

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2112451
Estate No. 31-2112451

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

In the matter of the proposal of
CORE MICRO TECHNOLOGY INC.
of the Town of Aurora, in the Province of Ontario

Take notice that CORE MICRO TECHNOLOGY INC. of the Town of Aurora 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.

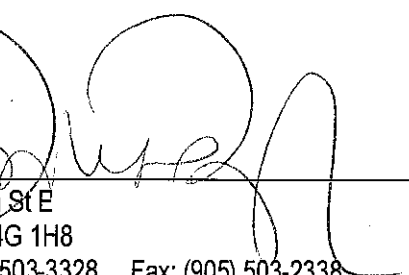
A general meeting of the creditors will be held at 78 Wellington St E, Aurora, ON on the 7th day of June 2016 at 11:00 AM.

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 Town of Aurora in the Province of Ontario, this 18th day of May 2016.

Russo Corp.


78 Wellington St E
Aurora ON L4G 1H8
Phone: (905) 503-3328 Fax: (905) 503-2338

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

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Business Development Bank of Canada vladimir.kojemiako@bdc.com	1100 - 155 Carlton Street Winnipeg MB R3C 3H8		83,360.00
CRA - Toronto West Tax Services Office	5800 Hurontario Street Mississauga ON L5R 4B4	88476 5710 RT0001	14,280.90
David Burkes, CA	30 East Beaver Creek Road, Suite 201 Richmondhill ON		7,317.00
David Eby	14 Pineneedle Drive Aurora ON L4G 4Y7		200,000.00
DLA Piper Canada LLP	666 Burrard Street, Suite 2800 Vancouver BC V6C 2Z7	77324-00001	7,404.48
ESI Cases & Accessories	44 East 32nd St, 6th floor New York NY 10001-6 USA		6,447.60
Grace Phonics Inc.	90 Tesla Rd Irvine CA 92618 USA		10,856.50
Milgram Shipping	400-645 Wellington St Montreal QC H3C 0L1	41058	2,321.23
Netcom Technology	144 HOI BUN RD, KWUN TONG KOWLOON Asia HONG KONG		463,199.00
P. Eby	3900 Yonge Street, Suite 917 Toronto ON M4N 3N6		69,750.00
TD Canada Trust rakesh.ohri@td.com	4720 Tahoe Boulevard, 3rd Floor Mississauga ON L4W 5P2		957,144.00
Teledex Inc.	1 Atlas St Kenilworth NJ 7033 USA	CZ316	2,185.80
Xi3 Corporation	299 South Main, Suite 1300 Salt Lake City Utah USA		85,321.39
Total			1,909,587.90

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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
CORE MICRO TECHNOLOGY INC.
of the Town of Aurora, 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 CORE MICRO TECHNOLOGY INC. of the Town of Aurora 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 18th day of April 2016, 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.

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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
CORE MICRO TECHNOLOGY INC.
of the Town of Aurora, 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:

Russo Corp.

78 Wellington St E
Aurora ON L4G 1H8
Phone: (905) 503-3328 Fax: (905) 503-2338
E-mail: russo@russocanhelp.com

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FORM 37

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

In the matter of the proposal of
CORE MICRO TECHNOLOGY INC.
of the Town of Aurora, 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 CORE
MICRO TECHNOLOGY INC., to record my vote _____ (for or against) the acceptance of the
proposal as made on the _____ day of _____.

Dated at _____, this _____ day of _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____

Name and Title of Signing Officer

Return To:
Russo Corp.
Per:

Joanne Russo - Licensed Insolvency Trustee
78 Wellington St E
Aurora ON L4G 1H8
Phone: (905) 503-3328 Fax: (905) 503-2338
E-mail: russo@russocanhelp.com

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

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, as amended**

-and-

**IN THE MATTER OF THE PROPOSAL OF
CORE MICRO TECHNOLOGY INC.**

PROPOSAL DATED MAY, 18, 2016

Core Micro Technology Inc. (the "Debtor"), hereby submits the following Proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

**ARTICLE 1
DEFINITIONS**

1.1 Definitions

In this Proposal, capitalized terms shall have the meanings set out in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended, save and except for the terms and definitions set out below:

- a) "Act" means the *Bankruptcy and Insolvency Act*, S.C. 1992, Chapter 27, as amended;
- b) "Administrative Fees and Expenses" means:
 - i. the proper fees and expenses of the Proposal Trustee including its legal fees and disbursements; and
 - ii. the legal and consulting fees and disbursements of the Proposal Trustee incurred on or incidental to negotiations in connection with the preparation of the Proposal and the transactions and agreements contemplated hereby, including discussions with the Debtor, its officers, directors and principals;
- c) "Business Day" means any day other than a Saturday or Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein;
- d) "Canada Pension Plan" means the *Canada Pension Plan*, R.S.C. 1985, c C-8, as amended;
- e) "Claim" means any right or claim of any Person against the Debtor that may be made in whole or in part against the Debtor or any property or assets of the Debtor, whether or not

asserted, in connection with any indebtedness, liability or obligation of any kind, which indebtedness, liability or obligation is in existence at the Filing Date or which is based on an event, act or omission which occurred in whole or in part prior to the Filing Date, whether or not 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 a right is executory in nature, including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in future based in whole or in part on facts which exist prior to or at the Filing Date;

- f) **"Court"** means the Ontario Superior Court of Justice (in Bankruptcy and Insolvency);
- g) **"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 or in the name of such Person;
- h) **"Court Approval Date"** means the date on which the Court finally and conclusively approves this Proposal;
- i) **"Debtor"** means Core Micro Technology Inc.;
- j) **"Default Fund"** means those monies held by the Trustee, as set out herein. The sole purpose of the Proposal Default Fund will be to fund an application to annul the Proposal and fees of the Trustee in the ensuing bankruptcy, in the event of default by the debtor, such default not having been waived by the Inspector(s) of the estate or remedied by the Debtor. The segregated default fund shall be for a total amount of \$10,000.00 plus HST and disbursements. In the event that there is no default by the debtor, the Proposal Default Fund will be considered payment towards the total amounts required pursuant to the terms of the Proposal and will be distributed in accordance with the terms thereof;
- k) **Director(s)"** means any person or persons who are, have previously been, or in future may be directors of the Debtor, including but not limited to those persons who, in the past, present or future:
 - i. have or will act in the capacity of director of the Debtor, with or without being so named, or
 - ii. have or will perform the functions of a director of the Debtor, with or without being so named; or
 - iii. have been, are or may in future be deemed, de facto, acting, substitute or effective directors or the Debtor; or

- iv. have been, are or will be persons subject to director's statutory liabilities arising from any statute, act or regulation of Canada;
- l) "Effective Date" means the date on which the transactions and agreements provided for in this Proposal become effective, which date shall be 30 days after the Court Approval Date, provided that no appeal has been filed to any Court Order approving the Proposal;
- m) "Employment Insurance Act" means the *Employment Insurance Act*, S.C. 1996, c. 23, as amended;
- n) "Filing Date" means the date on which the Debtor filed its Notice of Intention to Make a Proposal, which date is April 18, 2016;
- o) "Final Order" means an order of the Court approving this Proposal to be granted pursuant to the provisions of the Act, the appeal period having expired and no appeal having been filed, or any appeal therefrom having been dismissed and such dismissal having become final;
- p) "Income Tax Act" means the *Income Tax Act*, R.S.C. 1985, c.1(5th Supp), as amended;
- q) "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;
- r) "Preferred Creditors" means Creditors with Proved Unsecured Claims which are required by the Act to be paid in priority to all other Claims under a proposal by a debtor (but only in respect and to the extent of such Proven Unsecured Claims) and including, without limitation;
- s) **Employees and former employees of the Debtor**, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the Act if the Debtor became bankrupt on the Proposal Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about the Debtor's business during the same period;

Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under,

- i. subsection 224(1.2) of the Income Tax Act;
- ii. any provisions of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the Income Tax Act and provides for collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or

- employer's premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amounts; or
- 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;
 - iv. 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
 - v. 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;
- t) **"Post Filing Harmonized Sales Tax"** means in respect of the Proposal, the goods supplied, services rendered and other consideration given to the Debtor subsequent to the Filing Date;
 - u) **"Proposal"** means this Proposal dated May 18, 2016 made pursuant to the Act, as further amended or supplemented from time to time;
 - v) **"Proposal Trustee"** or **"Trustee"** means Russo Corp, the Trustee acting in this Proposal;
 - w) **"Proven Unsecured Claim"** of a Creditor means the amount of the Claim of such Creditor finally determined and admitted in accordance with the provisions of the Act;
 - x) **"Secured Creditor"** means any person or persons holding a valid and enforceable mortgage, hypothec, security interest, pledge, charge, lien, privilege or encumbrance on or against any property of any person or persons as security for a Claim or a person whose Claim is based upon, or secured by a negotiable instrument held as collateral security;
 - y) **"Unsecured Creditors"** means, collectively, the Creditors who are not Secured Creditors or Preferred Creditors.

1.2 Articles of Reference

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section,

subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

1.3 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

1.5 Time

All times expressed herein are local time in Aurora, Ontario, Canada unless otherwise stipulated. Where the time for anything to be done pursuant to the Proposal on a particular date is unspecified, the time shall be deemed to be 5:00p.m. local time in Aurora, Ontario, Canada.

1.6 Context

In the Proposal, where the context requires a word importing the singular number will include the plural and *vice versa* and a word or words importing gender will include all genders.

1.7 Currency

Unless otherwise stated herein, all references to currency in the Proposal are to lawful money of Canada.

1.8 Statutory References

Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

1.9 Successor and Assigns

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

ARTICLE 2
GENERAL INTENT

2.1 Purpose of Proposal

The purpose of this Proposal is to affect a compromise of the Claims of the Unsecured Creditors of the Debtor and the Secured Creditors of the Debtor, including statutory claims against Directors, strictly in accordance with subsections 50(13) to 50(15) of the Act, in the expectation that all Unsecured Creditors will derive a greater benefit from a Proposal to Creditors than would result from a forced liquidation of the Debtor's assets in the event of a bankruptcy.

Notwithstanding the terms and conditions of all arrangements or other arrangements with creditors entered into before the Filing Date, for so long as an event of default in the Proposal has not occurred, or if it has occurred, has been waived or cured, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern.

It is the intention of the Debtor to maintain operations throughout the term of the Proposal in order to fund the Proposal herein.

2.2 Persons Affected

This Proposal will, as of the Effective Date, be binding on the Debtor and on all creditors, including the Crown, to whom this Proposal is made.

2.3 Assets Remain Vested in Debtor

The assets of the Debtor shall not vest in the Proposal Trustee, but shall remain vested in the Debtor, and the Trustee shall have no liability whatsoever for the Claims of Creditors arising before, on or after the Filing Date.

ARTICLE 3
CLASSIFICATION AND TREATMENT OF CREDITORS

3.1 Secured Creditors - Class One

Secured Creditors acknowledge that their security is subordinate to the trust claims of Her Majesty in this Proposal and in any ensuing bankruptcy, unless it is supported by a mortgage on real property or otherwise entitled to be classified as a *prescribed security instrument* in accordance with the Income Tax Act.

The following are known to be secured creditors of the Debtor:

- a) TD Canada Trust – Amount owing- \$ 957,144.00 Canadian Funds and \$19,768.82US
- b) BDC- approximate amount owing \$83,360.00;
- c) Any and all equipment leases, payments will continue to be made as per the current lease arrangements in place with the Debtor;
- d) Majesty in Right of Canada, or a Province (“**Crown claims**”), Nil amount owing

TD CANADA TRUST

Core Micro and the Guarantors shall pay the Indebtedness as follows:

- (a) the sum of \$10,000.00 per month, payable on the 15th day of each month, until the Forbearance Deadline;
- (b) all interest on the said credit facility shall be kept current; and
- (c) on or before the Forbearance Deadline, the balance of the Indebtedness then outstanding shall be paid in full;
- (d) at the expiry of the Forbearance Deadline, the Bank may review the situation and it may provide an extension of this agreement which shall be in the Bank’s sole discretion. In the event that the parties hereto agree to an extension, an amended Forbearance Agreement shall be executed, setting out the terms of the extension;
- (e) as security for the payment of the Indebtedness, James Alexander Wylie shall provide the Bank with a mortgage in the sum of \$750,000.00 plus interest at the prime rate of interest charged by the Bank from time to time plus 1.5% per year, until paid, to be registered on title to the property municipally known as 3237 7 St SW, Calgary, Alberta T2T 2X8, immediately upon execution of this Forbearance Agreement (the “**Mortgage**”);
- (f) Core Micro can continue to use the credit facility however, the operating loan shall be capped at \$979,000.00 including the USD account and Core Micro can only draw against cleared funds. Any drawings that exceed the capped amount shall be returned;

Business Development Bank of Canada

Core Micro and the Guarantors shall continue to pay the Indebtedness as per the terms of its existing loan agreements. Monthly payments of combined interest and principal in the approximate amount of \$ 2,500.00 per month for 3 years will continue to be honored by the Debtor.

3.1.1 Crown Claims, Preferred Claims and Employee Preferred Claims

- i. Owing to the Majesty in Right of Canada, or a Province ("Crown claims"), as being approximately \$1.00 (subject to audit adjustments) and enumerated in section 60(1.1) of the Bankruptcy and Insolvency Act shall be paid to Her Majesty in right of Canada be made within six months after court approval.
- ii. The Debtor has no outstanding Employee Preferred Claims.

3.3 Proven Unsecured Claims - Class 2

Shall be satisfied in accordance with Article 7 herein.

ARTICLE 4 **PROCEDURE FOR VALIDATION OF CLAIMS**

4.1 Filing of Proofs of Claim

Each Secured and Unsecured Creditor must file a Proof of Claim to vote on, or to receive a distribution under the Proposal.

4.2 Classes of Creditors

Upon receipt of a completed Proof of Claim, the Trustee shall examine the Proof of Claim and shall deal with each claim in accordance with the provisions of the Act. The procedure for valuing Claims of Creditors and resolving disputes with respect to such Claims will be as set forth in the Act. The Debtor and/or Trustee reserve the right to seek the assistance of the Court in valuing the Claim of any Creditor, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Creditor under the Proposal, as the case may be.

ARTICLE 5 **MEETING OF CREDITORS**

5.1 Meeting of Creditors

The Proposal Trustee shall hold a meeting of the unsecured creditors in order for them to consider and vote upon the Proposal.

5.2 Time and Place of Meeting

Unless otherwise ordered by the Court, the meeting of creditors shall be held at a time and place to be established by the Official Receiver, or the nominee thereof, and confirmed in the Proposal Trustee's notice of meeting to be mailed pursuant to the Act.

5.3 Conduct of Meetings

The Official Receiver, or the nominee thereof, shall preside as the chair of the meeting of creditors and will decide all matters relating to the conduct of the meeting. The only Persons entitled to attend the meeting of creditors are those Persons, including the holders of proxies, entitled to vote at the meeting, their respective legal counsel, if any, and the officers, directors, auditors and legal counsel of the Debtor, together with such representatives of the Proposal Trustee as the Proposal Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other Person may be admitted on invitation of the chair of the meeting or with the consent of the Creditors.

5.4 Adjournment of Meetings

The meeting of creditors may be adjourned in accordance with Section 52 of the Act.

5.5 Voting by Creditors

To the extent provided for herein, each Class of Creditor will be entitled to vote, to the extent of the amount that is equal to their respective Proven Claim, in accordance with the provisions of the Act.

5.6 Approval by Creditors

In order that the Proposal be binding on both the unsecured and secured classes of creditors of the Debtor, and in accordance with the Act, the Proposal must first be accepted by each class of creditors, represented by a majority in number of each class of creditor who actually vote upon the Proposal (in person or by proxy or by voting letter) at the Meeting of Creditors, and representing two-thirds in value of the Proven Claims of each class, who actually vote upon the Proposal (in person or by proxy or by voting letter) at the Meeting of Creditors.

5.7 Appointment of Inspectors

At the Meeting of Creditors the Creditors may appoint up to five (5) Inspector(s) whose powers will be limited to:

- a) advising the Proposal Trustee concerning any dispute which may arise as to the validity of Claims, and
- b) advising the Proposal Trustee from time to time with respect to any other matter that the Proposal Trustee may refer to them.

Any decision, direction or act of the Inspector(s) may be referred to the Court by the Proposal Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it thinks just.

The authority and term of office of the Inspector(s) will terminate upon the discharge of the Trustee.

ARTICLE 6 **PAYMENT OF ADMINISTRATIVE FEES AND EXPENSES**

6.0 In accordance with arrangements made between the Trustee and the Debtor, the Trustee's Administrative Fees and Expenses shall be paid outside the Proposal.

ARTICLE 7 - PROPOSAL

7.0 The unsecured creditors (Class 2) shall receive 10 percent of the total proven claims, which amount shall be shared equally on a pro-rata basis. Payments are to commence the month immediately following satisfaction of all the secured debts.

7.1 All unsecured creditors shall form part of one class for voting and distribution purposes.

7.2 Monthly payments are to be made to the Proposal Trustee over a period of one year. A dividend will be issued to the unsecured creditors on a quarterly basis.

7.3 The Debtor shall, at their sole option (after consultation with and agreement of the Trustee), be at liberty to make additional payment(s) over and above the minimum monthly requirement, at any time, without bonus or penalty.

7.4 Unsecured Creditors, will accept the payments provided for in this Part in complete satisfaction of all their Claims and all liens, certificates of pending litigation, executions, security interests or any other similar charges or actions or proceedings in respect of such Claims will have no effect in law or in equity against the property, assets and undertaking of the Corporation, all of which shall be released upon payment of the amounts provided for in this Part. The Unsecured Creditors shall take such actions and do such and other things as are necessary, at their sole cost, to file or records any required discharges of any of the foregoing

ARTICLE 8
RELEASE OF CLAIMS AGAINST DIRECTORS

- 8.0 Upon implementation of this Proposal on the Effective Date, each and every Director (as herein defined) of the Debtor shall be released from any and all demands, claims, debts, judgments, liens and other recoveries on account of any potential, contingent or actual statutory liability of whatsoever nature which any person may be entitled to assert against such Director(s) as at the Filing Date, including without limitation, any and all Claims howsoever related to any obligations of the Debtor where the Director(s) are or may be liable at law in their capacity as Director(s) for the payment of such obligations, whether known or unknown, existing or hereafter arising, based in whole or in part on any act of omission, transaction, dealing or other occurrence existing or taking place prior to the Filing Date.
- 8.1 Notwithstanding Article 8.1, nothing in this Proposal shall release or discharge any of the Directors from the exceptions set out in Section 50(14) of the Act and Article 8.1 shall be strictly interpreted so that it complies with Section 50(13) of the Act.
- 8.2 Any release contemplated in Article 8.1 shall not be obtained or be valid until the Certificate of Full Performance has been issued.

ARTICLE 9
PROPOSAL TRUSTEE

- 9.0 Russo Corp., Licensed Insolvency Trustee of the Town of Aurora, in the Province of Ontario, and not in its personal or corporate capacity, shall be the Proposal Trustee under this Proposal and all monies payable under this proposal shall be paid over to the Proposal Trustee who shall make payment of all distributions in accordance with the terms of this Proposal.
- 9.1 Any payments made by the Proposal Trustee to creditors hereunder shall be made by the Proposal Trustee net of any levies payable or due under the Act.
- 9.2 The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal or corporate capacity and no officer, director, employee or agent of the Proposal Trustee shall incur any obligations or liabilities in connection with this Proposal or in respect of the business activities or liabilities of the Debtor.
- 9.3 The Proposal Trustee shall have no liability whatsoever for the Claims arising before, on or after the Filing Date.

ARTICLE 10
FULL PERFORMANCE OF PROPOSAL

10. All obligations of the Debtor under this Proposal will commence as of the Effective Date. This Proposal will be fully performed upon the payment to the Proposal Trustee of the amounts referred to in Articles 7 and when all other obligations of the Debtor set out herein have been satisfied, including payment of the Trustee's Administrative Fees and Expenses.

10.1 When the Proposal has been fully performed by the Debtor, the Proposal Trustee will issue to the Debtor and the Official Receiver the Certificate of Full Performance as provided for in Section 65.3 of the Act.

10.2 During the duration of this Proposal and until the Certificate of Full Performance referred to in Article 10.2 is issued by the Proposal Trustee, the Debtor shall not merge, amalgamate, rollover or otherwise change or reorganize its corporate structure without the prior approval of the Inspectors and unless the new or successor entity agrees to be bound by all terms and conditions of this Proposal.

10.3 The provisions of this Proposal will be binding on all Creditors of the Debtor, and their respective heirs, executors, administrators, successors and assigns.

ARTICLE 11
AMENDMENT OF PROPOSAL

11.0 At any and all meetings of Creditors, the Debtor may at any time and from time to time, vary, amend, modify or supplement this Proposal.

11.1 If there are any variations, amendments, modifications or supplements to the Proposal made at or prior to the final Meeting Creditors held to consider the Proposal which the Proposal Trustee determines are for the general benefit of the Creditors in each class, the Proposal Trustee shall be entitled to approve such variations, amendments, modifications or supplements by exercising all voting rights its receives from Creditors in each class, who have voted in favour of the Proposal and by counting all "yes" votes and "no" votes which have not, to the time the variations, amendments, modifications or supplements are made, been changed, as "yes" votes and "no" votes for the amended or supplemental Proposal.

DATED at the Town of Aurora, in the Province of Ontario this 18th day of May 2016.

Witness

CORE MICRO TECHNOLOGY INC.

David Eby

I have authority to bind the debtor.

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2112451
 Estate No. 31-2112451

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
CORE MICRO TECHNOLOGY INC.
 of the Town of Aurora, in the Province of Ontario

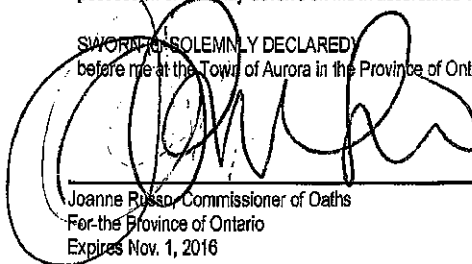
To the debtor:

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 (or notice of intention, if applicable), on the 18th day of April 2016. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

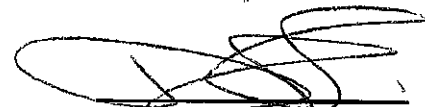
LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A"	1. Inventory
669,133.80	0.00
Balance of secured claims as per list "B"	2. Trade fixtures, etc.
1,240,505.00	0.00
Total unsecured creditors	3. Accounts receivable and other receivables, as per list "E"
1,909,638.80	Good
2. Secured creditors as per list "B"	0.00
0.00	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	0.00
Total liabilities	4. Bills of exchange, promissory note, etc., as per list "F" ...
1,909,638.80	0.00
Surplus	5. Deposits in financial institutions
NIL	0.00
	6. Cash
	0.00
	7. Livestock
	0.00
	8. Machinery, equipment and plant
	0.00
	9. Real property or Immovable as per list "G"
	0.00
	10. Furniture
	0.00
	11. RRSPs, RRIFs, life insurance, etc.
	0.00
	12. Securities (shares, bonds, debentures, etc.)
	0.00
	13. Interests under wills
	0.00
	14. Vehicles
	0.00
	15. Other property, as per list "H"
	133,002.00
	If debtor is a corporation, add:
	Amount of subscribed capital
	0.00
	Amount paid on capital
	0.00
	Balance subscribed and unpaid
	0.00
	Estimated to produce
	0.00
	Total assets
	133,002.00
	Deficiency
	1,776,636.80

I, DAVID EBY, of the Town of Stouffville in the Province of Ontario, 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 17th day of May 2016 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 TO SOLEMNLY DECLARED
 before me at the Town of Aurora in the Province of Ontario, on this 17th day of May 2016.



Joanne Russo, Commissioner of Oaths
 For the Province of Ontario
 Expires Nov. 1, 2016



DAVID EBY

Giovanna Russo, a Commissioner, etc.,
 Province of Ontario
 for Russo Corp., Trustee in Bankruptcy
 Expires November 1, 2016

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2112451
 Estate No. 31-2112451

FORM 78 -- Continued

List "A"
 Unsecured Creditors

CORE MICRO TECHNOLOGY INC.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	Business Development Bank of Canada Attn: vladimir.kojemlako@bdc.com	1100 - 155 Carlton Street Winnipeg MB R3C 3H8	0.00	83,360.00	83,360.00
2	CRA - Canada Revenue Agency - Tax - Ontario Attn: c/o London Taxes Services Office Division Regional Intake Centre for Inso! 88476 5710 RC0001	PO Box 5548 3 - 451 Talbot St London ON N6A 4R3	1.00	0.00	1.00
3	CRA - Toronto West Tax Services Office 88476 5710 RT0001	5800 Hurontario Street Mississauga ON L5R 4B4	14,280.90	0.00	14,280.90
4	David Burkes, CA	30 East Beaver Creek Road, Suite 201 Richmondhill ON	7,317.00	0.00	7,317.00
5	David Eby	14 Pineneedle Drive Aurora ON L4G 4Y7	0.00	200,000.00	200,000.00
6	DLA Piper Canada LLP 77324-00001	666 Burrard Street, Suite 2800 Vancouver BC V6C 2Z7	7,404.48	0.00	7,404.48
7	ESI Cases & Accessories	44 East 32nd St, 6th floor New York NY 10001-6 USA	6,447.60	0.00	6,447.60
8	Gowling Lafleur Henderson LLP - Hamilton Attn: louis.frapportl@gowlinglg.com Louis Frapporti - Counsel HSBC	1 Main Street West Hamilton ON L8P 4Z5	1.00	0.00	1.00
9	Grace Phonics Inc.	90 Tesla Rd Irvine CA 92618 USA	10,856.50	0.00	10,856.50
10	James Wylie	3237 7th Street SW Calgary AB T2T 2B8	0.00	1.00	1.00
11	Kestenberg, Siegal, Lipkus LLP Attn: mrk@ksllaw.com	85 Granby Street Toronto ON M5B 1H8	0.00	0.00	0.00
12	Milgram Shipping 41058	400-645 Wellington St Montreal QC H3C 0L1	2,321.23	0.00	2,321.23
13	Moneris Solutions Attn: Natalie Daineka 003-02-00679365	West Tower 16th Floor 3300 Bloor Street W Etobicoke ON M8X 2X2	46.90	0.00	46.90
14	Netcom Technology	144 HOI BUN RD, KWUN TONG KOWLOON HONG KONG	463,199.00	0.00	463,199.00
15	P. Eby	3900 Yonge Street, Suite 917 Toronto ON M4N 3N6	69,750.00	0.00	69,750.00
16	TD Canada Trust Attn: rakesh.ohri@td.com	4720 Tahoe Boulevard, 3rd Floor Mississauga ON L4W 5P2	0.00	957,144.00	957,144.00
17	Teledex Inc. CZ316	1 Atlas St Kenilworth NJ 7033 USA	2,185.80	0.00	2,185.80
18	Workplace Safety and Insurance Board Attn: c/o Collection Services 2014504	200 Front St W Toronto ON M5V 3J1	1.00	0.00	1.00
19	X3 Corporation	299 South Main, Suite 1300 Salt Lake City Utah USA	85,321.39	0.00	85,321.39
Total:			669,133.80	1,240,505.00	1,909,638.80

17-May-2016

Date


 DAVID EBY

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2112451
 Estate No. 31-2112451

FORM 78 -- Continued

List "B"
 Secured Creditors

CORE MICRO TECHNOLOGY 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	Business Development Bank of Canada Attn: vladimir.kojemiako@bdc.com	1100 - 155 Carlton Street Winnipeg MB R3C 3H8	83,360.00	Other - Work in Progress Other - inventory Other - Desk, chairs, computers		0.00 0.00 0.00		83,360.00
2	CRA - Canada Revenue Agency - Tax - Ontario Attn: c/o London Taxes Services Office Division Regional Intake Centre for Insol 88476 5710 RP0001	PO Box 5548 3 - 451 Talbot St London ON N6A 4R3	1.00			0.00		
3	David Eby	14 Pineneedle Drive Aurora ON L4G 4Y7	200,000.00	Other - Desk, chairs, computers Other - inventory Other - Work in Progress		0.00 0.00 0.00		200,000.00
4	James Wylie	3237 7th Street SW Calgary AB T2T 2B8	1.00	Other - Work in Progress Other - inventory Other - Desk, chairs, computers		0.00 0.00 0.00		1.00
5	TD Canada Trust Attn: rakesh.chri@td.com	4720 Tahoe Boulevard, 3rd Floor Mississauga ON L4W 5P2	957,144.00	Other - Desk, chairs, computers Other - inventory Other - Work in Progress		0.00 0.00 0.00		957,144.00
Total:			1,240,506.00			0.00	0.00	1,240,505.00

17-May-2016

Date



DAVID EBY

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2112451
Estate No. 31-2112451

FORM 78 - Continued

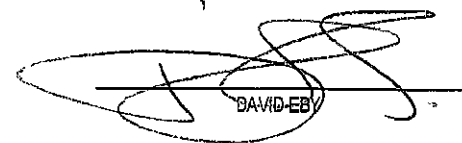
List "C"
Preferred Creditors for Wages, Rent, etc.

CORE MICRO TECHNOLOGY 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

17-May-2016

Date



DAVID EB

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2112451
Estate No. 31-2112451

FORM 78 -- Continued

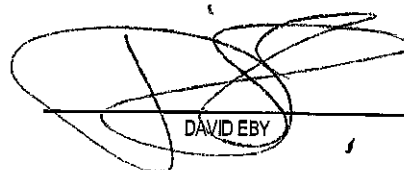
List "E"
Debts Due to the Debtor

CORE MICRO TECHNOLOGY 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
				0.00				
			Total:	0.00			0.00	
				0.00				

17-May-2016

Date



DAVID EBY

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2112451
Estate No. 31-2112451

FORM 78 -- Continued

List "F"

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

CORE MICRO TECHNOLOGY 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	

17-May-2016

Date



DAVID EBY

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2112451
Estate No. 31-2112451

FORM 78 -- Continued


List "G"
Real Property or Immovables Owned by Debtor

CORE MICRO TECHNOLOGY 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

17-May-2016

Date



DAVID EBY