

SHOP.CA NETWORK INC.

**FIRST REPORT OF RICHTER ADVISORY GROUP INC.,
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF
SHOP.CA NETWORK INC.**

JUNE 8, 2016

Court File No. 31-2131992

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE NOTICE OF INTENTION OF
SHOP.CA NETWORK INC.**

**FIRST REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE UNDER THE
NOTICE OF INTENTION OF
SHOP.CA NETWORK INC.**

JUNE 8, 2016

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	PURPOSE OF REPORT	1
III.	QUALIFICATIONS	2
IV.	BACKGROUND	2
V.	OBJECTIVES OF THE NOI PROCEEDINGS	6
VI.	PROPOSED SALES PROCESS	7
VII.	THE COMPANY'S CASH FLOWS FOR THE PERIOD ENDING JULY 16, 2016	10
VIII.	PROPOSED ADMINISTRATION CHARGE	10
IX.	PROPOSED KEY EMPLOYEE RETENTION AGREEMENTS	11
X.	COMPANY'S REQUEST FOR AN EXTENSION	12
XI.	CONCLUSION AND RECOMMENDATION	13

APPENDICIES

APPENDIX "A" –	CERTIFICATE OF FILING ISSUED BY SUPERINTENDENT OF BANKRUPTCY
APPENDIX "B" –	SHOP.CA LIST OF CREDITORS INCLUDED WITH NOI FILING
APPENDIX "C" –	BID PROCESS TEASER DOCUMENT
APPENDIX "D" –	CASH FLOW FORECAST FOR THE PERIOD MAY 29, 2016 TO JULY 16, 2016

I. INTRODUCTION

1. This report (the “**Report**”) is filed by Richter Advisory Group Inc. (“**Richter**”), in its capacity as proposal trustee (the “**Trustee**”) in connection with the Notice of Intention to Make a Proposal (“**NOI**”) filed by SHOP.CA Network Inc. (“**SHOP.CA**” or the “**Company**”) on June 7, 2016 (the “**Filing Date**”) under Section 50.4 (1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.-3, as amended (the “**BIA**”). A copy of the Certificate of Filing issued by the Superintendent of Bankruptcy is attached hereto as **Appendix “A”**.
2. Richter was previously retained by the Company to act as financial advisor to assist management and the board of directors to review strategic alternatives available to the Company as part of its ongoing divestiture and restructuring process.

II. PURPOSE OF REPORT

3. The purpose of this Report is to provide this Court with information pertaining to:
 - (a) background on the Company, including its corporate history, operations, financial position and creditors;
 - (b) the Company’s proposed post-filing strategy, including the outline of a sales process (the “**Bid Process**”) the Company proposes to have the Trustee carry out;
 - (c) the Company’s projected cash flows for the period from May 29, 2016 to July 16, 2016 (the “**Cash Flow Forecast**”);
 - (d) the proposed Administrative Charge (as defined herein);
 - (e) the proposed key employee retention agreements (the “**KERAs**”);
 - (f) the Company’s request for an extension of the time required to file its proposal (the “**Extension**”) to July 15, 2016; and
 - (g) the recommendation by the Trustee that this Court issue an order:
 - (i) Approving the Bid Process, and authorizing the Company and Trustee to take such additional steps as are necessary to implement the same;

- (ii) Approving the terms of the Administrative Charge, and proposed priority ranking of such charge;
- (iii) Approving the terms of the KERAs and the payment by the Company in respect of the KERAs to Stikeman Elliott LLP (the “**Company’s Counsel**”), in trust, for the Executives (as defined herein); and
- (iv) Approving the Company’s request for an Extension to July 15, 2016.

III. QUALIFICATIONS

- 4. In preparing this Report, the Trustee has relied upon unaudited financial information prepared by the Company’s representatives, the Company’s books and records, and discussions with the Company’s representatives and its legal counsel (collectively, the “**Information**”).
- 5. In accordance with industry practice, except as described in this Report:
 - (a) Richter has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
 - (b) future-oriented financial information relied upon in preparing this Report is based on management’s assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material.
- 6. Unless otherwise noted, all monetary amounts contained in this Report are expressed in Canadian dollars.

IV. BACKGROUND

Company Overview

- 7. SHOP.CA operates a multi-merchant online marketplace, www.shop.ca (the “**Website**”), that offers Canadian consumers shopping experience through a selection of brands, service, and a loyalty program that has hundreds of thousands of active members. The Company sells consumer

products in a wide range of categories such as baby, jewelry, home and garden, kitchen appliances, electronics and apparel.

8. SHOP.CA was incorporated on September 11, 2009 under the *Canada Business Corporations Act* and the Company's registered office and principal place of business is located at 70 Peter Street, 2nd Floor, Toronto, Ontario.
9. Unlike most retailers, SHOP.CA does not maintain inventory or warehouses as order fulfillment is completed by the Company's merchant partners, who ship goods directly to SHOP.CA's customers after an order is placed. Merchants sign agreements with SHOP.CA to list their products for sale through the Website and are responsible for managing their own product inventory. SHOP.CA completes transactions with customers and purchases the goods from its merchant partners at a discounted and mutually agreed percentage of the selling price.
10. Payment transactions on the Website are processed by either Moneris Solutions Corporation ("**Moneris**"), for all major credit cards and debit cards, or PayPal, Inc. ("**PayPal**"). The Trustee understands that Moneris Interac and PayPal payments are processed in real time (i.e. at the time of order), whereas all other Moneris transactions are processed at the time of delivery from the merchant to the customer.
11. The Trustee understands that in 2014, SHOP.CA entered into an exclusive strategic partnership with Aimia Canada Inc. ("**Aimia**"), which has been a significant source of customer acquisition for the Company. Aimia runs the Aeroplan loyalty program ("**Aeroplan Miles**"). The Agreement with Aimia allows the Company's customers to earn Aeroplan Miles on purchases on the Website and also allows Aimia's members the ability to redeem Aeroplan Miles for SHOP.CA gift cards that can be used to purchase merchandise on the Website. The Company makes payments to Aimia on a monthly basis in respect of Aeroplan Miles earned by customers on purchases through the Website, which Aimia then credits to its members account.
12. Prior to the Filing Date, the Trustee understands SHOP.CA employed approximately 40 full-time salaried employees as well as 1 individual (the current CEO) under a consulting contract. None of the employees are unionized and the Company does not sponsor a pension plan for any of its employees.

Historical Financial Results

13. Set out below is a summary of the Company's historical financial results for: (i) the fiscal period ending 2013; (ii) the fiscal period ending 2014; (iii) the fiscal period ending 2015 (unaudited); and (iv) year-to-date ("YTD") April 30, 2016 (unaudited).

SHOP.CA Network Inc.				
Income Statement				
(\$000s)				
	Four months ended April 30, 2016	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Total Revenue	\$ 3,072	\$ 23,260	\$ 27,377	\$ 21,854
Cost of Sales	(2,645)	(20,353)	(24,785)	(20,512)
Gross Margin	\$ 427	\$ 2,907	\$ 2,592	\$ 1,342
Total Costs and Expenses	(2,573)	(22,590)	(24,321)	(17,886)
Income from operations	\$ (2,146)	\$ (19,683)	\$ (21,729)	\$ (16,544)
Depreciation/Amortization	(44)	(189)	(144)	(72)
Investment Income	-	149	208	77
Net Loss	\$ (2,190)	\$ (19,723)	\$ (21,665)	\$ (16,539)
Other comprehensive loss				
Unrealized fair value (loss)/gain on investments	-	(97)	22	(2)
Comprehensive loss	\$ (2,190)	\$ (19,820)	\$ (21,643)	\$ (16,541)

14. As detailed in the table above, the Company has experienced significant net losses over the past three fiscal years as it incurred expenses aimed at increasing its customer base and establishing its e-commerce infrastructure and platform. The Trustee understands that in Q4 2015, management implemented a number of cost savings initiatives such as headcount reductions, marketing spend decreases, and a reduction of contracted services in an effort to reduce the Company's cash burn and net operating loss. Despite these efforts, the Company has not been able to achieve profitability, and YTD 2016, the Company's revenues were approximately 50% lower than the same period in 2015.

15. Below is a summary of the Company's unaudited balance sheet as at April 30, 2016:

SHOP.CA Network Inc.			
Balance Sheet			
As at April 30, 2016			
(\$000s)			
ASSETS		LIABILITIES AND SHAREHOLDER'S EQUITY	
Current Assets		Current Liabilities	
Cash & Investments	\$ 2,253	Accounts Payable & Accruals	\$ 1,478
Accounts receivable	213	Taxes Payable	78
SRED Receivable	-	Customer Payments (Orders to Ship)	250
Inventory	38	Returns & Rewards Liability	181
Taxes Receivable	78	Total Current Liabilities	\$ 1,987
Prepaid expenses	208	Long Term Liabilities	-
		Total Liabilities	\$ 1,987
Total Current Assets	\$ 2,790	Equity	
		Share Capital	72,325
Non-Current Assets		Share based payment reserve	2,187
Fixed Assets, net	\$ 217	Retained Earnings (Deficit)	(72,442)
Intangible Assets	1,050	Total Equity	\$ 2,070
Total Assets	\$ 4,057	Total Liabilities & Stockholders' Equity	\$ 4,057

16. The April 30, 2016, balance sheet reflects that the Company has an accumulated retained earnings deficit of approximately \$72 million. The Trustee understands that based on management's most recent forecasts, SHOP.CA's existing cash reserves will be depleted by August 2016 if the Company continues as a going concern and does not obtain additional capital through an equity injection, which historically has been the primary source of capital for the Company. The Trustee understands that SHOP.CA's shareholders are not in a position to invest additional capital into the Company at this time. Without the continued support of its shareholders, the Company will not be able to continue to fund its operations beyond the near term. As noted later in this Report, the Trustee understands the Company explored the possibility of obtaining additional financing during its previous marketing efforts, but did not receive any indications of interest.
17. Furthermore, the April 30, 2016 balance sheet does not reflect potential contingent liabilities related to termination obligations owed to the Company's employees and certain contractual arrangements, which if the Company were not to continue as a going concern, could result in up to approximately \$2 million of additional liabilities.

18. As detailed later in this Report, the Company attempted to find an acquirer for its business and/or assets prior to the Filing Date but was unable to secure any binding commitments. The Trustee is of the view that any additional time is unlikely to result in a transaction outside of a proceeding, and would only further erode the Company's limited liquidity position.
19. As a result of the reoccurring financial losses, SHOP.CA has exhausted its liquidity and with no ability to raise additional equity, has elected to file an NOI to restructure the Company.

Creditors

20. A copy of the creditor list included in the NOI filing is attached as **Appendix "B"**.
21. The Trustee understands that the Company does not have any long term liabilities or secured debt. The Trustee notes Toronto-Dominion Bank ("TD") had registered a security interest against the Company according to a *Personal Property Security Act* (Ontario) search result as at June 6, 2016. The Trustee understands that the Company does not have any outstanding indebtedness owed to TD other than in respect corporate credit cards. The Trustee understands TD previously provided a letter of credit on behalf of SHOP.CA but the letter of credit was cancelled in the fall of 2015.
22. The Company advises that all employee related amounts are current, and all required remittances of employee withholdings and sales taxes (HST, PST, QST) have been made when due.
23. The Company estimates that it had total trade payables and accruals of approximately \$1.1 million as at May 30, 2016, of which approximately \$160,000 related to accrued vacation pay for the Company's employees.
24. The Trustee understands it is the Company's intention to pay the accrued pre-filing vacation pay to its employees during these proceedings, subject to such obligation being assumed as part of a transaction resulting from the Bid Process. The Company has provided for this payment in the Cash Flow Forecast.

V. OBJECTIVES OF THE NOI PROCEEDINGS

25. The primary objectives of the Company's NOI filing are to:
 - (a) facilitate the ongoing operations of the Company;

- (b) restructure the Company's operations; and
- (c) implement the Bid Process with a view to identifying one or more parties to execute a going concern sale in order to maximize the value of the business for the benefit of the Company's stakeholders, including employees, trade creditors, customers and shareholders.

VI. PROPOSED SALES PROCESS

Previous Marketing Efforts

- 26. The Trustee understands that SHOP.CA has been extensively marketed to a number of strategic and financial parties over the past year leading up to the Filing Date, either informally by management or through the assistance of a financial advisor as noted below.
- 27. In August 2015, SHOP.CA retained the services of Scotia Capital Inc. and Canaccord Genuity Corp. to assist in exploring strategic alternatives, including raising additional capital and a possible sale of the Company. The Trustee understands over 25 parties were contacted as part of this process, and while several parties expressed interest, these efforts did not result in any binding commitments or a transaction.
- 28. The Trustee understands that, since early May 2016, management of SHOP.CA had reached out to approximately 17 parties, including some that were not canvassed as part of the previous sales process, about their potential interest in acquiring the Company and/or its assets. Management held discussions with a number of parties and 3 parties submitted non-binding letters of intent. The Company, however, was unable to finalize a binding commitment or transaction prior to the Filing Date.

Bid Solicitation Process

- 29. In light of the Company's limited liquidity and its previous marketing efforts as described above, the Company, in consultation with the Trustee, developed the expedited Bid Process as a means of testing the market, maintaining the goodwill of the Company (which is largely tied to its employees), gauging interest in the Company and/or its assets, and determining whether a transaction that would result in greater than liquidation value is available.

30. The purpose of the Bid Process is to identify one or more purchasers for the Company's business and/or assets. In order to provide third parties with an opportunity to bid on the Company's assets, the Trustee proposes to aggressively market the Company's assets to third parties for a period of approximately 23 days. As noted below, the proposed timelines, while compressed, are reasonable in the circumstances given the Company's previous marketing efforts, and are reflective of the Company's limited liquidity and the Cash Flow Forecast.
31. The Trustee is aware that management remains in continued discussions with certain parties that expressed interest in the Company prior to the Filing Date. The Trustee has been advised that these parties have signed a non-disclosure agreement and, upon approval of the Bid Process, the Trustee will support the Company in reaching out to these parties and advise them of the Bid Process and associated timelines.
32. The key aspects of the Bid Process are as follows:
 - (a) in advance of the date of the herein motion, on June 8, 2016, the Trustee distributed an initial offering summary (the "**Teaser Letter**") and form of non-disclosure agreement (the "**NDA**") to a list of interested parties (the "**Interested Parties**"), which list had been developed by the Trustee and the Company. A copy of the Teaser Letter is attached hereto as **Appendix "C"**. The Trustee, together with the Company, will continue to identify any other Interested Parties who may wish to participate in the Bid Process and will provide a copy of the Teaser Letter and NDA accordingly;
 - (b) Interested Parties that wish to commence due diligence will be required to sign the NDA. No formal confidential information memorandum will be prepared as the Trustee has established an electronic data room (the "**Data Room**") to provide Interested Parties with access to relevant information relating to the Company and its operations. Once a NDA has been signed, the Interested Party will receive access to the Data Room;
 - (c) Interested Parties will be required to submit binding offers (the "**Offers**") to the Trustee by 12pm EST on June 30, 2016 (the "**Bid Deadline**"). At least one week prior the Bid Deadline, the Trustee will deposit a template agreement in the Data Room, which will form the basis of all Offers to be submitted to the Trustee;

- (d) Interested Parties that submit an Offer (the “**Offerors**”) will be required to provide a deposit payable to the Trustee, in trust, in an amount equal to 10% of the purchase price. To be considered by the Trustee, all Offers are to be on an “as is, where is” basis and shall remain open for acceptance by the Company for a period of at least 10 business days from the Bid Deadline;
 - (e) the acceptability of any Offer received is to be determined by the Trustee, in consultation with the Company;
 - (f) if no satisfactory Offers are received by the Bid Deadline, then the Trustee, in consultation with the Company, will consider whether to continue the Bid Process, and the Trustee will advise the Court accordingly;
 - (g) the Trustee, with the assistance of the Company, shall have discretion to consult and negotiate with any Offeror with respect to their Offer;
 - (h) once all Offers are clarified, the Trustee will provide its recommendation to the Company’s board of directors with respect to selecting an Offer to consummate a transaction (the “**Recommended Offer**”), and the Trustee shall promptly notify all of the Offerors;
 - (i) once the terms and conditions of the Recommended Offer have been finalized, and the Company’s board of directors has approved of the Recommended Offer, the Recommended Offer shall be submitted to this Court for approval, with closing to occur as soon as practical thereafter;
 - (j) the Bid Process contemplates that the Trustee is not required to accept the highest, best or any Offer; and
 - (k) the Trustee, in consultation with the Company, shall have the right to make minor amendments to the Bid Process, including extending the timelines set forth in the Bid Process and described herein without further approval of the Court, provided the aggregate extension of the Bid Process shall not exceed 10 days without Court approval.
33. The Trustee notes that while the proposed time-frame is condensed, the Trustee is of the view that the deadlines proposed in the Bid Process are reasonable given the previous efforts to market the

Company, the Company's current liquidity constraints, and the breadth of information on the Company and its operations already contained within the public domain. The Trustee will report back to this Court if facts or circumstances require the Company or the Trustee to re-evaluate the time periods or the Bid Process based on facts or circumstances at that time.

VII. THE COMPANY'S CASH FLOWS FOR THE PERIOD ENDING JULY 16, 2016

34. SHOP.CA, with the assistance of the Trustee, has prepared a cash flow forecast of its receipts and disbursements for the period from May 29, 2016 to July 16, 2016. The Cash Flow Forecast is attached hereto as **Appendix "D"**. The Trustee has reviewed the assumptions supporting the Cash Flow Forecast and believes the assumptions to be reasonable.
35. The Cash Flow Forecast assumes that the Company's merchant partners continue to support and work with the Company after the Filing Date, and that customers continue to place orders and transact based on (or near) historical patterns.
36. As shown in the Cash Flow Forecast, and based on the assumptions detailed in the notes thereto, the Company projects it will have sufficient liquidity to fund its operations through to July 16, 2016.

VIII. PROPOSED ADMINISTRATION CHARGE

37. The Company proposes a first ranking charge in favour of its legal counsel, the Trustee and the Trustee's legal counsel to assist in these NOI proceedings (the **"Insolvency Professionals"**) in an amount not to exceed \$200,000, charging all of the assets of the Company as security for the professional fees and disbursements incurred both before and after the Filing Date (the **"Administration Charge"**).
38. SHOP.CA was only able to provide the Insolvency Professionals with minimal retainer fees for their services as the Company needs its available cash to fund its operations during these NOI proceedings. Depending upon the timing of cash receipts and disbursements, cash may not be available to pay ongoing professional fees on a timely basis and hence the reason the Administrative Charge is being sought.

39. The quantum of the Administration Charge sought by the Company was determined in consultation with the Trustee. The creation of the Administration Charge is commonplace in similar proceedings as is the proposed priority of the Administration Charge.

IX. PROPOSED KEY EMPLOYEE RETENTION AGREEMENTS

40. The Company believes that additional incentives are required to ensure that certain employees determined to be critical to the Company's operations and the proposed Bid Process are willing to continue their employment with SHOP.CA in its current circumstances through the Bid Process.
41. To ensure the retention of key executives during these NOI proceedings, namely the Company's current Chief Executive Officer, its Chief Financial Officer, and its Chief Technology Officer (the "**Executives**"), the Company, in consultation with the Trustee, has formulated and is seeking this Court's approval of the key employee retention agreements (the "**KERAs**").
42. The Trustee understands that the Executives have intimate knowledge of the Company's processes and operations, its intellectual property and technology, and were intimately involved in the Company's previous solicitation efforts. Additionally, the Executives would be essential to facilitating due diligence efforts with Interested Parties and their continued employment would be critical to the success of the Bid Process.
43. On May 6, 2016, SHOP.CA's board of directors reviewed and approved the proposed KERAs and the terms and conditions thereof.
44. The key aspects of the proposed KERAs are summarized below:
- (a) the Incentive Payment (as defined in the KERAs) payable under each KERA represents between 3 and 6 months of salary, in the aggregate amount of approximately \$210,000 for the Executives;
 - (b) on the KERAs for the Chief Financial Officer and the Chief Technology Officer, the Incentive Payment will be payable upon the earliest of (the "**Payment Date**"): (i) a Change of Control (as defined in the KERAs) or a liquidation of all or substantially all of the assets of SHOP.CA; and (ii) the completion of the implementation of a proposal under the BIA, as approved and sanctioned by the Court;

- (c) on the KERA for the Chief Executive Officer, the Payment Date becomes the Bid Deadline, upon completion of review and evaluation of the Offers. As consideration for the Payment Date to be fixed, the Chief Executive Officer has agreed to reduce the quantum of the Incentive Payment, remain as a director throughout the NOI proceedings, and forego any payment on account of services rendered for acting as an officer or director of the Company after the Bid Deadline; and
 - (d) at any time on or prior to the Payment Date, the Executive must not have resigned, been terminated with cause, or at any time prior to the Payment Date failed to perform his duties and responsibilities diligently, faithfully, and honestly.
- 45. The KERAs also contemplated a success payment if a transaction could be completed outside of an insolvency proceeding. Upon the filing of the NOI, the success payments contemplated by the KERAs are no longer applicable.
- 46. To secure payment under the proposed KERAs, the Company is seeking this Court's approval for the authority to pay the Incentive Payments (plus applicable employer withholding and remittances) to the Company's Counsel to be held, in trust, for the Executives. The Incentive Payments shall be paid to the Executives upon satisfaction of the terms outlined in the KERAs as determined by the Trustee. If the conditions in the KERAs are not satisfied 10 days subsequent to the Extension, Company's Counsel will remit the funds held in trust to the Trustee for the benefit of SHOP.CA's general creditors.
- 47. Based on the foregoing, the Trustee is of the view that the proposed KERAs appear to be appropriate and reasonable in order to preserve the Company's operations and maintain going concern value during the Bid Process and, accordingly, the Trustee supports the Company's request for approval of the KERAs and the proposed payment arrangements.

X. COMPANY'S REQUEST FOR AN EXTENSION

- 48. The Company is seeking an extension of the time to file a proposal to July 15, 2016 to permit the Trustee time to undertake the Bid Process described above.
- 49. The Trustee supports the Company's request for the Extension for the following reasons:

- (a) the Company is acting in good faith and with due diligence in taking steps to facilitate a sale of its operations;
 - (b) it is the Trustee's view that an extension will not prejudice or adversely affect any group of creditors;
 - (c) the Cash Flow Forecast indicates that SHOP.CA should have sufficient liquidity to continue to fund operations through the period ending July 16, 2016;
 - (d) at least 30 days will be required to establish whether there is any serious interest in acquiring the Company and/or its assets; and
 - (e) given its limited resources, this would permit the Company to avoid the costs incurred in re-attending before this Court prior to July 7, 2016 solely for the purpose of seeking a short extension of the stay until after the Offers have been reviewed.
50. While it is too early to say whether a viable proposal will be presented by the Company to its creditors, in the Trustee's view, the Company's request for the Extension is appropriate in the circumstances, as the current extension request more properly reflects the timeframe by which the Trustee will be able to provide this Court with a meaningful update on the progress of the Bid Process.
51. The Trustee will continue to monitor the developments of any potential sale transaction(s) in respect of the Bid Process and will advise the Court accordingly in accordance with its mandate.

XI. CONCLUSION AND RECOMMENDATION

52. The Trustee is of the view that the Bid Process is reasonable in the circumstances, balances the search for a prospective purchaser with the Company's liquidity constraints and the costs associated with administering a sale process of this nature, and should provide Interested Parties with sufficient time to evaluate the Company and to make an offer in respect of the business and/or its assets.
53. Accordingly, the Trustee is of the view that the relief requested by the Company, including the Extension, is necessary, commercially reasonable and justified. The Trustee is also of the view

that granting the relief requested will provide the Company with the best opportunity to undertake a going concern sale or other restructuring thereby preserving value for the benefit of the SHOP.CA's stakeholders.

All of which is respectfully submitted this 8th day of June, 2016.

Richter Advisory Group Inc.
in its capacity as Proposal Trustee of
SHOP.CA Network Inc.

Per:

A handwritten signature in black ink, appearing to be 'P. van Eyk', with a large, stylized loop at the end.

Paul van Eyk, CA·CIRP, CA·IFA
Senior Vice President

A handwritten signature in black ink, appearing to be 'P. Patel', with a long, horizontal stroke extending to the right.

Pritesh Patel, MBA, CFA, CIRP
Vice President

APPENDIX A



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2131992
Estate No. 31-2131992

In the Matter of the Notice of Intention to make a
proposal of:

Shop.ca Network Inc
Insolvent Person

**RICHTER ADVISORY GROUP INC / RICHTER GROUPE
CONSEI**
Licensed Insolvency Trustee

Date of the Notice of Intention: June 07, 2016

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: June 07, 2016, 16:12

E-File/Dépôt Electronique

Official Receiver

25 St. Clair Avenue East, 6th floor, Toronto, Ontario, Canada, M4T1M2, (877)376-9902

Canada

APPENDIX B

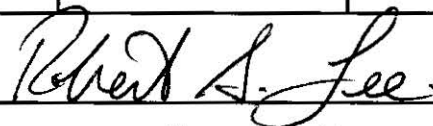
District of:
Division No.
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
Shop.ca Network Inc.
Of the City of Toronto
In the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
1519674 ONTARIO INC	1000 - 50 DON PARK RD MARKHAM ON L3R 1J3		280.27
7765533 CANADA INC	8171 METROPOLITAIN EST ANJOU QC H1J 1X6		353.63
80578 CANADA LTD	4058 JEAN TALON O. MONTREAL QC H4P 1V5		3,873.84
928735 ONTARIO LIMITED	3 - 155 ROUNDTREE DAIRY RD WOODBIDGE ON L4L 6E1		337.38
AG GLOBAL CANADA L.P.	402 - 155 GORDON BAKER RD TORONTO ON M2H 3N7		1,070.56
AIMIA CANADA INC	1000 - 525 VIGER AVENUE WEST MONTREAL QC H2Z 0B2		17,198.44
AKAMAI TECHNOLOGIES INC	GENERAL POST OFFICE, PO BOX 26590 NEW YORK CITY NY 10087-6590 USA		26,488.50
ALL THINGS CEDAR INC	2423 4TH AVENUE N LETHBRIDGE AB T1H 6E5		5,032.57
ANGEL POS	301-2999 UNDERHILL AVE BURNABY BC V5A 3C2		1,419.83
ANGELO DECOR	13619 - 149 STREET NW EDMONTON AB T5L 2T3		347.39
ASHLIN BPG	10 - 2351 ROYAL WINDSOR DRIVE MISSISSAUGA ON L5J 4S7		261.37
AV GEAR	2 - 80 DEVON RD BRAMPTON ON L6T 5B3		345.42



Shop.ca Network Inc
Insolvent Person

District of:
Division No.
Court No.
Estate No.

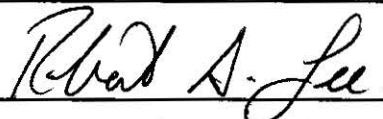
- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
Shop.ca Network Inc.
Of the City of Toronto
In the Province of Ontario

List of Creditors with claims of \$250 or more.

Creditor	Address	Account#	Claim Amount
AWAKE CHOCOLATE	700 - 10 KINGSBRIDGE GARDEN CIRCLE MISSISSAUGA ON L5R 3K6		5,398.43
BABYSTYLE.CA	527 - 69 AVE LAVAL QC H7V 2P3		2,548.38
BAD BOY FURNITURE WAREHOUSE LIMITED	500 FENMAR DRIVE WESTON ON M9L 2V5		3,600.13
BASS EGG	209 - 524 DATURA ST WEST PALM BEACH FL 33401 USA		5,745.29
BELL CANADA	STATION DON MILLS, PO BOX 3650 TORONTO ON M3C 3X9		1,001.78
BELL CANADA	5115 CREEKBANK RD, E3-M2 MISSISSAUGA ON L4W 5R1		7,657.17
BELLO BABY BOUTIQUE INC.	63 WENDERLY DR TORONTO ON M6B2P1		864.07
BEST DESU	166 - 4372 STEELES AVE E, BOX 91 MARKHAM ON L3R 9V6		278.36
BEST VIEW MOUNTS	1515 MATHESON BLVD E MISSISSAUGA ON K0H 1S0		2,347.06
BLOOMREACH, INC.	PO BOX 8328 PASADENA CA 91109-8328 USA		16,350.00
BLUE HORIZON DEVELOPMENT	105 - 3420 PUMP RD RICHMOND VA 23233 USA		983.67
BOATHOUSE ROW HAMILTON INC.	17 KEEFER RD. ST. CATHARINES ON L2M 6K4		42,280.96



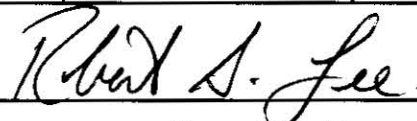
Shop.ca Network Inc
Insolvent Person

District of:
Division No.
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
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Of the City of Toronto
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Creditor	Address	Account#	Claim Amount
BUGATTI-SEDONA INC	2323 COHEN ST. MONTREAL QC H4R2N7		291.58
CAMPUS ORIGINALS	1266 RAVINE DR MISSISSAUGA ON L5J 3E4		5,798.77
CANADA POST CORPORATION	PO BOX 90022 2701 RIVERSIDE DRIVE OTTAWA ON K1V 1J8		1,949.61
CANADA'S BABY STORE	500 - 3484 BOUL DES SOURCES DOLLARD-DES-ORMEAUX QC H9B 1Z9		5,106.57
CANADIAN GOLF AND COUNTRY CLUB	7800 GOLF CLUB WAY ASHTON ON K0A1B0		1,987.52
CAVAVIN INC	2575 WILFRED LAURIER ST HUBERT QC J3Y 3X3		852.66
CHARON INTERNATIONAL LIMITED	30 - 4099 TAMiami TRAIL N NAPLES FL 34103 USA		5,447.51
CHIC BOUTIQUE	206 - 3989 HENNING DR BURNABY BC V5C 6N5		2,365.06
CIRUS WORLD DISPLAYS	4080 MONTROSE RD NIAGARA FALLS ON L2H 1J9		2,205.14
CLASSY CAPS	100 CHELSEA ST KINGSVILLE ON N9Y 3X4		543.62
COSMO MUSIC	10 VIA RENZO DR RICHMOND HILL ON L4S 0B6		3,164.06
CRHOUSE TECHNOLOGY INC	10 - 3575 14 AVE MARKHAM ON L3R 0H6		780.68



Shop.ca Network Inc
Insolvent Person

District of:
Division No.
Court No.
Estate No.

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CROWN VERITY	37 ADAMS BLVD BRANTFORD ON N3S 7V8		1,607.99
CRYSTALLINE JEWEL INC	PO BOX 3037 RPO BUR OAK AVE, BUILDING G MARKHAM ON L6E 0J1		272.63
DANBY GROUP	5070 WHITELAW RD GUELPH ON N1H 6Z9		8,171.36
DESIGNART CANADA	920 - 1625 RUE CHABANEL MONTREAL QC H4N 1M2		643.27
DIESEL MANAGEMENT INC	319 - 3044 BLOOR ST W TORONTO ON M8X 2Y8		341.06
DOMA IT SOLUTIONS	115 FOOTBRIDGE CR BRAMPTON ON L6R 0T9		2,789.21
DREXEL INDUSTRIES	3 - 1285 HUYBREY RD LONDON ON N6N 1E2		6,296.63
DRONE DEPOT CORPORATION	140 GREAT GULF DR CONCORD ON L4K 5W1		481.01
EBATES PERFORMANCE MARKETING, INC	600 - 90 EGLINTON AVE E TORONTO ON M4P 2Y3		5,934.08
EBAY ENTERPRISE	PO BOX 204608 DALLAS TX 75320-4608 USA		19,292.65
ECARPETGALLERY INC.	2251 RUE LAPIERRE LASALLE QC H8N 1B7		1,816.74



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Insolvent Person

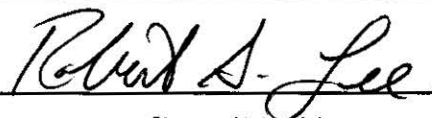
District of:
Division No.
Court No.
Estate No.

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EPI ENTERPRISES	650 MADISON AVE MANALAPAN NJ 07726 USA		1,892.20
EVENFLO COMPANY, INC.	755 - 2 ROBERT SPECK PARKWAY MISSISSAUGA ON L4Z 1H8		1,908.57
EXPERT ISLAND	13 - 200 LAKESHORE RD W OAKVILLE ON L6K 1E8		430.80
FEMMED FORMULAS LTD	64 BAKERSFIELD ST TORONTO ON M3J 2W7		2,357.21
FIDDLEHEADS KIDS SHOP	100 - 300 PRINCE ALBERT RD DARTMOUTH NS B2Y 4J2		4,073.06
FORMEN	10 - 5035 TIMBERLEA BLVD MISSISSAUGA ON L4W 2W9		657.92
FRAMEWORTH	1198 CALEDONIA RD TORONTO ON M6A 2W5		266.67
GIBBY'S	55 GENEVA ST ST CATHARINES ON L2R 4M6		9,921.98
GOLDA'S KITCHEN INC	6 - 2885 ARGENTIA RD MISSISSAUGA ON L5N 8G6		4,836.05
GOOGLE INC	DEPOT 33654, P.O. BOX 39000 SAN FRANCISCO CA 94139 USA		11,543.59
GORGHOUSE GARAGE LLC	3404 DIEPPE ST SASKATOON SK S7M 3S9		355.00
GRACIOUS LIVING	7200 MARTIN GROVE RD WOODBIDGE ON L4L 9J3		1,675.12



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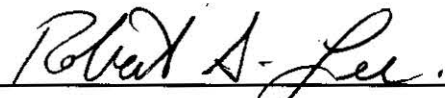
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Division No.
Court No.
Estate No.

- FORM 33 -

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HAMILTON TIGER-CATS FOOTBALL CLUB	1 JARVIS STREET HAMILTON ON L8R 3J2		623.63
HD OUTDOOR SOLUTIONS	81 RAWSON AVE BARRIE ON L4N 6E5		361.59
HEAVEN FRESH CANADA INC.	5 - 1600 AIMCO BLVD MISSISSAUGA ON L4W 1W3		594.87
HEEL BOY	773 QUEEN ST W TORONTO ON M6J 1G1		7,034.35
HELLENIC CANADA	2 - 5640 TOMKEN RD MISSISSAUGA ON L4W 1P4		412.45
HEVELIUS CORPORATION	187 BRUNSWICK BLVD POINTE CLAIRE QC H9R 5N2		388.60
HOLIDAY GROUP INC	4875 DES GRANDES PRAIRIES MONTREAL QC H1R 1X4		1,474.67
HOME GEAR	45 CONNIE CRESCENT CONCORD ON L4K 1L3		2,111.27
ICE JERSEYS	370 ISABEY ST ST LAURENT QC H4T 1W1		2,104.80
IPRESSROOM INC	424 - 16501 VENTURA BLVD ENCINO CA 91436 USA		1,963.29
J & R HOME PRODUCTS LTD.	1 - 5628 RIVERBEND DR BURNABY BC V3N 0C1		929.34
JEAN MACHINE	4069 GORDON BAKER RD SCARBOROUGH ON M1W 2P3		3,400.71



Shop.ca Network Inc
Insolvent Person

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Division No.
Court No.
Estate No.

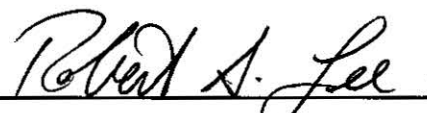
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Notice of Intention To Make a Proposal
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KOBO INC	101 - 135 LIBERTY ST TORONTO ON M6K 1A7		7,442.15
KOOLATRON	27 CATHARINE AVE BRANTFORD ON N3T 1X5		620.61
LAMARQUE	405 - 9150 MEILLEUR MONTREAL ON H2N 2A5		418.98
LAMOUR INC	200 - 55 LOUVAIN ST W MONTREAL QC H2N 1A4		886.42
LEI ELECTRONICS	282 KING ST, SUITE 1 BARRIE ON L4N 6L2		1,176.17
LEISURE SEASON LTD	PO BOX 10064 YONGE&FINCH 5576 YONGE STREET NORTH YORK ON M2N 0B6		1,349.24
LIFESTYLE GROUP	510 - 350 LOUVAIN W MONTREAL QC H2N 2E8		582.57
LIMELIGHT DANCEWEAR	100 IRONSIDE CRESCENT TORONTO ON M1X 1M9		988.15
LINEN DEPOT DIRECT	2005 RUE DRUMMOND MONTREAL QC H3G 1W6		275.55
LUMAX DESIGN	6-6150 HIGHWAY 7, SUITE 413 WOODBIDGE ON L4H 0R6		1,886.01
MA BOUTIQUE D'IMPRESSION AD	2335 RUE STEVENS MONTREAL QC H4M 1H1		395.18



Shop.ca Network Inc
Insolvent Person

District of:
Division No.
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
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MASIH INC	709 - 1121 BAY ST TORONTO ON M5S 3L9		2,536.42
MEJURI INC	600 - 10 DUNDAS ST E TORONTO ON M5B 2R8		536.97
MEXX CANADA	905 RUE HODGE MONTREAL QC H4N 2B3		7,169.71
MH CANADA	5590 FINCH AVE E, UNIT A SCARBOROUGH ON M1B 1T1		23,220.34
MICROCEL CORPORATION	1274 RINGWELL DR NEWMARKET ON L3Y 9C7		6,696.50
MIDWAY MEMORABILIA	16 - 1625 SISMET RD MISSISSAUGA ON L4W 1V6		2,628.48
MOTION GLOBAL (SMARTBUY SUNGLASSES)	12P SMITHFIELD RD HONG KONG 11111 China		8,813.91
MOVABLE INC	5TH FLOOR 636 AVENUE OF THE AMERICAS NEW YORK CITY NY 10011 USA		19,371.26
MR. BILLIARD	11 - 170 WEST BEAVER CREEK RICHMOND HILL ON L4B 1L6		293.78
MR. MJ'S TRADING COMPANY	59 MATTERHORN RD MAPLE ON L6A 2V5		475.77
MY COUNTRY FURNITURE	10- 2800 RUE DALTON QUEBEC CITY QC G1P 3S4		303.29



Shop.ca Network Inc
Insolvent Person

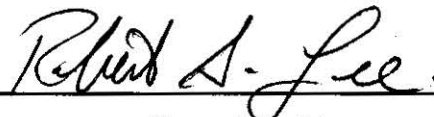
District of:
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Court No.
Estate No.

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MYGICA DIRECT CANADA	16 - 7222 TORBRAM RD MISSISSAUGA ON L4T 3V2		309.37
NATIONAL FRAGRANCES INC.	5 - 3510 PHARMACY AVE TORONTO ON M1W 2T7		860.25
NATURE'S WINDOW	1430 HERITAGE COURT CUMBERLAND ON K4C 1E1		788.28
NETSUITE INC	15612 COLLECTIONS CENTER DR CHICAGO IL 60693 USA		4,191.62
NEWAGE PRODUCTS INC	201 CHRISLEA RD VAUGHAN ON L4L 5N8		356.99
NEXUS BUILDING SUPPLIES INC.	111 HYSLOP DR PENTICTON BC V2A 9A1		369.71
NOBLE HOUSE HOME FURNISHINGS	7050 DEERING AVE CANOGA PARK CA 91303 USA		4,613.64
NUTRAWAYS ENTERPRISES	106 - 375 LYNN AVE NORTH VANCOUVER BC V7J 2C4		4,441.74
ON THE GO LEISURE	42 - 1200 SPEERS RD OAKVILLE ON L6L 2X4		361.86
ORIGINAL WATCH	105 RUE RENOIR ST CONSTANT QC J5A 0E6		847.88
PARKER & PINE	10 DUNDAS ST E, UNIT B2 TORONTO ON M5B 2G9		2,356.88
PERSONAL EDGE	10200 COTE DE LIESSE LACHINE QC H8T 1A3		15,323.77



Shop.ca Network Inc
Insolvent Person

District of:
Division No.
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
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POINT ZERO	1650 CHABANEL O MONTREAL QC H4N 3M8		10,247.60
QUEBEC INC	3650 BOUL. MATTE, UNIT C2 BROSSARD QC J4Y 2Z2		292.30
RAKUTEN MARKETING LLC	215 PARK AVENUE S, 8TH FLOOR NEW YORK CITY NY 10003 USA		7,536.24
RELIABLE CORPORATION	5 - 100 WINGOLD AVE NORTH YORK ON M6B 4K7		575.36
ROMEO & JULIETTE, INC. BEARPAW SHOES	7524 OLD AUBURN ROAD CITRUS HEIGHTS CA 95610 USA		504.97
ROUND CIRCLE GROUP	15 ROSE COTTAGE LANE SCHOMBERG ON L0G 1T0		2,600.95
ROYALE CANADA	2632 SABOURIN MONTREAL QC H4S 1M2		352.24
RSC INC	31 NICOLA DR HEADINGLEY MB R4H 0A9		1,208.21
RYCE FASHION DESIGN	102 - 495 RICHMOND ST LONDON ON N6A 5A9		284.23
S.P.RICHARDS COMPANY CANADA INC.	1325 CLARK BOULEVARD BRAMPTON ON L6T 5R5		1,669.58
SAMTACK INC	1100 RODICK RD MARKHAM ON L3R 5C3		19,386.94
SIG ELECTRONICS	4118 14TH AVE MARKHAM ON L3R 9L1		1,028.49



Shop.ca Network Inc
Insolvent Person


District of:
Division No.
Court No.
Estate No.

- FORM 33 -

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In the Province of Ontario

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SIMPLY SOLUTIONS	170 - 2949 VENTURE DR JANESVILLE WI 53546 USA		614.32
SIRIO NORTH AMERICA, INC.	1065 DES PERRON AVE LAVAL QC H7H 3C5		2,259.99
SNUGGLE BUGZ	3375 NORTH SERVICE RD, UNIT B11 BURLINGTON ON L7N 3G2		7,147.91
STAR INTERACTIVE	9 - 145 RIVEIRA DR MARKHAM ON L3R 5J6		283.95
STORYBOX INC	1300 - 560 MISSION STREET SAN FRANCISCO CA 94105 USA		6,648.82
SUNBEAM CORPORATION	20B HEREFORD ST BRAMPTON ON L6Y 0M1		7,075.64
SYNCBASE INC	103 - 85 CURLEW DR TORONTO ON M3A 2P8		3,771.38
SYNNEX CANADA LTD	310 - 3300 COTE VERTU BLVD MONTREAL QC H4R 2B7		8,937.12
TAKNOLOGY CANADA INC	50 EAST PEARCE ST RICHMOND HILL ON L4B 1B7		581.96
TBMBM INC	15 - 505 IROQUOIS SHORE RD OAKVILLE ON M4P 2L6		10,057.91
TEALIUM INC	DEPT CH 19762 PALANTINE IL 60055-9762 USA		6,156.11
TEMPT BRANDS	2461 46TH AVE LACHINE QC H8T 3C9		664.27



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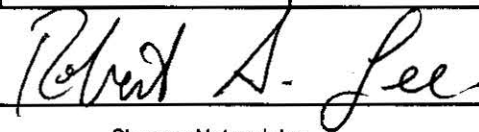
District of:
Division No.
Court No.
Estate No.

- FORM 33 -

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TEXIMAGE	222 - 9170 BOUL ST-LAURENT MONTREAL QC H2N 1M9		517.91
TEXTILE CITY INC.	1575 SOUTH GATEWAY RD, UNIT C MISSISSAUGA ON L4W 5J1		370.54
THE BICK GROUP	166 - 15 ADRIAN AVE TORONTO ON M6N 5G4		298.05
THE GIFTMASTERS INC.	5061 MACKENZIE MONTREAL QC H3W 1B6		6,534.13
THE GREAT-WEST LIFE ASSURANCE COMPANY	PO BOX 1053 WINNIPEG MB R3C 2X4		7,893.51
THE SHOE GIRLS	31 POUCHER ST TORONTO ON M4J 2Z1		591.88
THEOS MEDICAL SYSTEM	5445 - 4601 LAFAYETTE ST SANTA CLARA CA 95056 USA		5,346.01
THERMOR	16975 LESLIE ST NEWMARKET ON L3Y 9A1		430.88
TOSCA RESEARCH LAB	2920 - 1 PLACE VILLE MARIE MONTREAL QC H3B 0E9		419.39
TRUE STAR	55 ST CLAIR AVE W, 6TH FLOOR TORONTO ON M4V 2Y7		400.02
UNITED SALES & MARKETING	1665 ENTERPRISE RD MISSISSAUGA ON L4W 4L4		2,885.25
VALGEAR BF	222A BOAKE TRAIL RICHMOND HILL ON L4B 3Z6		3,952.72



Shop.ca Network Inc
Insolvent Person

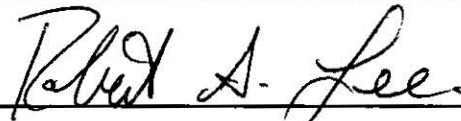
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VALGEAR INC	222A BOAKE TRAIL RICHMOND HILL ON L4B 3Z6		7,510.54
VELAGO PATIO FURNITURE	148 - 4243 DUNDAS ST W TORONTO ON M8X 1Y3		19,569.11
WESTLIFE INTERNATIONAL INC.	52 MANTLE AVE STOUFFVILLE ON L4A 0M5		1,145.41
WFB WHOLESALE FURNITURE BROKERS GR INC.	103 - 1366 HUGH ALLAN DR KAMLOOPS BC V1S 1L8		6,004.36
WINE ONLINE	166 - 5 ADRIAN AVE TORONTO ON M6N 5G4		1,203.83
WIZ KIDZ	8 - 27 WEST BEAVER CREEK RD RICHMOND HILL ON L4B 1M8		1,086.04
WONDER HOME FASHION	15 - 30 WEST BEAVER CREEK RD RICHMOND HILL ON L4B 3K1		877.89
WORLD FAMOUS	333 CONFEDERATION PARKWAY CONCORD ON L4K 4S1		298.42
WORLD WIDE WARRANTY LIFE SERVICES INC.	352 - 255 NEWPORT DR PORT MOODY BC V3H5H1		449.01
WORLDWIDE HOMEFURNISHINGS	200 ROMINA DR CONCORD ON L4K 4Z7		886.59
ZZUS EXCHANGE US 1,2856			41,341.45
Total			618,310.53



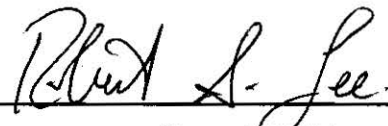
Shop.ca Network Inc
Insolvent Person

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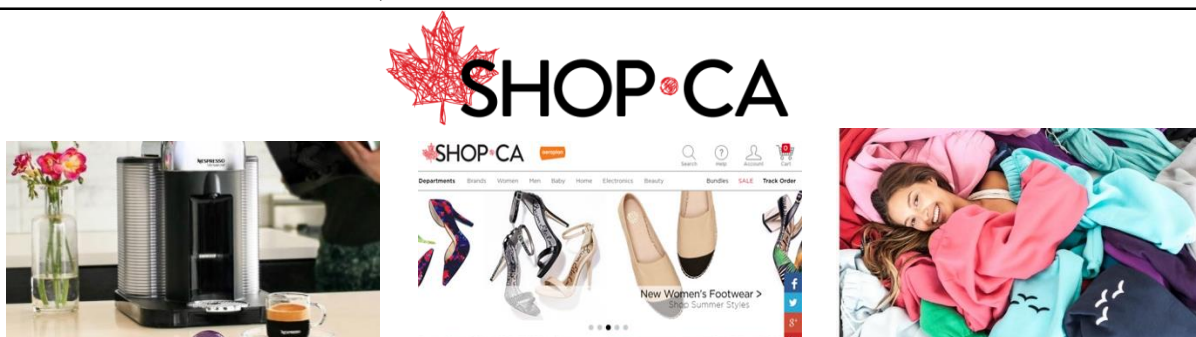
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Shop.ca Network Inc
Insolvent Person

APPENDIX C

TRANSACTION OPPORTUNITY: MULTI-MERCHANT, VIRTUAL INVENTORY E-COMMERCE MARKETPLACE



Background

On June 7, 2016, SHOP.CA Network Inc. (“SHOP.CA” or the “Company”) filed a Notice of Intention to Make a Proposal (“NOI”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act (Canada)* (“BIA”) and Richter Advisory Group Inc. was named as the trustee under the NOI (the “Trustee”).

On June 9, 2016, the Company will bring a motion before the Ontario Superior Court of Justice (Commercial List) (the “Court”) for an order approving, among other things, the process for the solicitation of offers for the acquisition of the Company and/or its assets (the “Bid Process”). The Trustee will have overall supervision of the Bid Process and is assisting the Company with contacting potential interested parties to discuss this transaction opportunity.

Company Overview

SHOP.CA operates a multi-merchant, virtual inventory marketplace allowing customers to purchase from an assortment of merchants in one location. The Company holds no inventory and has no need to invest in warehouses and fulfillment. Orders are transmitted to merchants for shipping directly to customers, with SHOP.CA collecting payment and retaining a percentage of the sale. Unique intellectual property (“IP”) supports rapid onboarding of new merchants, order management, inventory, and pricing. The potential transaction opportunity is for a complete integrated platform of technology, unique IP, merchant onboarding, CRM, and loyalty.

The Company launched in July 2012 as Canada’s first e-Commerce marketplace and as of March 2016 had reached over 1,200,000 members. The site offers a proven platform that scales with a virtual catalogue of over 10 million SKUs and content. Website visitors average 1 million per month with a \$200 average order value spend per transaction. Additional growth opportunities exist for an acquirer through targeted gross margin expansion, better customer analytics, mobile and tablet growth, co-marketing and listing fees, and private label merchandise.

Investment Highlights

The Company offers potential investors an attractive opportunity due to the following positive attributes:

Strong fundamental e-Commerce opportunity in Canada

Over the next five years, e-Commerce revenue in Canada is expected to increase at an annualized rate of 10.6% until 2021 as Canadians increasingly purchase items online.

Young and affluent customer base

SHOP.CA has an attractive customer base of young, high-income consumers focused on premium, high-margin products.

Powerful technology platform and IP

Marketplace-as-a-Service (MaaS) is powered by unique SHOP.CA Supplier World IP and enterprise grade integration of leading-edge e-Commerce components.

The platform allows for rapid integration of new merchants, with a full suite of management controls.

RICHTER

Premium product offering enabled by broad network of merchants

SHOP.CA is a one-stop location for premium brands across a number of verticals, focused on fashion, home, and baby products. Network of over 450 merchants powers broad selection in the marketplace, featuring over 250,000 products.

Exclusive partnership with Aeroplan drives growth and customer retention

Partnership gives SHOP.CA significant marketing reach to Aeroplan's 4.8 million members, representing Canada's most elite consumers. Average order value

increase of 52% since the partnership's inception in May 2014.

Highly skilled workforce

The Company has developed one of the most capable teams in Canadian e-Commerce from operations to hardware personnel.

Significant unused tax losses available to be utilized

The Company has approximately \$70 million in net operating losses that may be utilized by a potential purchaser through a share transaction or proposal under the BIA.

Solicitation Process

The Bid Process contemplates the following general steps to conclude a transaction:

- Interested parties shall be required to execute a non-disclosure agreement ("NDA") and return it to the Trustee in order to gain access to confidential information maintained in a data room.
- **Parties will be required to submit binding offers ("Offers") to the Trustee by 12pm EST on June 30, 2016** (the "Bid Deadline"). Offers must be accompanied by a cash deposit equal to at least 10% of the purchase price.
- A template agreement shall be made available in the data room and will form the basis of all Offers to be submitted.
- To be considered by the Trustee, Offers are to be on an "as is, where is" basis and shall remain open for acceptance for a period of at least 10 business days from the Bid Deadline.
- The Trustee, with the assistance of the Company, shall have discretion to consult and negotiate with any parties with respect to their Offer.
- The Trustee will provide its recommendation to the Company's board of directors ("Board") with respect to selecting an Offer to consummate a transaction, and if such Offer is approved by the Board, it will be submitted to the Court for approval, with the closing to occur as soon as possible thereafter.
- If no satisfactory Offers are received by the Bid Deadline, then the Trustee, in consultation with the Company, will consider whether to continue the Bid Process, and the Trustee will advise the Court accordingly.
- The Bid Process contemplates that the Trustee is not required to accept the highest, best or any Offer.

If you would like to execute an NDA or discuss any specific questions regarding this transaction opportunity, please direct all enquiries to:

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APPENDIX D

Appendix D

SHOP.CA Network Inc. (the "Company")
Projected Statement of Cash Flow
For the period ending July 16, 2016

Week Ending (in \$CAD)	Notes	4-Jun	11-Jun	18-Jun	25-Jun	2-Jul	9-Jul	16-Jul	7-week Total
Receipts									
Sales	3	139,507	137,529	100,338	124,369	105,032	92,627	83,159	782,561
Total Receipts		139,507	137,529	100,338	124,369	105,032	92,627	83,159	782,561
Disbursements									
Merchant Payments	4	(168,908)	(114,381)	(93,381)	(107,118)	(100,780)	(59,252)	(87,537)	(731,357)
Payroll & Benefits	5	(16,969)	(114,050)	(169,266)	-	(167,468)	-	(247,895)	(715,648)
SG&A	6	(52,809)	(96,892)	(9,017)	(30,296)	(31,029)	(39,906)	(1,766)	(261,715)
Professional Fees	7	(111,615)	(144,485)	(29,545)	(29,545)	(29,545)	(29,545)	(29,545)	(403,827)
HST	8	-	-	(8,400)	-	-	-	-	(8,400)
KERA	9	-	(222,000)	-	-	-	-	-	(222,000)
Contingency	10	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(70,000)
Total Disbursements		(360,300)	(701,808)	(319,610)	(176,960)	(338,823)	(138,703)	(376,744)	(2,412,948)
Net Cash Flow		(220,794)	(564,279)	(219,272)	(52,591)	(233,791)	(46,076)	(293,585)	(1,630,387)
Bank Balance									
Opening		1,727,163	1,506,370	942,091	722,819	670,228	436,437	390,361	1,727,163
Net Cash Flow		(220,794)	(564,279)	(219,272)	(52,591)	(233,791)	(46,076)	(293,585)	(1,630,387)
Ending Bank Balance		1,506,370	942,091	722,819	670,228	436,437	390,361	96,776	96,776

Notes:

- 1 This cash flow statement is based on assumptions regarding future events and market forces. Receipts and disbursements are based upon historical data adjusted to reflect the current level of activity and best estimates. There could be changes to the Company's operations during these NOI proceedings and therefore actual results may vary from the information presented even if the hypothetical assumptions occur.
- 2 USD costs are converted to CAD based on a forecasted exchange rate of 1.3.
- 3 Collections are based on historical patterns and assume customers do not increase historical rate of returns as a result of the NOI filing. Collections are subject to timing differences within the month, which may result in forecast variances.
- 4 Post-filing merchant payments associated with projected sales. Payments are based on historical gross margins and assume payment occurring within one week after sale.
- 5 Wages and benefits for the Company's employees during the NOI proceedings and includes payroll related withholdings and remittances. The forecast also includes payment of accrued pre-filing vacation pay owed to all employees.
- 6 Represents general, office, and administrative costs, insurance premiums, utilities, as well as vendor costs related to the Company's e-Commerce marketplace.
- 7 Professional fees for the company's legal counsel, the proposal trustee and its legal counsel, and costs related to the proposed sales process.
- 8 Estimated remittances for sales taxes.
- 9 Payment to the company's counsel, in trust, pursuant to the terms of the proposed Key Employee Retention Agreements, subject to the Court's approval.
- 10 Contingency for unforecast, critical and other payments.