
Name and Title of Signing Officer

Return To:  
Albert Gelman Inc. - Licensed Insolvency Trustee  
Per:

\_\_\_\_\_  
Joe Albert - Licensed Insolvency Trustee  
100 Simcoe Street, Suite 125  
Toronto ON M5H 3G2  
Phone: (416) 504-1650 Fax: (416) 504-1655  
E-mail: proofofclaim@albertgelman.com