

COURT FILE NUMBER 1801-16809
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT
 AND IN THE MATTER OF THE PROPOSAL OF COMMERX CORPORATION

DOCUMENT **AGREED BOOK OF EXHIBITS**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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**Application before The Honourable Madam Justice G.A. Campbell
 on the Commercial List, in Chambers, on Friday, November 15, 2019, commencing at 2:00 p.m.**

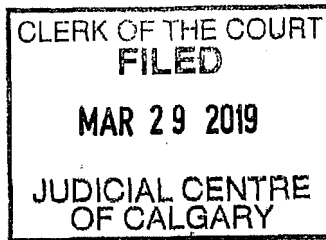
AGREED BOOK OF EXHIBITS

Tab No.	Description	Date	Cross Reference
1.	First Report of the Proposal Trustee	March 29, 2019	-
2.	Second Report of the Proposal Trustee	May 16, 2019	-
3.	Affidavit of Robert Kulhawy (body only)	June 17, 2019	-
4.	Third Report of the Proposal Trustee	June 18, 2019	-
5.	Report of the Trustee on Proposal (form 40) (Body Only) [Proposal Report]	September 23, 2019	-
6.	Proposal	August 16, 2019	Proposal Report – Exhibit "A"
7.	Affidavit of Mailing	August 21, 2019	Proposal Report – Exhibit "B"
8.	Notice of Proposal to Creditors	August 21, 2019	Proposal Report – Exhibit "C1"

Tab No.	Description	Date	Cross Reference
9.	Form 78 – Statement of Affairs	August 16, 2019	Proposal Report – Exhibit "C2"
10.	Amended Proposal	September 6, 2019	Proposal Report – Exhibit "C3"
11.	Minutes of the Meeting of Creditors	September 6, 2019	Proposal Report – Exhibit "D"
12.	Fortitude Proof of Claim (Body and Partial Schedule "A" Only)	September 6, 2019	Proposal Report – Exhibit "E"
13.	Loan Agreement (Fortitude Proof of Claim (Partial Schedule "A"))	January 5, 2016	Proposal Report – Exhibit "E" Follows Affidavit – Exhibit "5" Kulhawy Affidavit – Exhibit "A"
14.	Settlement Agreement (Body Only) (Fortitude Proof of Claim (Partial Schedule "A"))	December 30, 2016	Proposal Report – Exhibit "E" Follows Affidavit – Exhibit "8"
15.	E-mail Correspondence & Notice of Disallowance	September 11, 2019	Proposal Report – Exhibit "F"
16.	Proof of Mailing – Notice of Disallowance	September 18, 2019	Proposal Report – Exhibit "G"
17.	Order granted by Justice C. Dario	October 11, 2019	-
18.	Disallowance Appeal	October 21, 2019	-
19.	Affidavit of Rob Follows (Body Only) [Follows Affidavit]	October 21, 2019	-
20.	Fortitude Financial – Incorporation Documents	-	Follows Affidavit – Exhibit "1"
21.	STS Capital Partners – Incorporation Documents	-	Follows Affidavit – Exhibit "2"
22.	E-mail Correspondence	November 30, 2015	Follows Affidavit – Exhibit "3"
23.	E-mail Correspondence	December 14-17, 2015	Follows Affidavit – Exhibit "4"
24.	E-mail Correspondence	December 4 - 13, 2016	Follows Affidavit – Exhibit "6"
25.	Screen Shot of E-mail	December 21, 2016	Follows Affidavit – Exhibit "7"
26.	Non-Exclusive Retainer Agreement	July 31, 2016	Follows Affidavit – Exhibit "8"
27.	Exclusive Retainer Agreement	July 31, 2016	Follows Affidavit – Exhibit "8"
28.	Debt Conversion Agreement	December 30, 2016	Follows Affidavit – Exhibit "8" Kulhawy Affidavit – Exhibit "B"
29.	Commerx - Articles of Amendment	-	Follows Affidavit – Exhibit "8"
30.	Correspondence – Notice of Redemption	July 19, 2017	Follows Affidavit – Exhibit "9"

Tab No.	Description	Date	Cross Reference
31.	Affidavit of Robert Kulhawy (Body Only) [Kulhawy Affidavit]	October 30, 2019	-
32.	Commerx – Consolidated Financial Statements	June 30, 2016	Kulhawy Affidavit – Exhibit "C"
33.	Commerx – Consolidated Financial Statements	June 30, 2017	Kulhawy Affidavit – Exhibit "D"
34.	Commerx – Consolidated Financial Statements	June 30, 2018	Kulhawy Affidavit – Exhibit "E"
35.	E-mail Correspondence	August 10, 2017	Kulhawy Affidavit – Exhibit "F"
36.	Supplemental Affidavit of Rob Follows	November 7, 2019	-

TAB 1



Clerk's Stamp

COURT FILE NUMBER 1801-16809

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*

AND IN THE MATTER OF THE PROPOSAL OF COMMERX CORPORATION

DOCUMENT **FIRST REPORT OF THE PROPOSAL TRUSTEE, HARDIE & KELLY INC. MARCH 29, 2019**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

PROPOSAL TRUSTEE
Hardie & Kelly Inc.
110, 5800 - 2nd Street SW
Calgary, AB T2H 0H2

Attention: Marc Kelly
Telephone: 403-536-8510
Email: mkelly@insolvency.net
Fax: 403-640-0591

PROPOSAL TRUSTEE'S COUNSEL
Bennett Jones LLP
4500 Bankers Hall East
855 - 2nd Street SW
Calgary, Alberta T2P 4K7

Attention: Chris Simard / Michael Selnes
Telephone: 403-98-44853 / 403-298-3311
Email: SimardC@bennettjones.com/ SelnesM@bennettjones.com
Fax: 403-265-7219

**FIRST REPORT OF THE PROPOSAL TRUSTEE
HARDIE & KELLY INC.
MARCH 29, 2019**

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INTRODUCTION

1. On March 7, 2019 (the “Filing Date”), Commerx Corporation (“Commerx” or the “Company”) filed a Notice of Intention to Make a Proposal (the “NOI”) pursuant to the *Bankruptcy & Insolvency Act* (the “Act”). Hardie & Kelly Inc. consented to act as trustee (the “Proposal Trustee”) pursuant to the proceedings (the “Proposal Proceedings”).
2. On March 15, 2019, the Proposal Trustee filed the following documents with the Office of the Superintendent of Bankruptcy (the “OSB”):
 - a. the Cash Flow Statement prescribed by S.50.4(2)(a) of the Act covering the period beginning March 7, 2019 through to June 7, 2019 (the “Initial Forecast”), a copy of which is attached as Appendix “A”;
 - b. the *Trustee’s Report on Cash Flow Statement* as prescribed by S.50.4(2)(b) of the Act, a copy of which is attached as Appendix “B”; and
 - c. the *Report on Cash Flow Statement by the Person Making the Proposal* as prescribed by S.50.4(2)(c) of the Act, a copy of which is attached as Appendix “C”.
3. The purpose of this first report (the “First Report”) is to provide an update to the Court with respect to the following:
 - a. Background information with respect to Company;
 - b. The Company’s operations since the commencement of the Proposal Proceedings;
 - c. The notices issued by the Proposal Trustee to the Company’s creditors;
 - d. The Company’s financial performance since the commencement of the Proposal Proceedings;
 - e. The Company’s revised cash flow forecast for the period March 25 - June 23, 2019;
 - f. The Company’s restructuring activities; and

- g. The Company's request for an extension of the time required to file a proposal and a corresponding extension of the stay of proceedings (the "Stay") through to May 20, 2019 and the Proposal Trustee's recommendation with respect thereto.

TERMS OF REFERENCE

4. In preparing this First Report, the Proposal Trustee has been provided with, and has relied upon unaudited financial information, certain books and records of the Commerx and discussions with management ("Management") (collectively the "Information"). Except as described in this First Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("GAAS") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of such information.
5. Some of the Information referred to in this First Report consists of forecasts and projections. An examination or review of any financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
6. All monetary amounts noted herein are expressed in Canadian dollars.

COMPANY BACKGROUND

7. Commerx is a private company headquartered in Calgary, Alberta and incorporated pursuant to the laws of the Province of Alberta. The Company is a global provider to digital and telecommunications customers providing software development, I.T. and telecommunications equipment installation, support and maintenance services.
8. Commerx currently has 77 employees but also engages 10 individuals on a full-time contract consulting basis.

9. Although the Company's head office is located in Calgary, Commerx also has 100% owned subsidiaries located in Mexico and the United States (the "Subsidiaries"). The Subsidiaries are not the subject of these or any restructuring proceedings.

ONGOING OPERATIONS

10. The Company has stabilized and continued its operations since the Filing Date. To date, Management, with the assistance of the Proposal Trustee, has been able to communicate with creditors and suppliers to make mutually satisfactory payment arrangements to ensure the uninterrupted supply of goods and services. The Company reports that its core operations are currently cash-positive.

NOTICE TO CREDITORS

11. Pursuant to S. 50.4(1) of the Act, the Proposal Trustee mailed copies of the NOI, the Proposal Trustee's executed consent and the listing of creditors (the "Initial Filing Documents") to all known creditors as represented by the Company. Copies of the Initial Filing Documents are attached as Appendix "D" and have also been posted on the Proposal Trustee's website at <https://relieffromdebt.ca/commerx-corporation/>. A small number of additional creditors identified by the Company subsequently have also been mailed copies of the Initial Filing Documents.

FINANCIAL PERFORMANCE

12. A variance analysis of the Company's actual receipts and disbursements since the Filing Date through to March 24, 2019 versus the corresponding period in the Initial Forecast is set out in the following table:

Commerx Corporation			
Forecast to Actual Analysis			
For the period of March 7 - 24, 2019			
	<u>Actual</u>	<u>Forecast</u>	<u>Variance</u>
<u>RECEIPTS</u>			
Collection of accounts receivable	93,397	18,519	74,878
Advances from US subsidiary	15,756	20,756	(5,000)
Foreign exchange gain (loss)	158	0	158
	<u>109,311</u>	<u>39,275</u>	<u>70,036</u>
<u>DISBURSEMENTS</u>			
General and administrative	(20,538)	(16,565)	(3,973)
Wages and benefits	(83,202)	(89,002)	5,800
Direct costs re subcontractors	(18,023)	(14,059)	(3,964)
	<u>(121,763)</u>	<u>(119,626)</u>	<u>(2,137)</u>
Net cash flow	(12,452)	(80,351)	67,899
Opening cash	82,221	82,221	
Closing cash	<u>69,769</u>	<u>1,870</u>	<u>67,899</u>

13. Commerx experienced a negative cash flow of approximately \$12,000 over the period March 7 - 24, 2019 versus an anticipated deficit of approximately \$80,000, for a positive variance of approximately \$68,000. The Proposal Trustee notes that the positive variance is primarily attributed to timing differences with respect to the collection of accounts receivable.
14. The Company maintained a cash balance of approximately \$70,000 as at March 24, 2019.

CASH FLOW FORECAST

15. Management, with the assistance of the Proposal Trustee, has prepared an updated 13 week cash flow forecast for the period March 25, 2019 through to June 23, 2019 (the "Revised Forecast") which is attached as Exhibit "C" to Affidavit of Robert Kulhawy, sworn on March 28, 2019 and filed in the Proposal Proceedings.

16. A summary of the Revised Forecast is set out in the table below:

	Forecast
<u>RECEIPTS</u>	
Accounts receivable collection	311,046
Revenues	420,000
Interim financing	150,000
Term loan or line of credit	500,000
Advances from US subsidiary	35,500
	<u>1,416,546</u>
<u>DISBURSEMENTS</u>	
General and administrative	(48,000)
Wages and benefits	(566,810)
Rent	(33,900)
Pre-NOI GST	(23,637)
Post-NOI GST	(30,000)
Direct costs re: subcontractors	(56,949)
Direct costs re: data centre	(6,000)
Interest on DIP #1	(32,602)
Interest on DIP #2	(4,500)
Restructuring fees	(125,000)
Term loan repayment	(500,000)
	<u>(1,427,398)</u>
Net Cash Flow	(10,852)
Opening cash	69,769
Closing cash	<u>58,917</u>

17. The Revised Forecast reflects negative cash flow of approximately \$11,000 over the forecast period, leaving a forecast cash balance of approximately \$59,000 at June 23, 2019. The Proposal Trustee offers the following additional comments in respect of the Revised Forecast:
- a. As a result of favourable collection results and additional billings prepared by the Company in respect of pre-NOI revenues, the Company has increased its overall forecast (when amounts already collected are included) regarding accounts receivable in comparison to the Initial Forecast;
 - b. As a result of the increased forecasted accounts receivable collections, the Company has reduced its forecasted receipt of advances from its United States subsidiary, as these are no longer forecast to be required at the same level;

- c. Additional revenues and operating expenses have been added due to two additional weeks being included in the forecast period in comparison to the prior forecast; and
 - d. The Company has included in its revised forecast the fact that a term loan will become due on June 1, 2019, and therefore they will be required to re-pay this loan. The Company has forecast that it will fund the repayment by way of receipt of new funds loaned to the Company in the form of a term loan or a line of credit.
18. It is important to highlight that the Revised Forecast and the Company's ability to continue operations while working through a restructuring period is dependent upon the receipt of additional debtor-in-possession financing ("DIP Financing") of \$150,000, which has not yet been approved by the Court. The Company advises that it has not yet scheduled an application for Court approval of such DIP Financing as it has not yet finalized the details of the funding, although Management advises that progress is being made and anticipates this will be completed and an application for approval of a further DIP financing charge to be scheduled in the near future. Absent this additional DIP financing being secured, or the Company otherwise being able to access an additional \$150,000, the Company would be unable to fund its forecast expenditures from operational revenues during the restructuring period, although it may be able to receive further advances from its United States subsidiary.
19. Likewise, the Company's ability to continue operations past May 31, 2019 is dependent on its ability to obtain new funding to allow it to re-pay the term loan that is due June 1, 2019 or negotiate revised terms with its term loan lender.
20. Subject to the Company satisfying the requirements as outlined in Paragraphs 18 and 19 above, the Proposal Trustee is satisfied that the Revised Forecast is reasonable in the circumstances.

RESTRUCTURING EFFORTS

21. The Proposal Trustee is satisfied that Management has been acting with due diligence and in good faith and has been working towards ultimately presenting a proposal to its creditors. Since the filing of the NOI, Management has:
- responded to inquiries from various creditors regarding the status of the Proposal Proceedings;
 - continued to engage in positive discussions with Super G Capital, LLC (“Super G”) with respect to the removal of Super G’s registration at the Alberta Personal Property Registry which encumbers all present and after-acquired property of the Company (the “Super G Registration”). The ultimate removal of the Super G Registration is an important factor that will pave the way towards the Company filing a viable proposal;
 - continued to work at securing additional DIP Financing; and
 - held preliminary discussions with legal counsel and the Proposal Trustee in regard to alternatives with respect to the structure of a proposal.

RECOMMENDATION

24. The Proposal Trustee is of the view that a further extension of the Stay to May 20, 2019 is warranted to allow the Company the opportunity to continue to work with Super G towards the removal of the Super G Registration and the formulation of the terms of its proposal.
25. The Proposal Trustee is satisfied that:
- Management continues to act in good faith and with due diligence with a view towards ultimately preparing a proposal for presentation to its creditors;
 - provided that the Company is able to secure the funding referenced in Paragraphs 18 and 19 above and the Super G Registration is discharged, the Company will likely be able to formulate a viable proposal; and

- no creditor would be materially prejudiced if a further extension is granted.

All of which is respectfully submitted this 29th day of March 2019.

Hardie & Kelly Inc.
in its capacity as the Proposal Trustee of Commerx Corporation
and not in its personal capacity


Per:

Marc Kelly
Senior Vice President

APPENDIX "A"

Commetx Corporation
Cash Flow Forecast
for the period March 7, 2019 to June 7, 2019 (13 weeks)
(unaudited)

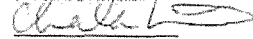
	Stub Mar 7 to Mar 10	Week Mar 11 to Mar 17	Week Mar 18 to Mar 24	Week Mar 25 to Mar 31	Week Apr 1 to Apr 7	Week Apr 8 to Apr 14	Week Apr 15 to Apr 21	Week Apr 22 to Apr 28	Week Apr 29 to May 5	Week May 6 to May 12	Week May 13 to May 19	Week May 20 to May 26	Week May 27 to June 2	Week June 3 to June 7	Total
RECEIPTS															
Receipts from Trade Accounts Receivable	\$0	\$12,510	\$6,001	\$49,979	\$12,176	\$82,951	\$14,180	\$55,771	\$66,856	\$0	\$0	\$0	\$0	\$0	\$311,532
Principal source of revenue	0	0	0	0	0	0	0	0	0	60,000	60,000	60,000	60,000	60,000	300,000
Interim/DIP financing #2	0	0	0	150,000	0	0	0	0	0	0	0	0	0	0	150,000
Advances from U.S. subsidiary	0	15,756	5,000	0	10,000	0	0	30,000	0	0	0	0	0	25,000	65,756
Total receipts	0	28,274	11,001	169,979	22,176	82,951	14,180	86,771	66,856	60,000	60,000	60,000	60,000	65,000	647,266
DISBURSEMENTS															
General and administrative	439	8,126	8,000	0	8,000	0	8,000	0	8,000	0	8,000	0	8,000	0	56,565
Wages and benefits	0	83,202	5,800	80,000	0	76,000	5,800	76,000	0	76,000	5,800	76,000	0	80,000	564,602
Rent	0	0	0	0	11,300	0	0	0	11,300	0	0	0	0	11,300	33,900
Due to CRA - pre-NOI GST	0	0	0	0	0	0	0	0	0	0	0	0	0	23,637	23,637
Monthly GST	0	0	0	10,000	0	0	0	0	10,000	0	0	0	10,000	0	30,000
Other - direct costs (revenue producing subcontractors)	0	14,059	0	7,000	5,000	0	0	7,000	5,000	0	0	0	12,000	0	50,059
Other - direct costs (date centre)	0	0	0	0	2,000	0	0	0	2,000	0	0	0	2,000	0	8,000
Interest on DIP funding #1	0	0	0	17,802	0	0	0	0	7,500	0	0	0	7,500	0	32,602
Interest on DIP funding #2	0	0	0	0	0	0	0	0	2,250	0	0	0	2,250	0	4,500
Restructuring costs	0	0	0	73,000	0	0	26,000	0	0	0	25,000	0	0	0	124,000
Total disbursements	439	109,387	13,800	169,802	25,000	76,000	38,600	83,000	40,000	76,000	33,800	76,000	11,750	114,300	626,865
Net cash flow	(439)	(77,113)	(2,799)	10,177	(4,124)	16,951	(24,420)	3,771	26,856	(16,000)	26,200	(16,000)	48,250	(49,300)	(73,127)
Opening bank balance	82,221	81,782	4,668	1,810	12,240	8,123	25,074	454	4,226	28,131	9,131	30,331	14,331	31,581	82,221
Closing bank balance	\$81,782	\$4,669	\$1,870	\$12,240	\$8,123	\$25,074	\$454	\$4,226	\$28,131	\$9,131	\$30,331	\$14,331	\$32,581	\$2,280	\$7,094

Commetx Corporation

For

14-Mar-19

This Statement of Projected Cash Flow of Commetx Corporation prepared pursuant to S.50,4(2)(a) of the Bankruptcy and Insolvency Act should be read in conjunction with the Trustee's Report on Cash Flow Statement dated the 7 day of March, 2019.

Hardia & Kelly Inc., Trustee of the Proposal of
Commetx Corporation


For Charla Smith
Vice President

Commerx Corporation
Assumptions for Cash Flow Forecast
for the period March 7, 2019 to June 7, 2019 (13 weeks)
(unaudited)

Receipts of Cash

- From March 7, 2019 through to the week ending May 3, 2019, cash receipts are derived from past billings and represent collection of collectible accounts receivable based on historical timelines and analysis of existing accounts.
- From the week commencing May 6, 2019 and onward, expected cash receipts are derived from estimated earned revenue in March and April 2019 based on existing contracts and average collection timelines.

DIP #2 Funding

- Subject to approval by virtue of an application to the court expected to be heard on March 22, 2019, \$150,000 expected to be received during the week of March 25 - 31. Use of funds are as follows:
 - \$25,000 to be reimbursed for amounts already disbursed to trustee pre-NOI.
 - \$75,000 for legal and trustee fees for restructuring expected to be disbursed in the week of March 25 - 31.
 - \$25,000 for legal and trustee fees for restructuring expected to be disbursed in the week of April 15 - 21.
 - \$25,000 for legal and trustee fees for restructuring expected to be disbursed in the week of May 13 - 19.

Administrative Expenses

- The estimated costs for administrative expenses are derived from analysis of previous monthly income statements and adjusted based on revised financial forecasts.
- See attached schedule for breakdown of monthly costs.

Wages and Benefits

- The estimated bi-weekly payroll is derived from actual total gross payroll costs incurred in February 2019 and adjusted for terminations & temporary layoffs of various employee
- Amounts include employer loading costs such as employer CPP, EI and health benefits plan.

Office Rent

- The cost for office rent is as per the existing lease agreement.

Past GST - Pre NOI

- Nov-18 7093.36
- Dec-18 9576.38
- Jan-19 6967.94
- Scheduled payment date is June 2019. These are forecast to be paid despite the stay of proceedings based on discussions with CRA.

Ongoing Monthly GST

- The estimated monthly GST payable to CRA is \$10,000 and is based on historical amounts (GST collectible minus GST ITC)

Direct Costs (revenue producing resources)

- Two contracted staff working in Indonesia and three contracted staff working in India

Direct Costs (data centre)

- Estimated monthly cost to maintain data centre which is revenue generating.
- Amounts are based on current infrastructure in place and include monthly cost of \$CAD 1,300 for Shaw fibre internet connectivity to in-house data centre and \$CAD 700 Hubsp.

Advances and repayments - U.S. subsidiary

- From time to time, funds are transferred between Commerx Corporation and Commerx US Inc in order to balance cash requirements.
- Amounts and timing of advances are based on cash requirements and available cash of the U.S. subsidiary based on projected operating results.

Restructuring Costs

- See assumptions noted above under DIP funding.

Interest on DIP advance

- DIP #1 interest is calculated, forecasted and payable on the basis \$500,000. Funds were received prior to the forecast period. Calculation and payment schedule is based on the contractual agreement.
- DIP #2 interest is calculated and forecasted on the basis of borrowing \$150,000.

Commerx Corporation
Schedule for SG&A Expenses for Cash Flow Forecast
for the period March 7, 2019 to June 7, 2019 (13 weeks)
(unaudited)

Monthly Costs

	\$CAD
Bank Service Fees	1,000
Insurance - Corporate	5,100
Telephone, Cellular and Internet	2,000
Office Supplies and Costs	600
Meal and Entertainment (Sales Department)	1,300
Travel (Sales Department)	2,500
IT Support Costs	2,000
Memberships, Dues and Subscriptions	1,000
Miscellaneous	500
Total Monthly Costs	16,000

APPENDIX “B”

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

-- FORM 29 --
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

The attached statement of projected cash flow of Commerx Corporation, as of the 7th day of March 2019, consisting of the projected cash flows through to June 7, 2019, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: the management and employees of the insolvent person or the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: management or the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 15th day of March 2019.

Hardie & Kelly Inc. - Licensed Insolvency Trustee
Per:



Charla Smith - Licensed Insolvency Trustee
110, 5800 2nd Street SW
Calgary AB T2H 0H2
Phone: (403) 777-9999 Fax: (403) 640-0591

APPENDIX “C”

District of:
Division No. -
Court No. 25-2483059
Estate No. 25-2483059

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

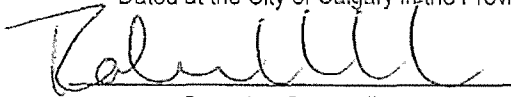
I, Commerx Corporation, have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 7 day of March, 2019, consisting of .

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

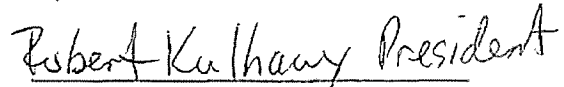
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 14th day of March 2019.



Commerx Corporation
Debtor



Robert Kulhavy President
Name and title of signing officer

Name and title of signing officer

APPENDIX “D”

March 7, 2019

To the Creditors of Commerx Corporation

Dear Sirs/Mesdames:

Re: Proposal under the Bankruptcy and Insolvency Act

We are writing to advise that on March 7, 2019, Commerx Corporation (the "Company") filed a *Notice of Intention to Make a Proposal* pursuant to the *Bankruptcy and Insolvency Act* (the "BIA"). Hardie & Kelly Inc. was appointed as trustee under the proceedings (the "Proposal Trustee"). Enclosed are the following documents in connection with the proceedings:

- Certificate of Filing of a Notice of Intention to Make a Proposal;
- Notice of Intention to Make a Proposal;
- Proposal Trustee's Consent; and
- Listing of creditors with claims greater than \$250.

S. 69(1) of the BIA provides the Company certain relief including the imposition of an initial 30-day *Stay of Proceedings* against the Company and its assets. Claims against the Company for payment of goods and services supplied to the Company prior to March 7, 2019 are suspended and creditors are prohibited from continuing or commencing any actions or exercising any rights against the Company except with leave of the Court of Queen's Bench of Alberta.

You are not required to file a proof of claim at this time. Outstanding claims will be addressed as part of the Company's restructuring plan to be developed and forwarded to you for your consideration in due course.

Further information will be distributed to you in due course. Creditors are encouraged to periodically check the Proposal Trustee's website at <https://relieffromdebt.ca/commerx-corporation/> (the "Website") for updates as to the status of the proceedings as additional materials will be posted to the Website from time to time.

Should you have any questions or concerns, please contact Mr. Perry Bennett, COO/CFO of the Company at 403-301-3883 ext 266, or the undersigned at 403-536-8510.

Yours truly,

Hardie & Kelly Inc., in our capacity
as Trustee of the Proposal of Commerx Corporation


Per: Marc Kelly
Senior Vice President

enclosures: as above



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

District of Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

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

Commerx Corporation
Insolvent Person

HARDIE & KELLY INC.
Licensed Insolvency Trustee

Date of the Notice of Intention: March 07, 2019

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.

E-File/Dépôt Electronique

Date: March 07, 2019, 13:20

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada

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
COMMERX CORPORATION
of the City of Calgary, in the Province of Alberta

Take notice that:

1. COMMERX CORPORATION, an insolvent person, states, pursuant to subsection 50.4(1) of the Act, that it intends to make a proposal to its creditors.
2. Hardie and Kelly Inc., of 110, 5800 2nd Street SW, Calgary, Alberta T2H 0H2, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at CALGARY, this 5th day of MARCH, 2019

COMMERX CORPORATION

Per: 

Name: Robert Kulhawy

Title: President

Commerx Corporation
4228 Manilla Road SE
Calgary, AB T2G 4B7

Attention: Mr. Robert Kulhawy

March 5, 2019

Dear: Mr. Kulhawy

Re: Proposal pursuant to the Bankruptcy and Insolvency Act

Please accept this letter as confirmation of our consent to act as Proposal Trustee regarding your proposal to creditors pursuant to the Notice of Intention to make a proposal dated March 5, 2019.

Yours very truly,
Hardie & Kelly Inc.


Per: **Marc Kelly**
Senior Vice President

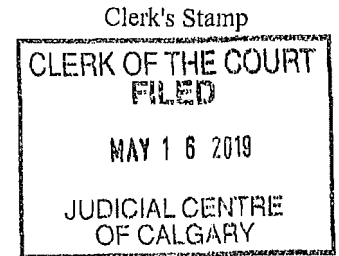
List of Creditors

<u>Creditor</u>	<u>Address</u>	<u>Claim Amount</u>
642111 ALBERTA INC.	4428 MANILLA ROAD SE Calgary AB T2G 4B7	11,303.22
ADMIRAL LAW	301, 522 - 11 AVE. SW Calgary AB T2R 0C8	2,881.80
ANIXTER CANADA	200 FOSTER CRESCENT Missauga ON L5R 3Y5	935.18
BALINHARD CAPITAL CORPORATION DAVID LEGEYT	C/O BURNET, DUCKWORTH & PALMER 2400, 525 - 5TH AVE. SW Calgary AB T2P 1G1	500,000.00
BENNETT JONES LLP	4500, 855 -2ND STREET SW Calgary AB T2P 4K7	11,939.36
CHILD AND CHILD	NOVE NORTH 11 BRESSEDED PLACE London United Kingdom	1,055.06
Desjardins Card Services	c/o FCT Default Solutions PO Box 2514 Stn B London ON N6A 4G9	680.50
HOFFMAN DOECHIK	600, 5920 MACLEOD TRAIL SOUTH Calgary AB T2H 0K2	253.75
MEMORY EXPRESS	3333 34TH AVE NE Calgary AB T1Y 6H2	1,107.11
OXFORD TECH	37047 MAYLAND HTS. Calgary AB T2E 9A7	860.92
PERRY BENNETT	C/O COMMERX CORPORATION 4428 MANILLA ROAD SE Calgary AB T2G 4B7	23,335.00
PETER TRANT KEITH D. MARLOWE	C/O BLAKE, CASSELS & GRAYDON LLP 3500, 855 - 2ND STREET SW Calgary AB T2P 4J8	147,777.84
RICOH CANADA INC	PO BOX 1600 STREETSVILLE RPO Mississauga ON L5M 0M6	716.47
ROBERT KULHAWY	C/O COMMERX CORPORATION 4428 MANILLA ROAD SE Calgary AB T2G 4B7	126,041.60
RODPREST CLEANERS	229 CHAPALINA MEWS SE Calgary AB T2X 0A7	6,930.00
SUNLIFE FINANCIAL	PO BOX 11010 STATION A Montreal PE H3C 4T9	21,692.88
SUPER G CAPITAL, LLC BAHAR HAFIZI	C/O BH LEGAL 1012 - 1030 WEST GEORGIA STREET Vancouver BC V6E 2Y3	0.00
TRAGICALLY VITAL	4, 2807 - 107TH AVE SE Calgary AB T2Z 4M2	1,419.09

URBANCORE	2632 24TH ST. SW Calgary AB T2T 5H9	745.50
WASTE CONNECTIONS	285122 BLUEGRASS DRIVE Rocky View AB T1X 0P5	1,090.26
WHITE PAPER	9990 RIVER WAY Delta BC V4G 1M9	1,714.45
Total		863,679.79

TAB 2

COURT FILE NUMBER 1801-16809
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE *BANKRUPTCY
AND INSOLVENCY ACT*

AND IN THE MATTER OF THE
PROPOSAL OF
COMMERX CORPORATION

DOCUMENT

**SECOND REPORT OF THE
PROPOSAL TRUSTEE, HARDIE &
KELLY INC.
MAY 16, 2019**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

PROPOSAL TRUSTEE
Hardie & Kelly Inc.
110, 5800 - 2nd Street SW
Calgary, AB T2H 0H2

Attention: Marc Kelly
Telephone: 403-536-8510
Email: mkelly@insolvency.net
Fax: 403-640-0591

PROPOSAL TRUSTEE'S COUNSEL
Bennett Jones LLP
4500 Bankers Hall East
855 - 2nd Street SW
Calgary, Alberta T2P 4K7

Attention: Chris Simard / Michael Selnes
Telephone: 403-298-4485 / 403-298-3311
Email: simardc@bennettjones.com/ selnesm@bennettjones.com
Fax: 403-265-7219

**SECOND REPORT OF THE PROPOSAL TRUSTEE
HARDIE & KELLY INC.
MAY 16, 2019**

I N D E X

INTRODUCTION	1
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ONGOING OPERATIONS	2
FINANCIAL PERFORMANCE	3
CASH FLOW FORECAST	6
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INTRODUCTION

1. On March 7, 2019 (the “Filing Date”), Commerx Corporation (“Commerx” or the “Company”) filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy & Insolvency Act* (the “BIA”). Hardie & Kelly Inc. consented to act as trustee (the “Proposal Trustee”) in the proceedings (the “Proposal Proceedings”).
2. On March 29, 2019, the Proposal Trustee prepared a report (the “First Report”) to the Court of Queen’s Bench of Alberta (the “Court”) in advance of the Company’s April 2, 2019 application (the “April Application”) for an extension of the time in which Commerx was required to file a proposal to its creditors (“Proposal”).
3. On April 2, 2019, the Court granted an Order extending the time in which the Company must file a Proposal to May 20, 2019 (the “Initial Extension”) along with an extension of the Stay of Proceedings (the “Stay”) afforded the Company pursuant to Section 69 of the BIA.
4. The purpose of this report (the “Second Report”) is to provide an update to the Court with respect to the following:
 - a. The Company’s operations since the date of the First Report;
 - b. The Company’s financial performance since the date of the First Report;
 - c. The status of the Company’s restructuring activities;
 - d. The Company’s request for a further extension of the time required to file the Proposal and a corresponding extension of the Stay through to July 4, 2019 and the Proposal Trustee’s recommendation with respect thereto;
 - e. The Company’s request for authorization to apply to the Court to increase the limits of the debtor-in-possession financing as provided for in the Order dated February 28, 2019 (the “DIP Order”); and

- f. The Company's request for authorization to apply to the Court regarding the determination of ownership and rights with respect to 51% ownership of the Class "A" shares of the Company previously transferred to Lotus Innovations Inc. ("Lotus").

TERMS OF REFERENCE

5. In preparing this Second Report, the Proposal Trustee has been provided with, and has relied upon unaudited financial information, certain books and records of the Commerx and discussions with management ("Management") (collectively the "Information"). Except as described in this First Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("GAAS") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of such information.
6. Some of the Information referred to in this Second Report consists of forecasts and projections. An examination or review of any financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
7. All monetary amounts noted herein are expressed in Canadian dollars.

ONGOING OPERATIONS

8. Management represents that the day-to-day activities of the Company are being carried on in the ordinary course with no significant operational issues.
9. The Proposal Trustee is not aware of any suppliers having any issues in respect of the ongoing payment of post-filing obligations.

FINANCIAL PERFORMANCE

10. The Proposal Trustee has reviewed the Company's actual receipts and disbursements from March 25, 2019 through to May 12, 2019 in comparison to the corresponding period in the revised forecast (the "Revised Forecast") which was filed in connection with the April Application
11. A variance analysis is set out in the following table:

Commerx Corporation			
Forecast to Actual Analysis			
For the period of March 25 - May 12, 2019			
	<u>Actual</u>	<u>Forecast</u>	<u>Variance</u>
<u>RECEIPTS</u>			
Revenue / Collection of accounts receivable	471,592	371,047	100,545
Additional DIP Financing	0	150,000	(150,000)
Advances from/(to) US subsidiary	(73,669)	35,500	(109,169)
Funds from Nortel insolvency proceeding	135,926	0	135,926
Foreign exchange gain/(loss)	1,738	0	1,738
	<u>535,587</u>	<u>556,547</u>	<u>(20,960)</u>
<u>DISBURSEMENTS</u>			
General and administrative	(47,903)	(50,600)	2,697
Wages and benefits	(339,277)	(319,211)	(20,066)
Direct costs re subcontractors	(36,118)	(32,949)	(3,169)
GST remittances	(20,139)	(20,000)	(139)
Interest on DIP financing	(15,000)	(27,352)	12,352
Restructuring costs - Professional fees	0	(100,000)	100,000
	<u>(458,437)</u>	<u>(550,112)</u>	<u>91,675</u>
Net cash flow	77,150	6,435	70,715
Opening cash	<u>69,769</u>	<u>69,769</u>	
Closing cash	<u>146,919</u>	<u>76,204</u>	<u>70,715</u>

12. Commerx experienced positive cash flow of approximately \$77,000 over the period March 25 to May 12, 2019, which was approximately \$71,000 more than was estimated in the Revised Forecast.
13. The Company maintained a cash balance of approximately \$147,000 as at May 12, 2019.

14. The Proposal Trustee notes that the positive variance in the cash balance is a result of a combination of a number of variances in individual categories as set out in the table above. Overall, the Proposal Trustee has the following comments:
- a. The Company's accounts receivable collection efforts were more successful than anticipated, as it collected approximately \$100,000 more than it had forecast during the period. However, this is more than offset by the variance from advances made to the Company's U.S. subsidiary. The Company had anticipated it would borrow \$35,500 from its U.S. subsidiary but instead it advanced its U.S. subsidiary nearly \$74,000 during the period. Initially, the Company advised the Proposal Trustee that amounts advanced to the U.S. subsidiary were to cover a short-term timing issue and would be immediately repaid. However, the initial amount was not fully repaid and instead the Company advanced the U.S. subsidiary approximately \$50,000 more in the final two weeks of the period;
 - b. In the First Report, the Proposal Trustee noted that the Revised Forecast indicated that the Company's ability to continue operations while working through a restructuring period appeared to be dependent upon the receipt of additional debtor-in-possession financing ("Additional DIP Financing") of \$150,000, which had not yet been approved by the Court. The Revised Forecast anticipated that the details of the funding would be finalized and a Court application for approval of an additional debtor-in-possession financing charge would be scheduled in the near future such that the Additional DIP Financing would be received during the week of April 15 – 21, 2019. However, the Company has not received the Additional DIP Financing as of the date of this Second Report, nor has it finalized the details of the funding or scheduled a Court application for approval of further debtor-in-possession financing charge.

- c. As a result of the lack of Additional DIP Financing, the Company has Delayed payment of restructuring costs, being the fees of the Company's legal counsel, the Proposal Trustee and the Proposal Trustee's legal counsel, which Commerx had anticipated would amount to payments of \$100,000 during the period. The outstanding accounts and work in process of the Proposal Trustee and its legal counsel total approximately \$20,000 as of the date of this Second Report. The initial billings of the Proposal Trustee and its legal counsel through to March 31, 2019 totalling approximately \$22,000 were satisfied from the \$25,000 retainer provided by the Company prior to the commencement of the Proposal Proceedings;
- d. Payroll costs have trended higher than anticipated due to delayed timing of staff layoffs, while DIP financing interest has been lower than anticipated, due in part to the lack of Additional DIP Financing as well as the fact that approximately \$10,000 of the amount forecasted to be paid had already cleared the Company's account just prior to the forecast period; and
- e. The Company recently received a payment of \$136,000 (the "Nortel Funds") which the Company advises represents funds payable to the former shareholder of Alternate Communications International Ltd. ("Alternate") from the Nortel Networks Inc. insolvency proceedings. Alternate was acquired by Commerx in 2010 and was eventually amalgamated with Commerx. The Proposal Trustee understands that the former shareholder of Alternate may claim these funds as a priority entitlement, pursuant to an agreement dated August 20, 2013 between the former shareholder and Alternate. In the Second Revised Forecast described below, the Company has reported the Nortel Funds as a separate line item, for illustrative purposes. The entitlement of the former shareholder of Alternate to the Nortel Funds is yet to be determined.

15. Without the receipt of the Nortel Funds, the Company's cash balance as at May 12, 2019 would have been approximately \$11,000, which is approximately \$78,000 lower than forecast due to the overall negative impact of other variances discussed above.

CASH FLOW FORECAST

16. Management, with the assistance of the Proposal Trustee, has prepared an updated 13 week cash flow forecast for the period May 13, 2019 through to August 11, 2019 (the "Second Revised Forecast") which is attached hereto as Appendix "A".
17. A summary of the Second Revised Forecast is set out in the table below:

Commerx Corporation	
Cash flow forecast	
For the period May 13 - August 11, 2019	
	Forecast
<u>RECEIPTS</u>	
Revenues / accounts receivable collection	713,942
Interim financing	150,000
Advances from US subsidiary	60,000
	<u>923,942</u>
<u>DISBURSEMENTS</u>	
General and administrative (inc. rent and insurance)	(98,088)
Wages and benefits	(488,581)
Pre-NOI GST	(23,637)
Post-NOI GST	(30,000)
Direct costs re: subcontractors	(38,406)
Interest on DIP #1	(22,500)
Interest on DIP #2	(2,500)
Restructuring fees	(125,000)
	<u>(828,712)</u>
Net Cash Flow	95,230
Opening cash	146,919
Closing cash	<u>242,149</u>
Nortel Funds	<u>(135,000)</u>

18. The Second Revised Forecast reflects positive cash flow of approximately \$95,000 over the forecast period, leaving a forecasted cash balance of approximately \$242,000 at August 11, 2019. Given the current uncertainty regarding the requirement the status Nortel Funds to the former shareholder of Alternate, the Nortel Funds have been identified for illustrative purposes. The forecasted cash balance as at August 11, 2019, exclusive of the Nortel Funds is approximately \$107,000.
19. The Proposal Trustee offers the following additional comments in respect of the Second Revised Forecast:
 - a. The cash generated from collection of past and future sales revenues has been forecast based on amounts already billed and future revenues based on existing secured work and amounts already billed, collected within average timelines. The Proposal Trustee notes that the amount forecast to be received is consistent with the post-filing results to date;
 - b. Although the Company is still working to finalize the terms of the Additional DIP Financing, it anticipates that it will not be received until the week of July 1 – 7, 2019 after obtaining Court approval of the further debtor-in-possession financing charge. Without the Additional DIP Financing, the Company is likely unable to fund its forecasted restructuring costs. Therefore, the forecasted payment of the majority of the restructuring costs has been delayed in comparison to the previous Revised Forecast filed in conjunction with the April Application. The Proposal Trustee understands that the extended timeline for payment has been agreed to by the various restructuring professionals;
 - c. The Company has forecast that its U.S. subsidiary will advance \$60,000 in the second week of the Second Revised Forecast, such that it will have more than fully repaid all funds borrowed from Commerx since the Filing Date. Management advises that it is confident that the U.S. subsidiary will have sufficient cash available to fund the anticipated transfer;

- d. General administrative and operating expenses have been forecast based on planned workloads and historical results. The Trustee notes that these expenses to be slightly lower than post-filing results to date, which is consistent with the Company's efforts to reduce costs; and
 - e. The Company is no longer forecasting that it will repay the term loan associated with the initial \$500,000 of DIP financing during the forecast period. Although the loan agreement states that the loan is due June 1, 2019, the Company has advised that it is confident the lender will agree to an extension of the time to repay the loan as contemplated in the loan agreement. Therefore, the Company anticipates that the funds will not be required to be repaid until after the forecast period.
20. Overall, while the Company's operations appear to be self-sustaining, the Second Revised Forecast demonstrates that its ability to meet its obligations relating to restructuring costs, including professional fees and DIP financing interest, is dependent on the Company's ability to obtain funds from its U.S. subsidiary and raise the Additional DIP Financing. However, should it be determined that the Nortel Funds are available to be utilized by the Company, those funds would be available to fund such expenses.
21. Subject to the comments above, the Proposal Trustee is satisfied that the Revised Forecast is reasonable in the circumstances.

RESTRUCTURING EFFORTS

22. In the First Report, the Proposal Trustee advised that Management was having positive discussions with Super G Capital, LLC ("Super G") with respect to the removal of Super G's registration at the Alberta Personal Property Registry (the "PPR Registration") which encumbered all present and after-acquired property of the Company (the "Super G Registration") and that the ultimate removal of the Super G Registration would be an important factor that will pave the way towards the Company filing a viable proposal.

23. This matter has been successfully resolved since the date of the First Report and Super G has now discharged the PPR Registration.
24. Management continues to work towards securing Additional DIP Financing.

RECOMMENDATIONS

25. The Proposal Trustee is satisfied that:
- Management continues to act in good faith and with due diligence with a view towards ultimately preparing a Proposal for presentation to its creditors; and
 - no creditor would be materially prejudiced if a further extension is granted.
26. In light of the above, the Proposal Trustee is of the view that a further extension of the time to file a proposal and corresponding extension of the Stay through to July 4, 2019 is warranted.
27. The Proposal Trustee is also supportive of the Company's requests to make application to the Court to increase the limits provided for by the DIP Order and for an order determining the parties' ownership and rights with respect to the 51% of the Class "A" shares of the Company previously transferred to Lotus, as Management believes each of these matters are important factors to be addressed prior to the formulation of the Company's proposal.

All of which is respectfully submitted this 16th day of May 2019.

Hardie & Kelly Inc.
in its capacity as the Proposal Trustee of Commerx Corporation
and not in its personal capacity

Per: 
Senior Vice President

APPENDIX "A"

Commerx Corporation
 Weekly Report of 13 Week Cash Flow Forecast
 for the period May 13, 2019 to Aug 11, 2019 (13 weeks)
 (unaudited)

	Week 1 Projection May 13 May 19	Week 2 Projection May 20 May 25	Week 3 Projection May 27 June 2	Week 4 Projection June 3 June 9	Week 5 Projection June 10 June 16	Week 6 Projection June 17 June 23	Week 7 Projection June 24 June 30	Week 8 Projection July 01 July 07	Week 9 Projection July 08 July 14	Week 10 Projection July 15 July 21	Week 11 Projection July 22 July 28	Week 12 Projection July 29 Aug 04	Week 13 Projection Aug 05 Aug 11	Total
RECEIPTS														
Projected receipts from trade accounts receivable	\$33,145	\$30,620	\$30,337	\$157,709	\$5,896	\$31,897	\$5,951	\$26,878	\$0	\$1,530	\$0	\$10,030	\$0	\$341,992
Received from trade accounts receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Principal source of revenue - WIP	0	0	0	5,000	15,000	15,000	15,000	17,500	120,890	20,890	20,890	20,890	120,890	\$371,850
Interim/DIP financing #2	0	0	0	0	0	0	0	150,000	0	0	0	0	0	\$150,000
Advances / Repayments from U.S. subsidiary	0	60,000	0	0	0	0	0	0	0	0	0	0	0	\$60,000
Fx gain (loss)	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Total receipts	33,145	90,620	30,337	162,709	20,896	46,897	20,951	154,378	120,890	22,420	20,890	38,920	120,890	923,942
DISBURSEMENTS														
General and administrative	4,619	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	52,619
Wages and benefits	6,181	90,000	0	75,000	5,800	75,000	0	75,000	5,800	75,000	0	75,000	5,800	488,581
Corporate Insurance	0	0	3,853	0	0	0	0	3,853	0	0	0	3,853	0	11,560
Rent	0	0	0	11,303	0	0	0	11,303	0	0	0	11,303	0	33,909
Due to CRA - pre-NOI GST	0	0	0	23,637	0	0	0	0	0	0	0	11,303	0	30,000
Monthly GST	0	0	10,000	0	0	0	0	10,000	0	0	0	0	0	23,637
Other - direct costs (revenue producing subcontractors & costs)	0	0	7,612	5,190	0	0	0	7,612	5,190	0	0	10,000	0	30,000
Interest on DIP funding #1	0	0	7,500	0	0	0	0	7,500	0	0	0	7,500	5,190	38,406
Interest on DIP funding #2	0	0	0	0	0	0	0	7,500	0	0	0	7,500	0	22,500
Restructuring costs	0	25,000	0	0	0	0	0	0	0	0	0	2,500	0	2,500
Advances / Repayments to U.S. subsidiary	0	0	0	0	0	0	0	50,000	0	50,000	0	0	0	125,000
Total disbursements	10,800	119,000	32,365	119,130	9,800	79,000	4,000	169,268	14,990	129,000	4,000	121,768	14,990	828,712
Net cash flow	22,345	-28,380	-2,028	-43,579	11,096	-32,103	16,951	25,109	105,900	-106,580	16,890	-82,848	105,900	\$5,280
Opening bank balance	146,919	159,263	140,884	138,256	181,835	192,931	180,827	177,778	202,887	308,787	202,207	219,097	136,249	146,919
Closing bank balance	\$169,263	\$140,884	\$138,256	\$181,835	\$192,931	\$160,827	\$177,778	\$202,887	\$308,787	\$202,207	\$219,097	\$136,249	\$242,149	\$242,149
Nortel Funds - See assumptions	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)
Net Cash Available	34,263	5,884	3,256	46,835	57,931	25,827	42,778	67,887	173,787	67,207	84,097	1,249	107,149	107,149

Commerx Corporation
Assumptions for Cash Flow Forecast
for the period May 13, 2019 to August 11, 2019 (13 weeks)
(unaudited)

Receipts of Cash

- Projected receipts from trade accounts receivable are based on actual billings that have already been generated in the billing cycle.
- Projected principal source of revenue - work in process is based on work that has been secured and is in process and to be billed during respective bill cycle, based on existing contracts and average collection timelines.

DIP #1 Funding

- \$500,000 was received prior to the forecast period.
- In accordance with the loan agreement, the maturity date of June 1, 2019 will be extended into the future.

DIP #2 Funding

- The company expects to secure DIP funding in the amount of \$150,000 in week 8 (July 1 to July 8, 2019)
Use of funds are as follows:
 - \$25,000 to be reimbursed for amounts already disbursed to trustee pre-NOI.
 - \$25,000 to be reimbursed for amounts to be disbursed in Week 2.
 - \$50,000 for legal and trustee fees for restructuring expected to be disbursed in Week 8.
 - \$50,000 for legal and trustee fees for restructuring expected to be disbursed in Week 10.

Administrative Expenses

- The estimated costs for administrative expenses are derived from analysis of previous monthly income statements and adjusted based on revised financial forecasts.
- See attached schedule for breakdown of month costs.

Past GST - Pre NOI

- Nov-18 7093,38
- Dec-18 9578,38
- Jan-19 6967,94
- Scheduled payment date is June 2019. These are forecast to be paid despite the stay of proceedings based on discussions with CRA.

Direct Costs (revenue producing resources)

- Two contracted staff working in Indonesia and three contracted staff working in India

Advances and repayments - U.S. subsidiary

- From time to time, funds are transferred between Commerx Corporation and Commerx US Inc in order to balance cash requirements.
- Amounts and timing of advances are based on cash requirements and available cash of the U.S. subsidiary based on projected operating results.

Restructuring Costs

- An additional \$25,000 is projected to be disbursed from operating funds in Week 2 payable to NOI trustee.
- See other assumptions noted above under DIP funding.

Interest on DIP advance

- DIP #1 interest was calculated, forecasted and payable to Ballhard Capital. Principal amount borrowed was \$500,000 and funds were received prior to the forecast period.
- Calculation and payment schedule is based on the contractual agreement.
- DIP#2 interest was calculated and forecasted based on borrowing \$150,000.

Notel Funds

- Approximately \$135,000 CAD has been received from the Nortel Networks Inc. restructuring. These funds are the subject of an agreement with former owners of an amalgamation predecessor of the company.
- The Company is awaiting legal advice as to the entitlement of the funds; however, in the meantime an equivalent amount of funds has been separately identified for

Commerx Corporation
Schedule for SG&A Expenses for Cash Flow Forecast
for the period May 13, 2019 to August 11, 2019 (13 weeks)
(unaudited)

Monthly Costs

	\$CAD
Bank Service Fees	1,000
Insurance - Corporate	5,100
Telephone, Cellular and Internet	2,000
Office Supplies and Costs	600
Meal and Entertainment (Sales Department)	1,300
Travel (Sales Department)	2,500
IT Support Costs	2,000
Memberships, Dues and Subscriptions	1,000
Miscellaneous	500
Total Monthly Costs	16,000

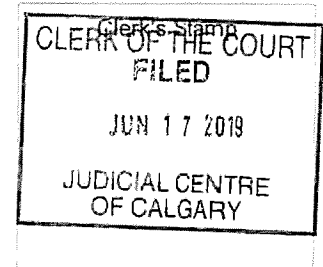
TAB 3

Form 27
[Rule 6.3]

COURT FILE NUMBER 1801-16809
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT ROBERT KULHAWY
RESPONDENT COMMERX HOLDINGS LLC and LOTUS INNOVATIONS PRIVATE EQUITY FUND also known as LOTUS INNOVATIONS LLC and COMMERX CORPORATION

**IN THE MATTER OF THE
BANKRUPTCY AND INSOLVENCY
ACT, RSC 1985, c b-3, AS AMENDED**

DOCUMENT **AFFIDAVIT OF ROBERT KULHAWY**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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Barristers & Solicitors
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AFFIDAVIT OF ROBERT KULHAWY

Sworn on June 14, 2019

I, Robert Kulhawy, businessman of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am an individual residing in the Province of Alberta and am the founder and Chief Executive Officer and President of Commerx Corporation (the "**Company**") and as such have personal knowledge of the matters herein deposed to, except where stated to be based on information and belief, in which case I believe same to be true.

Overview

2. I previously swore an affidavit in these proceedings on November 23, 2018, which was served and filed in connection with a November 29, 2018 hearing before the Honourable Mr. Justice Feehan ("**November Affidavit**"). I subsequently swore an affidavit in these proceedings on February 22, 2019, which was served and filed in connection with a February 25, 2019 hearing before the Honourable Madame Justice Dario ("**February Affidavit**").

3. As will be described in more detail below, on March 7, 2019, Commerx filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**") pursuant to the Orders of the Honourable Justice Dario dated February 27, 2019 and March 6, 2019.

4. Hardie & Kelly Inc. (the "**Proposal Trustee**") was appointed to act as the Licenced Insolvency Trustee for the proposal.

5. Following the filing of the NOI, I swore affidavits on March 28, 2019 ("**March Affidavit**") and May 15, 2019 ("**May Affidavit**"), in support of two (2) separate applications for orders extending the time to file a proposal and to extend the stay of proceedings, which orders were granted.

6. In this affidavit, I will be repeating and relying upon various statements contained in my November Affidavit, February Affidavit, March Affidavit and May Affidavit, where necessary and applicable.

The Parties

7. The Company is incorporated pursuant to the laws of the Province of Alberta and is a leading global provider of Information Technology (IT), digital and telecommunications (telecom) industries headquartered in Calgary, Alberta.

8. The Company has deployed resources in over eighty-five (85) countries including the United States of America, Canada, Mexico, United Kingdom, India, Russia, and Taiwan. As the telecom space is seeing a revival, the Company is a market leader.

9. Commerx Holdings LLC ("**Commerx Holdings**") is a company based in the State of California, United States of America. Pursuant to the terms of the Purchase Agreement dated December 31, 2016, Commerx Holdings is the majority shareholder of the Company (51%) (the

“Purchase Agreement”). Attached hereto and marked as **Exhibit “A”** is the Purchase Agreement. For ease of reference, I also attach, behind the Purchase Agreement at Exhibit A, the pertinent sections of the Shareholders Agreement.

10. Lotus Innovations Private Equity Fund aka Lotus Innovations LLC (along with Commerx Holdings collectively referred to as “**Lotus**”) owns Commerx Holdings. Lotus is an Irvine, California based private equity investment fund that purports to build wealth for its investors by acquiring, transforming, and exiting high-potential, small to mid-size technology companies in enterprise IT and telecom.

Factual Background

11. On December 30, 2016, Lotus and I entered into the Purchase Agreement, where I sold and Lotus agreed to purchase fifty-one percent (51%) of the Class A shares of the Company in consideration for a purchase price of \$2,000,000.00 USD plus other considerations. Payment was to be completed in two phases:

- (a) Payment from Lotus to me in the amount of \$500,000.00 USD on or before January 31, 2017 (Phase 1); and
- (b) Payment from Lotus to me in the amount of \$1,500,000.00 USD on or before November 30, 2018 (Phase 2).

12. Phase 1 of the transaction was not completed as contemplated in the Purchase Agreement. The Phase 1 payment was not received until July 4, 2017. Further, Lotus did not make the Phase 2 payment when it became due and owing on November 30, 2018. Rather, as will be discussed, Lotus tried to leverage me to agree to alter their Phase 2 payment obligations and wipe out any value of other minority shareholders of the Company. Lotus was not doing this for the good of the Company. Instead, it was contemplated for the benefit of Lotus.

13. I made the decision to sell the controlling interest in the Company to Lotus, as I was made to believe that Lotus would bring to the Company the working capital that the Company needed. This is stipulated at paragraph 14.1 of the December 30, 2016 Shareholders Agreement between Lotus and I. Attached hereto and marked as **Exhibit “B”** is the Shareholders Agreement. Paragraph 14.1 specifies that Lotus was to provide the Company with a \$3,000,000.00 USD revolving line of credit for the purpose of providing working capital and to pay the \$1,270,000.00 USD representing ongoing obligations of the Company. The revolving

line of credit was supposed to be available from December 31, 2016 to December 31, 2018 (“**Working Capital Credit**”).

14. Lotus did not, and never has, provided the Company with the Working Capital Credit and did not fulfill the requirements to pay down the \$1,270,000 USD of obligations. Lotus’ failure to do so has caused significant problems for the Company.

15. Additionally, Lotus, pursuant to a Settlement Agreement with Fortitude Financial Investments Inc., among other parties, dated December 30, 2019, agreed to cause the Company to redeem 1,148,381 Class "F" Preferred Shares issued to Fortitude by June 30, 2017. The shares were not redeemed. Consequently, the cumulative dividend rate increases from 6% per annum to 24% per annum because Lotus defaulted on their obligation to redeem the shares. Attached hereto and marked as **Exhibit “C”** is a copy of the Settlement Agreement. It should be noted that Lotus is the principal guarantor to this Settlement Agreement.

16. One of the Company’s subsidiary operations, Commerx Alternate Communications Private Limited operated out of India (the “**India Subsidiary**”). Due to cash flow issues the India Subsidiary was unable to meet their financial obligations, which triggered an insolvency event. This was precipitated by a lack of working capital which the Company could have used to keep the India Subsidiary operational.

17. Lotus has been and continues to be in default of various obligations under the Purchase, Shareholder and Settlement Agreements more particularized in the table below:

Section	Action/Payment	Status
Purchase Agreement		
2.2(b)	Lotus to make subsequent payment of \$1,500,000.00 USD (the " Subsequent Payment ") to Kulhawy.	Lotus in default
2.3(c)	Lotus to pay \$1,270,000.00 USD representing various ongoing and outstanding Commerx obligations	Lotus in default. Failed to pay approximately \$598,923.00
Settlement Agreement Payment		
4	Lotus to cause Commerx Holdings to redeem 1,148,381 Class "F" Preferred Shares issued to Fortitude by June 30, 2017. If shares not redeemed, the cumulative dividend rate increases from 6% per annum to 24% per	Lotus in default. Class "F" Preferred Shares were not redeemed on June 30, 2017.

	annum.	
Shareholder Agreement Line of Credit Payments		
14.1	<p>Lotus to provide a \$3,000,000.00 USD line of credit from December 31, 2016 to December 31, 2018, to the Company for working capital.</p> <p>In January 2017, the Company paid \$30,000.00 USD as a fee to Lotus to secure the \$3,000,000.00 USD credit facility.</p>	Lotus in default. No line of credit provided.

18. On November 21, 2018, I had a telephone conversation with Mr. Christian Mack of Lotus. During this call, which lasted approximately 30 minutes, Mr. Mack advised me that Lotus:

- (a) will not be paying me the \$1,500,000.00 USD due November 30, 2018;
- (b) will not be providing the \$3,000,000.00 USD credit facility as per the Shareholder Agreement;
- (c) will not be providing the \$598,923.00 USD pursuant to the Purchase Agreement;
- (d) does not have the funds to redeem the Fortitude preferred shares;
- (e) does not have the funds to pay any of their outstanding obligations; and
- (f) that if I do not agree to make significant concessions on the funds owing that he is willing to refuse to borrow money and thereby trigger a potential insolvency.

19. More particularly, Lotus advised that it had negotiated a financing arrangement with the Alberta Treasury Branch for working capital for the Company where Lotus would be the guarantor for the loan. However, this loan required that I must renegotiate the terms of the Purchase Agreement including:

- (a) relieving Lotus of the obligation to pay the Phase 2 payment to me;
- (b) requiring the Company to instead become responsible to make the Phase 2 payment to me; and
- (c) permitting Lotus to restructure the Company in a manner which would wipe out the value of the other minority shareholders without compensation to these shareholders.

20. The above-noted exchanges between Mr. Mack and I are even more egregious now, as I have discovered that at that time of this exchange, Lotus did in fact have sufficient funding from a company called Super G Capital, LLC (“**Super G Capital**”) to satisfy its obligations. My subsequent discovery of this key information will be described in more detail below at paragraphs 25 to 29.

21. Lotus has refused to comply with its obligations under the Purchase, Shareholder and Settlement Agreements and refused to provide working capital to the Company, which it desperately needed, unless I renegotiated the outstanding obligations of Lotus and permitted Lotus to wipe out the value of other minority shareholdings – which was clearly not in the best interests of the Company or any of its stakeholders other than Lotus.

November 29, 2018 Hearing

22. The Honourable Mr. Justice Feehan heard a contested application on November 29 and 30, 2018. At the hearing, I sought to obtain emergency and necessary funding (akin to debtor-in-possession financing) on behalf of the Company.

23. Justice Feehan subsequently released Reasons for Decision on December 4, 2018. In granting the order, Justice Feehan made the following findings at paragraph 27 of the Reasons of Justice Feehan:

I find that the evidence supported a reasonable expectation by Mr. Kulhawy that the Respondents would pay [\$1,500,000 USD] pursuant to the Purchase Agreement by November 30, 2018, provide working capital credit of \$3,000,000 USD between December 31, 2016 and December 31, 2018, and meet its other commitments pursuant to the Purchase Agreement, Shareholders Agreement, Stock Purchase Agreement and Settlement Agreement. I find that reasonable expectation was violated by the conduct of the Respondents within the definition of oppression and unfair prejudice.

24. Justice Feehan’s November 30, 2018 order (the “**Justice Feehan Order**”) allowed me to borrow up to \$500,000.00 from Henley Investments on the specific terms of a Line of Credit Agreement that was before Justice Feehan. This Line of Credit Agreement was negotiated on my then belief that the Company had no secured encumbrances. At no time during the Application did Lotus advise the Court that they had pledged all of the Company assets to Super G Capital.

25. Subsequent to the hearing before Justice Feehan, when attempting to finalize the receipt of the \$500,000.00 loan, it was discovered that Lotus had previously entered into a financing arrangement for \$2.1 Million USD with Super G Capital and pledged the assets of the Company as security. According to the due diligence search results, Super G Capital delivered the funds to Lotus and on July 19, 2018, registered a security interest against all present and after-acquired personal property of Commerx.

26. Accordingly, the Company was refused the \$500,000.00 loan. The Company and I were put into a position where we could not comply with Justice Feehan's Order.

27. Further, the Company received no benefit from the Super G Capital loan. To the contrary, it appears that Lotus entered into the Super G Capital loan purely for its own benefit. The Company never received the loan proceeds.

28. By directly or indirectly encumbering assets of Commerx, Lotus is in breach of the provisions of the purchase agreement, shareholders agreement and the articles of the Company.

February 25 Hearing and the Proposal Proceedings

29. On February 25, 2019 and February 26, 2019, the Honourable Madam Justice Dario granted an Order allowing me to file an NOI on behalf of the Company.

30. On March 7, 2019 (the "**Filing Date**"), Commerx filed an NOI and Hardie & Kelly Inc. consented to act as trustee (the "**Proposal Trustee**") in the proceedings (the "**Proposal Proceedings**").

31. On March 29, 2019, the Proposal Trustee prepared a report (the "**First Report**") to the Court of Queen's Bench of Alberta (the "**Court**") in advance of the Company's April 2, 2019 application (the "**April Application**") for an extension of the time to file a proposal to its creditors ("**Proposal**").

32. On April 2, 2019, the Court granted an Order extending the time in which the Company must file a Proposal to May 20, 2019 (the "**Initial Extension**") along with an extension of the Stay of Proceedings (the "**Stay**") afforded the Company pursuant to Section 69 of the BIA.

33. In the First Report, the Proposal Trustee advised that management of the Company was having positive discussions with Super G Capital with respect to the removal of Super G Capital's loan registration at the Alberta Personal Property Registry which encumbered all

present and after-acquired property of the Company (the "**Super G Registration**"). The Proposal Trustee also advised that the removal of the Super G Registration would be an important factor that will pave the way towards the Company filing a viable Proposal.

34. Between the Initial Extension and the Second Extension (described below), the Company and Super G Capital successfully resolved the issues surrounding the Super G Registration and Super G Capital discharged the Super G Registration.

35. Additionally, during this time, the Company, Lotus, and I were served with an application by a creditor of the Company seeking to enforce a Settlement and Mutual Release Agreement the parties had entered into, of which Lotus is the primary guarantor. The creditor applicant advised the Court that Lotus was claiming to be insolvent and provided the letter attached hereto and marked as **Exhibit "E"** as evidence thereof. I verily believe that since the originating application in this action was served, Lotus has been transferring its assets to a related entity, also controlled by Mr. Mack. If Lotus is insolvent, I believe it is due to Mr. Mack deliberating moving assets to thwart creditors of Lotus.

36. On May 16, 2019, the Proposal Trustee prepared a report (the "**Second Report**") to the Court in advance of the Company's application of the same date (the "**May Application**") for an extension of time to file a Proposal along with an extension of the Stay.

37. On May 16, 2019, the Court granted an order extending the time in which the Company must file a Proposal to July 4, 2019 (the "**Second Extension**") along with an extension of the Stay afforded the Company pursuant to Section 69 of the BIA.

38. At paragraph 27 of the Second Report, the Proposal Trustee advised that it was supportive of the Company's request to make an application determining the parties' ownership and rights with respect to the 51% of the Class "A" shares of the Company previously transferred to Lotus, as I believe that this matter is critical to address prior to the formulation of the Company's Proposal.

39. As a result of the various breaches of the Purchase Agreement and related agreements, the Company and I (personally) have incurred initial losses of revenue and subsequently, incurred significant liabilities for profession and lending fees to restructure its affairs and recover from the harm caused by Lotus. The losses, tied to the breaches, are in the amount of \$5,128,923.00 USD, more particularly described as follows:

- (a) \$1,500,000.00 Phase 2 payment owed to me by Lotus;

- (b) \$598,923.00 in payments Lotus failed to make on behalf of the Company to various parties pursuant to section 2.3(a) of the Purchase Agreement;
- (c) \$3,000,000.00 in the form of a credit facility that Lotus failed to provide the Company;
- (d) \$30,000.00 that was paid to Lotus by the Company as a fee to secure the credit facility as described in paragraph 39(c).

40. The Company likely requires a further extension of time to file a proposal until after the share issue is adjudicated. The Company will likely be able to make a viable proposal if the extension being applied for was granted. The request for an extension of time for this purpose has the support of the Proposal Trustee and is likely unopposed.

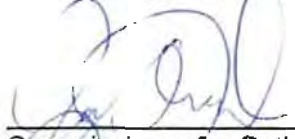
41. The Company continues to act in good faith and with due diligence with a view towards preparing a proposal for presentation to its creditors.

42. No creditor would be materially prejudiced if a further extension is granted.

43. I make this affidavit bona fides, with no improper purpose and in support of my application for:

- (a) an extension of time to file a proposal; and
- (b) an order determining the parties' ownership and rights with respect to the 51% of the Class 'A' shares of the Company previously transferred to Lotus.

SWORN BEFORE ME at Calgary, Alberta,)
 this 7 day of June 2019.)



 Commissioner for Oaths in and for the
 Province of Alberta



 ROBERT KULHAWY

Jasmin Dhaliwal
 A Commissioner for Oaths - Notary Public
 in and for the Province of Alberta
 Member of the Law Society of Alberta and
 My Appointment Expires at the Pleasure of
 The Attorney General for the Province of Alberta

TAB 4

Clerk's Stamp

COURT FILE NUMBER 1801-16809
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*

AND IN THE MATTER OF THE PROPOSAL OF COMMERX CORPORATION

DOCUMENT **THIRD REPORT OF THE PROPOSAL TRUSTEE, HARDIE & KELLY INC. JUNE 18, 2019**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

PROPOSAL TRUSTEE
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**THIRD REPORT OF THE PROPOSAL TRUSTEE
HARDIE & KELLY INC.
JUNE 18, 2019**

I N D E X

INTRODUCTION	1
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ONGOING OPERATIONS	2
FINANCIAL PERFORMANCE	3
CASH FLOW FORECAST	5
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INTRODUCTION

1. On March 7, 2019, Commerx Corporation (“Commerx” or the “Company”) filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy & Insolvency Act* (the “BIA”). Hardie & Kelly Inc. consented to act as trustee (the “Proposal Trustee”) in the proceedings.
2. On March 29, 2019, the Proposal Trustee prepared a report (the “First Report”) to the Court of Queen’s Bench of Alberta (the “Court”) in advance of the Company’s April 2, 2019 application (the “April Application”) for an extension of the time in which Commerx was required to file a proposal to its creditors (“Proposal”).
3. On April 2, 2019, the Court granted an Order extending the time in which the Company must file a Proposal to May 20, 2019 (the “Initial Extension”) along with an extension of the Stay of Proceedings (the “Stay”) afforded the Company pursuant to Section 69 of the BIA.
4. On May 16, 2019, the Proposal Trustee prepared a report (the “Second Report”) to the Court in advance of the Company’s application (the “May Application”) for a further extension of the time in which Commerx was required to file a Proposal.
5. On May 16, 2019, the Court granted an Order further extending the time in which the Company must file a Proposal to July 4, 2019 (the “Second Extension”) along with an extension of the Stay.
6. The purpose of this report (the “Third Report”) is to provide an update to the Court with respect to the following:
 - a. The Company’s operations and financial performance since the date of the Second Report;
 - b. The status of the Company’s restructuring activities;
 - c. The Company’s request for a further extension of the time required to file the Proposal and a corresponding extension of the Stay through to August 18, 2019 and the Proposal Trustee’s recommendation with respect thereto;and

- d. The Company's request for an Order declaring, *inter alia*, that Lotus Innovations LLC ("Lotus") is in default of certain obligations under a prior agreement to purchase shares of the Company, and directing Lotus to transfer all of the shares transferred pursuant to the agreement back to the Company.

TERMS OF REFERENCE

7. In preparing this Third Report, the Proposal Trustee has been provided with, and has relied upon unaudited financial information, certain books and records of the Commerx and discussions with management ("Management") (collectively the "Information"). Except as described in the First Report, the Second Report, or this Third Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("GAAS") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of such information.
8. Some of the Information referred to in this Third Report consists of forecasts and projections. An examination or review of any financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
9. All monetary amounts noted herein are expressed in Canadian dollars.

ONGOING OPERATIONS

10. Management represents that the day-to-day activities of the Company are being carried on in the ordinary course with no significant operational issues.
11. The Proposal Trustee is not aware of any suppliers having any issues in respect of the ongoing payment of post-filing obligations.

FINANCIAL PERFORMANCE

12. The Proposal Trustee has reviewed the Company's actual receipts and disbursements from May 13, 2019 through to June 16, 2019 in comparison to the corresponding period in the revised forecast (the "Second Revised Forecast") which was filed in connection with the May Application
13. A variance analysis is set out in the following table:

	Actual	Forecast	Variance
<u>RECEIPTS</u>			
Revenue / Collection of accounts receivable	119,963	277,707	(-157,744)
Additional DIP Financing	0	0	0
Advances from/(to) US subsidiary	172,094	60,000	112,094
Foreign exchange gain/(loss)	(-3,057)	0	(-3,057)
	<u>289,000</u>	<u>337,707</u>	<u>(48,707)</u>
<u>DISBURSEMENTS</u>			
General and administrative	(31,027)	(35,775)	4,748
Wages and benefits	(167,285)	(176,981)	9,696
Direct costs re subcontractors	(26,269)	(12,802)	(13,467)
GST remittances	(8,604)	(33,637)	25,033
Interest on DIP financing	(7,500)	(7,500)	0
Restructuring costs - Professional fees	(21,793)	(25,000)	3,207
	<u>(262,478)</u>	<u>(291,695)</u>	<u>29,217</u>
Net cash flow	26,522	46,012	(19,490)
Opening cash	<u>146,919</u>	<u>146,919</u>	
Closing cash	<u><u>173,441</u></u>	<u><u>192,931</u></u>	

14. Commerx experienced positive cash flow of approximately \$26,500 over the period May 13 to June 16, 2019, which was approximately \$19,500 less than was estimated in the Revised Forecast.
15. The Company maintained a cash balance of approximately \$173,000 as at June 16, 2019.

16. The Proposal Trustee notes that the negative variance in the cash balance is a result of a combination of a number of variances in individual categories as set out in the table above. Overall, the Proposal Trustee has the following comments:
- a. The Company's accounts receivable collection efforts were less successful than anticipated, as it collected approximately \$158,000 less than it had forecast during the period. Management advises that this is mainly due to a delay in receipt of certain accounts receivable from one of its largest customers, who has provided assurance that the funds will be paid over the next three weeks;
 - b. To offset the negative variance in accounts receivable collections, the Company borrowed approximately \$112,000 more than it had forecast from its U.S. subsidiary. Management advises that these funds do not need to be re-paid as it intends to record management fees and/or cost recoveries owing from the U.S. Subsidiary to offset the amount borrowed, given that Commerx funds certain administrative costs on behalf of the U.S. Subsidiary; and
 - c. The Company has experienced variances in payment of certain of its expenses, although these are largely the result of timing differences which will reverse in future weeks. Notably, the Company has delayed payment of certain pre-filing GST which it had agreed to pay to Canada Revenue Agency ("CRA"), as the Company has not yet received certain requested statements from CRA to confirm the validity of the balance.
17. The Company continues to reflect \$135,000 in funds (the "Nortel Funds") which the Company received from the Nortel Networks Inc. insolvency proceedings as a separate line item in its reporting pending confirmation of its entitlement to the funds. Without the Nortel Funds, the Company's cash balance as at June 16, 2019 would have been approximately \$38,000.

CASH FLOW FORECAST

18. Management, with the assistance of the Proposal Trustee, has prepared an updated 13 week cash flow forecast for the period June 17, 2019 through to September 15, 2019 (the “Third Revised Forecast”) which is attached hereto as Appendix “A”.
19. A summary of the Third Revised Forecast is set out in the table below:

Commerx Corporation	
Cash flow forecast	
For the period June 17 - September 15, 2019	
	Forecast
RECEIPTS	
Revenues / accounts receivable collection	918,733
Advances from subsidiaries	95,000
	<u>1,013,733</u>
DISBURSEMENTS	
General and administrative (inc. rent and insurance)	(109,322)
Wages and benefits	(578,219)
Pre-NOI GST	(23,637)
Post-NOI GST	(30,000)
Direct costs re: subcontractors	(42,100)
Interest on DIP #1	(45,000)
Restructuring fees	(91,208)
	<u>(919,486)</u>
Net Cash Flow	94,247
Opening cash	173,441
Closing cash	<u>267,688</u>
Nortel Funds	<u>(135,000)</u>

20. The Third Revised Forecast reflects positive cash flow of approximately \$94,000 over the forecast period, leaving a forecasted cash balance of approximately \$268,000 at September 15, 2019. Given the ongoing uncertainty regarding the entitlement to the Nortel Funds as discussed in the Second Report, the Nortel Funds continue to be identified separately for illustrative purposes. The forecasted cash balance as at September 15, 2019, exclusive of the Nortel Funds is approximately \$133,000.
21. The Proposal Trustee offers the following additional comments in respect of the Third Revised Forecast:

- a. The cash generated from collection of past and future sales revenues has been forecast based on amounts already billed and future revenues based on existing secured work, with timing based on either confirmed payment schedules or average timelines. The Proposal Trustee notes that the amount forecast to be received appears to be consistent with the post-filing results to date;
- b. Commerx is forecasting that it will receive funds from its U.S. Subsidiary and a Mexico Subsidiary throughout the forecast period to support the Company's cash requirements. Management advises that both of these subsidiaries receive administrative support and funding from Commerx, and therefore profits earned in the subsidiaries are expected to be transferred to Commerx in the form of management fees and/or cost recoveries, which are not re-payable. Management has advised that it is confident that not only will the subsidiaries have sufficient excess cash to fund the forecasted payments to Commerx, there will be further cash available in the subsidiaries in the event that timing issues in collecting accounts receivable necessitate additional transfers during the forecast period;
- c. The Company is no longer forecasting the receipt of Additional DIP Financing given it no longer requires the funding, due in part to a third party agreeing to fund a portion of the Company's restructuring costs. With the support of funds from the Company's U.S. and Mexico Subsidiaries, it appears that, without the Additional DIP Financing, the Company will generate sufficient cash to fund its operating and restructuring costs during the forecast period, even without use of the Nortel Funds;
- d. Management had previously anticipated replacing the initial DIP funding it received from Balinhard Capital with new funding. However, Management advises that it has determined it will be more time and cost effective to extend the maturity date of the Balinhard Capital loan despite an increase

in interest costs commencing June 1, 2019 pursuant to the terms of the existing financing;

- e. General administrative and operating expenses have been forecast based on planned workloads and historical results. The Proposal Trustee notes that these expenses appear to be in line with post-filing results to date; and
 - f. Restructuring costs have been forecast by Management based on discussions with the Company's counsel and the Proposal Trustee. The forecast payments do not include \$50,000 in legal fees that are being funded by a third party.
22. Overall, while the Company's operations appear to be self-sustaining, the Third Revised Forecast demonstrates that Commerx's ability to meet its obligations relating to restructuring costs, including professional fees and DIP financing interest, is dependent on the Company's ability to obtain funds from its U.S. and Mexico Subsidiaries. However, should it be determined that the Nortel Funds are available to be utilized by the Company, those funds would be available to support the expenditures.
23. Subject to the comments above, the Proposal Trustee is satisfied that the Revised Forecast is reasonable in the circumstances.

RESTRUCTURING EFFORTS

24. In the Second Report, the Proposal Trustee advised that Management had successfully obtained a discharge of a registration by Super G Capital, LLC at the Alberta Personal Property Registry which had encumbered all present and after-acquired property of the Company.
25. Also in the Second Report, the Proposal Trustee advised that Management continued to work towards securing Additional DIP Financing. As mentioned above, the Company has determined that it does not require the Additional DIP Financing and therefore no longer intends to seek such financing.
26. In an affidavit filed in connection with the May Application, the Company advised

that it had been working to resolve an issue (the “Lotus Share Issue”) with Lotus regarding the proposed return of shares of Commerx which were previously transferred to Lotus under an agreement whereby Lotus acquired 51% of the Class A shares of Commerx (the “Purchase Agreement”) in exchange for certain consideration which was never fully received. The Company advised that the return of the shares needs to be resolved, either through out-of-court discussions or through a summary claims process, prior to the Company being able to make a viable proposal.

27. The Proposal Trustee has since been advised by Management that it has been unable to resolve the Lotus Share Issue on a consensual basis, and therefore the Company has determined that it requires the Court’s assistance in this regard. As such, the Company has made an application for an order declaring that Lotus is in default of its purchase obligations under the Purchase Agreement, and directing Lotus to transfer all of the shares transferred to it under the Purchase Agreement back to the Company.
28. As the Proposal Trustee understands that the Company views the speedy resolution of the Lotus Share Issue as critical to determining the terms of any Proposal, the Proposal Trustee is supportive of the application being heard expeditiously.

RECOMMENDATIONS

29. The Proposal Trustee is satisfied that:
 - a. Management continues to act in good faith and with due diligence with a view towards ultimately preparing a Proposal for presentation to its creditors; and
 - b. No creditor would be materially prejudiced if a further extension is granted.
30. In light of the above, the Proposal Trustee is of the view that a further extension of the time to file a proposal and corresponding extension of the Stay through to August 18, 2019 is warranted.

31. The Proposal Trustee is also supportive of the Company making an application to the Court in relation to resolution of the Lotus Share Issue, as Management believes this matter is important to the formulation of the Company's Proposal.

All of which is respectfully submitted this 18th day of June 2019.

Hardie & Kelly Inc.
in its capacity as the Proposal Trustee of Commerx Corporation
and not in its personal capacity

A handwritten signature in cursive script, appearing to read "Charla Smith", followed by a horizontal flourish.

Per: Charla Smith
Vice President

APPENDIX 'A'

Commerx Corporation
Weekly Report of 13 Week Cash Flow Forecast
for the period June 17, 2019 to September 15, 2019 (13 Weeks)
(unaudited)

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Total
	June 17	June 24	July 01	July 08	July 15	July 22	July 29	Aug 5	Aug 12	Aug 19	Aug 26	Sept 2	Sept 9	
	June 23	June 30	July 07	July 14	July 21	July 28	Aug 04	Aug 11	Aug 18	Aug 25	Sept 1	Sept 8	Sept 15	
RECEIPTS														
Proceeds from sale of receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from sale of IP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from sale of MIP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advisory fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total receipts	140,493	86,464	78,267	62,063	78,088	27,511	70,717	21,364	115,000	32,669	79,659	139,315	82,104	1,013,734
DISBURSEMENTS														
Operating expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Income tax expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total disbursements	134,890	14,000	143,009	65,190	84,000	4,000	133,009	15,190	84,000	10,000	121,706	26,493	84,000	919,487
Closing bank balance	\$179,044	\$251,507	\$186,766	\$183,639	\$177,726	\$201,237	\$138,946	\$145,140	\$176,140	\$198,809	\$156,762	\$269,584	\$267,688	\$267,688
Net Cash Available	44,044	116,507	51,766	48,639	42,726	66,237	3,946	10,140	41,140	63,809	21,762	134,584	132,688	132,688

Commerx Corporation
Assumptions for Cash Flow Forecast
for the period May 13, 2019 to September 15, 2019
(unaudited)

Receipts of Cash

Presented receipts are the estimated amount of cash to be received from operations during the period ending on the dates shown.
Presented receipts are based on the assumption that all sales are collected and all receivables are collected within the period shown.
The cash receipts are the sum of the estimated cash to be received from operations during the period ending on the dates shown.

DIP Funding

Presented DIP funding is the amount of cash to be received from the DIP facility during the period ending on the dates shown.
The DIP funding is based on the assumption that all DIP borrowings are collected and all DIP payments are made within the period shown.
The DIP funding is the sum of the estimated cash to be received from the DIP facility during the period ending on the dates shown.

Administrative Expenses

The cash administrative expenses are the estimated amount of cash to be paid for administrative expenses during the period ending on the dates shown.
The administrative expenses are based on the assumption that all administrative expenses are paid within the period shown.

Past GST - Pre NOI

Net cash administrative expenses
Direct cash administrative expenses
Cash administrative expenses
Presented cash administrative expenses are the estimated amount of cash to be paid for administrative expenses during the period ending on the dates shown.

Direct Costs (revenue producing resources)

The cash direct costs are the estimated amount of cash to be paid for direct costs during the period ending on the dates shown.

Advances and repayments - U.S. and Mexican subsidiary

The cash advances and repayments are the estimated amount of cash to be paid for advances and repayments during the period ending on the dates shown.
The advances and repayments are based on the assumption that all advances and repayments are made within the period shown.
The advances and repayments are the sum of the estimated cash to be paid for advances and repayments during the period ending on the dates shown.

Restructuring Costs

Presented cash restructuring costs are the estimated amount of cash to be paid for restructuring costs during the period ending on the dates shown.
The restructuring costs are based on the assumption that all restructuring costs are paid within the period shown.
The restructuring costs are the sum of the estimated cash to be paid for restructuring costs during the period ending on the dates shown.

Account (1) should be in the name of the company.

Account for the company should be in the name of the company. PAID direct to the company. Make sure

Account for the company should be in the name of the company. PAID direct to the company.

Interest on DIP advance

DIP is the amount of the advance. Interest is the amount of the advance. Priority is the amount of the advance. The amount of the advance is the amount of the advance. The amount of the advance is the amount of the advance.

Nortel Funds

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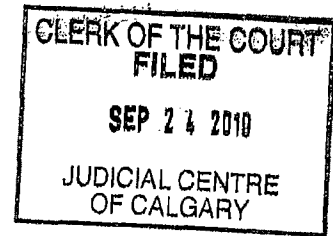
Commerx Corporation
Schedule for SG&A Expenses for Cash Flow Forecast
for the period May 13, 2019 to September 15, 2019
(unaudited)

Monthly Costs

	CAD
Professional Fees	1,000
Information Systems	1,000
Advertising and Promotion	1,000
Travel and Conferences	500
Monthly Entertainment and Director Fees	1,000
Director Fees	1,000
Insurance	1,000
Monthly Director and Officer Expenses	1,000
Miscellaneous	500
Total Monthly Costs	16,000

TAB 5

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-2483059
 Estate No. 25-2483059



FORM 40
 Report of Trustee on Proposal
 (Section 59(1) and paragraph 58(d) of the Act)

In the matter of the proposal of
 Commerx Corporation
 of the City of Calgary, in the Province of Alberta

We, Hardle & Kelly Inc., the trustee acting in the proposal of Commerx Corporation ("Commerx"), hereby report to the Court as follows:

1. That a proposal was filed with us on the 16th day of August 2019 a copy of which is attached and marked as Exhibit "A", and that we filed a copy of the proposal with the official receiver on the 16th day of August 2019.
2. That on the 22nd day of August 2019, we gave notice to the debtor, to the division office and to every known creditor affected by the proposal, whose names and addresses are shown in Exhibit "B" to this report, of the calling of a meeting of creditors to be held on the 6th day of September 2019 to consider the proposal.
3. That with the notice was included a condensed statement of the assets and liabilities of the debtor, a list of the creditors affected by the proposal who have claims of \$250 or more and showing the amounts of their claims, a copy of the proposal, a form of proof of claim and proxy in blank and a voting letter. Copies of the notice and the condensed statement of assets and liabilities are attached and marked as Exhibits "C1" and "C2" respectively.
4. That prior to the meeting of creditors we made a detailed and careful inquiry into the liabilities of the debtor, the debtor's assets and their value, the debtor's conduct and the causes of the debtor's insolvency.
5. That the meeting of creditors was held on the 6th day of September 2019, and was presided over by the Trustee. At the meeting of creditors, Commerx tabled an amended proposal (Attached as Exhibit "C3") which included compliance language requested by Canada Revenue Agency but otherwise had no effect on the proposed treatment of unsecured creditors.
6. That the amended proposal was accepted by the required majority of creditors.
7. That a copy of the minutes of the meeting is attached and marked as Exhibit "D".
8. That we are of the opinion that:
 - (a) the assets of the debtor and their fair realizable value are as follows:

Property Name	Estimated \$	Realizable \$
Business Assets - Shares of Subsidiaries	0.00	0.00
Cash on hand - Cash in bank	100,428.00	61,826.12
Debts Due - Business - Lotus/Halycon	477,569.00	296,810.00
Debts Due - Business - Trade receivables	343,000.00	0.00
Furniture - Office furniture and equipment	3,106.00	3,106.00
Other - Development Costs	0.00	0.00
Other - Prepaid expenses and deposits	0.00	0.00
Total Property Value:	924,103.00	361,742.12

- (b) the liabilities of the debtor are as follows:

FORM 40 --- Continued

Creditor Name	Secured \$		Preferred \$		Unsecured \$	
	SOA	Discrepancies	SOA	Discrepancies	SOA	Discrepancies
642111 ALBERTA INC.	0.00	0.00	0.00	0.00	11,303.22	-11,303.22
ADMIRAL LAW	0.00	0.00	0.00	0.00	2,881.80	0.00
ANIXTER CANADA	0.00	0.00	0.00	0.00	935.18	935.18
BALINHARD CAPITAL CORPORATION	523,759.00	523,759.00	0.00	0.00	0.00	0.00
BENNETT JONES LLP	0.00	0.00	0.00	0.00	11,939.36	0.00
BENNETT, PERRY	0.00	0.00	0.00	0.00	100,918.33	100,918.33
CALGARY POLICE SERVICE	0.00	0.00	0.00	0.00	20.00	20.00
CERYX INC	0.00	0.00	0.00	0.00	139.24	139.24
CRA - Tax - Prairies - 86528 3790 RP0001	17,415.75	17,415.75	0.00	0.00	0.00	-25,141.71
CRA - Tax - Prairies - 86528 3790 RT0001	0.00	0.00	0.00	0.00	24,014.71	-1,109.31
CRA - Tax - Prairies - 86528 3790 RP0002	21,186.13	21,186.13	0.00	0.00	0.00	-16,782.73
Desjardins Card Services - 4530941717771000	0.00	0.00	0.00	0.00	680.50	-20.66
GRAINGER	0.00	0.00	0.00	0.00	5,156.84	5,156.84
HOFFMAN DOECHIK LLP	0.00	0.00	0.00	0.00	253.75	253.75
KULHAWY, ROBERT	0.00	0.00	0.00	0.00	246,041.60	46,512.10
MEMORY EXPRESS	0.00	0.00	0.00	0.00	1,107.11	1,107.11
OXFORD TECH	0.00	0.00	0.00	0.00	860.92	860.92
PRIMUS ELECTRONICS	0.00	0.00	0.00	0.00	1,875.93	1,875.93
RICOH CANADA INC	0.00	0.00	0.00	0.00	716.47	716.47
RODPREST CLEANERS	0.00	0.00	0.00	0.00	7,182.00	0.00
Rogers Retail Bankruptcies c/o FCT Default Solutions - 794598326	0.00	0.00	0.00	0.00	1,883.97	-392.74
SUNLIFE FINANCIAL	0.00	0.00	0.00	0.00	16,349.41	16,349.41
Telus Mobility Services	0.00	0.00	0.00	0.00	114.99	114.99
Telus Residential/Business Services	0.00	0.00	0.00	0.00	1,199.80	1,199.80
THOMAS PRENDERGAST	0.00	0.00	0.00	0.00	16,891.42	16,891.42
TRAGICALLY VITAL	0.00	0.00	0.00	0.00	1,419.09	0.00
TRANT, PETER - Court File. 1701-14364	0.00	0.00	0.00	0.00	157,777.84	0.00
URBANCORE CLEANING	0.00	0.00	0.00	0.00	1,622.25	1,622.25
VAN HOUTTE	0.00	0.00	0.00	0.00	52.50	52.50
WASTE CONNECTIONS	0.00	0.00	0.00	0.00	1,351.70	1,351.70

FORM 40 --- Continued

Creditor Name	Secured \$		Preferred \$		Unsecured \$	
	SOA	Discrepancies	SOA	Discrepancies	SOA	Discrepancies
WHITE PAPER	0.00	0.00	0.00	0.00	1,714.45	1,714.45
Total :	562,360.88	562,360.88	0.00	0.00	616,404.38	143,042.02

9. That we are also of the opinion that:

(a) the causes of the insolvency of the debtor are as follows:

Mr. Robert Kulhawy is the President and CEO of Commerx and currently holds, directly and indirectly, approximately 25% of the voting shares of Commerx. Commerx Holdings LLC ("CHL") currently holds 51% of the voting common shares of Commerx which it acquired from Mr. Kulhawy in December 2016 (the "Share Transaction"). Lotus Innovations Private Equity Fund ("Lotus") is the parent of CHL. The Share Transaction is the subject of an ongoing dispute between Mr. Kulhawy and CHL/Lotus (the "Lotus Dispute"). Commerx began experiencing serious liquidity issues in the summer of 2018 due in part to the Lotus Dispute. Mr. Kulhawy has advised that this was precipitated by CHL defaulting under the terms of the Share Transaction and a Shareholder Agreement dated December 30, 2016 (the "Shareholder Agreement") as the Shareholder Agreement contemplated that CHL would take certain steps to facilitate the availability of working capital for Commerx. Mr. Kulhawy advises that CHL failing to fully comply with the terms of the Shareholder Agreement was a cause of Commerx's liquidity crisis. In December, 2018, Justice Feehan of the Court found that there was sufficient prima facie evidence of oppressive conduct carried out by CHL relating to commitments not being met under the agreements to justify the granting of an interim funding order for Commerx, as requested by Mr. Kulhawy. In early 2019, Mr. Kulhawy discovered that CHL/Lotus had permitted a third party (the "Third Party") to secure a charge over Commerx's assets; however, while this charge limited Commerx's ability to source financing, Commerx did not receive the benefit of any of the US \$1.5 Million advanced by the Third Party. As a result of the foregoing, Commerx filed the NOI in an effort to attempt to stabilize its financial situation.

(b) the conduct of the debtor is subject to censure in the following respects:

N/A

(c) the following facts, mentioned in section 173 of the Act, may be proved against the debtor:

N/A

10. That we are further of the opinion that the debtor's proposal is an advantageous one for the creditors, for the following reasons:

Although there is inherent business and economic risk associated with Commerx being able to achieve its financial projections, the Proposal contemplates that the general body of unsecured creditors will receive 100% of their proven claims with 17 of the 28 unsecured creditors forecasted to be paid in full upon the initial payment contemplated in December 2019 and the remaining creditors to be paid in full within two years or less.

11. The morning of the meeting of creditors, Fortitude Financial Investments Inc. ("Fortitude") filed an unsecured claim in the amount of \$2,366,658.79. The Trustee had been aware that a claim may be advanced by Fortitude as it had had discussions with Commerx and Fortitude in advance of the meeting of creditors. Fortitude is of the position that its Class "F" preferred shares were to have been redeemed by Commerx such that it has a debt claim for the redemption amount. Commerx disputes this position and takes the view that Fortitude has an equity interest and not a debt claim and the proposal was advanced on that basis as no payments to Fortitude are contemplated.

The Trustee concurs with Commerx's position that Fortitude's claim is one of equity rather than debt and had verbally advised Fortitude of its position prior to Fortitude filing its proof of claim. At the meeting of creditors, the Trustee advised Fortitude that its claim, a copy of which is attached as Exhibit "E", was being disallowed in its entirety with the formal Notice of Disallowance to be issued. Consequently Fortitude was not permitted to vote at the meeting of creditors. The Trustee's legal counsel issued the formal Notice of Disallowance by way of email to Fortitude's legal counsel on September 11, 2019 a copy of which communication is attached as Exhibit "F".

On September 17, 2019, legal counsel for Fortitude advised the Trustee's counsel that it could not provide instructions to waive the requirement to serve the Notice of Disallowance by way of registered mail. Consequently, the Trustee also issued the Notice of Disallowance to Fortitude's legal counsel by way of registered mail on September 18, 2019. A copy of proof of the mailing is attached as Exhibit "G".

The Trustee will be serving Fortitude with notice of the application for Court approval of the amended proposal.

12. That we forwarded a copy of this report to the official receiver on this day.

Dated at the City of Calgary in the Province of Alberta, this 23rd day of September 2019.

Hardie & Kelly Inc. - Licensed Insolvency Trustee

110, 5800 2nd Street SW

Calgary AB T2H 0H2

Phone: (403) 777-9999 Fax: (403) 640-0591

FORM 40 --- Continued

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
642111 ALBERTA INC.	4424 MANILLA ROAD SE Calgary AB T2G 4B7		11,303.22
ADMIRAL LAW	301, 522 - 11 AVE. SW Calgary AB T2R 0C8		2,881.80
ANIXTER CANADA	200 FOSTER CRESCENT Missgaue ON L5R 3Y5		935.18
BALINHARD CAPITAL CORPORATION David LeGeyt	c/o Burnet, Duckworth & Palmer LLP 2400, 525 - 8th Ave SW Calgary AB T2P 1G1		523,759.00
BENNETT JONES LLP	4500, 855 -2ND STREET SW Calgary AB T2P 4K7		11,939.36
BENNETT, PERRY	C/O COMMERX CORPORATION 4428 MANILLA ROAD SE Calgary AB T2G 4B7		100,918.33
CRA - Tax - Prairies	Surrey National Verification and Collection Centre 9755 King George Blvd Surrey BC V3T 5E1	86528 3790 RP0001	17,415.75
CRA - Tax - Prairies	Surrey National Verification and Collection Centre 9755 King George Blvd Surrey BC V3T 5E1	86528 3790 RT0001	24,014.71
CRA - Tax - Prairies	Surrey National Verification and Collection Centre 9755 King George Blvd Surrey BC V3T 5E1	86528 3790 RP0002	21,186.13
Desjardins Card Services	c/o FCT Default Solutions PO Box 2514 Stn B London ON N6A 4G9	4530941717771000	680.50
GRAINGER	100 Grainger Pkwy Lake Forrest IL 60045 USA		5,156.84
HOFFMAN DOECHIK LLP	600, 5920 MACLEOD TRAIL SOUTH Calgary AB T2H 0K2		253.75
KULHAWY, ROBERT	C/O COMMERX CORPORATION 4428 MANILLA ROAD SE Calgary AB T2G 4B7		246,041.60
MEMORY EXPRESS	3333 34TH AVE NE Calgary AB T1Y 6H2		1,107.11
OXFORD TECH	37047 MAYLAND HTS. Calgary AB T2E 9A7		860.92
PRIMUS ELECTRONICS	4180 E Sand Ridge Road Morris IL 60450 USA		1,875.93
RICOH CANADA INC	PO BOX 1600 STREETSVILLE RPO Mississauga ON L5M 0M6		716.47
RODPREST CLEANERS	229 CHAPALINA MEWS SE Calgary AB T2X 0A7		7,182.00

FORM 40 --- Concluded

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Rogers Retail Bankruptcies c/o FCT Default Solutions Insolvency Department	PO Box 2514 Stn B London ON N6A 4G9	794598326	1,883.97
SUNLIFE FINANCIAL	PO BOX 11010 STATION A Montreal PE H3C 4T9		16,349.41
Telus Residential/Business Services Rick Wan	3rd Fl - 4519 Canada Way Burnaby BC V5G 4S4		1,199.80
THOMAS PRENDERGAST John H. Yach	c/o Yach & Associates 68 Chamberlain Avenue Ottawa ON K1S 1V9		16,891.42
TRAGICALLY VITAL	4, 2807 - 107TH AVE SE Calgary AB T2Z 4M2		1,419.09
TRANT, PETER KEITH D. MARLOWE	C/O BLAKE, CASSELS & GRAYDON LLP 3500, 855 - 2ND STREET SW Calgary AB T2P 4J8	Court File. 1701-14364	157,777.84
URBANCORE CLEANING	2832 24TH ST. SW Calgary AB T2T 5H9		1,622.25
WASTE CONNECTIONS	285122 BLUEGRASS DRIVE Rocky View AB T1X 0P5		1,351.70
WHITE PAPER	9990 RIVER WAY Delta BC V4G 1M9		1,714.45
Total			1,178,438.53

TAB 6

COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
COMMERX CORPORATION

PROPOSAL

COMMERX CORPORATION, the above-named debtor, hereby submits the following Proposal (the "**Proposal**") to its creditors pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**Act**").

**PART 1
BACKGROUND**

1. COMMERX CORPORATION is a private company incorporated pursuant to the Laws of Alberta.
2. COMMERX CORPORATION is involved in the telecommunication project services, digital technology consulting and telecommunication staffing business in Calgary and elsewhere in the Province of Alberta.
3. COMMERX CORPORATION is presently insolvent and unable to pay its debts as they become due. On March 7, 2019, COMMERX CORPORATION filed a Notice of Intention to make a Proposal to its creditors under the Act.

**PART 2
INTERPRETATION**

4. In this Proposal, capitalized terms shall have the following meanings:

"**Act**" means the *Bankruptcy and Insolvency Act*, as it may be amended from time to time;

"**Approval 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;

"**Assets**" means the assets, undertakings and property of COMMERX CORPORATION;

"**Business Day**" means a day, other than Saturday or Sunday or a day observed as a holiday pursuant to the laws of the Province of Alberta or the federal laws of Canada, on which banks are generally open for business;

"**Claim**" means any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of COMMERX CORPORATION to any Person whether liquidated, unliquidated, fixed, contingent, matured, legal, equitable, secured, unsecured, present, future, known or unknown, and whether by guarantee, surety or otherwise, incurred or arising or relating to the period prior to the Filing Date, or based in whole or in part on facts, contracts or arrangements which occurred or existed prior to the Filing Date, together with any other claims provable in bankruptcy on the Filing Date, including without limitation, claims arising from the repudiation, disclaimer or termination of any lease, license, contract, arrangement or contract of employment prior to the Filing Date, providing that all such claims shall be allowed without allowance for interest after the Filing Date and without allowance for penalties and net of any normal discounts. All Claims must be converted to Canadian Dollars at the Bank of Canada Daily Foreign Exchange Rate at the Filing Date;

"**Court**" means the Court of Queen's Bench of Alberta, In Bankruptcy and Insolvency;

"**CRA**" means the Canada Revenue Agency;

"**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;

"**Creditors' Meeting**" means the meeting of Creditors called for the purpose of considering and voting upon the Proposal;

"**Effective Date**" means the date on which this Proposal is approved by the Court, after being approved by the requisite majority of COMMERX CORPORATION Creditors;

"**Filing Date**" means March 7, 2019;

"**Official Receiver**" shall have the meaning ascribed thereto by the Act;

"**Person**" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or any other entity however designated or constituted;

"**Proposal**" means this Proposal made pursuant to the Act, as further amended or supplemented from time to time;

"**Proven Claim**" means the amount claimed by a Creditor and approved by the Proposal Trustee and COMMERX CORPORATION or as may otherwise be allowed by the Court;

"**Proposal Trustee**" means Hardie & Kelly Inc. or its duly appointed successor or successors;

"**Unaffected Claims**" means Claims that are not affected by this Proposal being the fees and disbursements of the Proposal Trustee, its counsel and secured creditors in relation to this Proposal;

"**Unaffected Creditors**" means the Proposal Trustee its legal counsel and secured creditors in relation to this Proposal

"**Unsecured Creditor**" means any Creditor who has no security against any assets of COMMERX CORPORATION with respect to its Claim, including landlords and excluding the Unaffected Creditors.

Headings

5. The divisions of this Proposal into parts, paragraphs and subparagraphs, and the Insertion of headings herein is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

Numbers, etc.

6. In this 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.

Date for Action

7. 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.

Time

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

Successors and Assigns

9. This Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, personal representatives, successors and assigns of all persons named or referred to herein.

Currency

10. All references to currency in this Proposal are to lawful money of Canada ("**Canadian Dollars**").

Accounting Principles

11. Accounting terms not otherwise defined have the meanings assigned to them in accordance with Canadian generally-accepted accounting principles.

Director Claims

12. Any Claims that arose before the Filing Date regardless of the date of crystallization of such Claim and that relate to the obligations of COMMERX CORPORATION, where the current or former directors of COMMERX CORPORATION are by law liable in their capacity as directors for payments of such obligations, shall be deemed to be fully satisfied and discharged by the terms of this Proposal and shall not be enforceable against any of such current or former directors of COMMERX CORPORATION at law or in equity.

Statutory References

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

**PART 3
OVERVIEW OF THE PROPOSAL**

Purpose of the Proposal

14. The purpose of this Proposal is to effect a compromise and arrangement of all Claims as against COMMERX CORPORATION, other than the Unaffected Claims, with a view to increasing the recovery for all stakeholders (excluding claims owing to the Unaffected Creditors) while reducing the uncertainties, risks, costs, delays and possible losses for all Creditors that will otherwise occur. COMMERX CORPORATION has concluded, and the Proposal Trustee agrees, that the general body of creditors will obtain a greater and/or sooner return on their Claims if this Proposal is approved than would result from a forced liquidation of its Assets.
15. Further, the Proposal will allow COMMERX CORPORATION to continue operations so as to avoid or minimize any adverse impact on current customers and to allow COMMERX CORPORATION the opportunity to retain and refer business to its established network of suppliers and contractors.
16. Creditors should review this Proposal before voting to accept or reject this Proposal. The transactions contemplated by this Proposal are to be implemented under the Act.

Effect of the Proposal

17. This Proposal restructures the affairs of COMMERX CORPORATION and amends the terms of any and all agreements between COMMERX CORPORATION and the Creditors, excluding the Unaffected Creditors, existing as at the Effective Date and provides the essential terms on which all Claims will be fully and finally resolved and settled. All Creditors will be stayed, excluding Unaffected Creditors, from commencing or continuing any proceeding or remedy against COMMERX CORPORATION or any of its property or Assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies owing to Creditors, to recover to enforce any judgment against COMMERX CORPORATION in respect of a Claim or to commence any formal proceedings against it other than as provided for under this Proposal.
18. For greater certainty, any and all Claims by the Unaffected Creditors remain valid and outstanding and shall not be compromised as part of the Proposal or affected in any way.
19. This Proposal, if approved, will, as of the Effective Date, be binding on COMMERX CORPORATION and the Unsecured Creditors.

**PART 4
CLASSIFICATION AND TREATMENT OF CLAIMS**

Classes of Creditors

20. There will be one class of creditor voting on the Proposal:
Class 1 – All Unsecured Creditors with Proven Claims.

Amendments to Agreements

21. Notwithstanding the terms and conditions of all agreements or other arrangements with Creditors entered into before the Filing Date, all such agreements or other arrangements will be deemed to be amended to the extent necessary as of the Effective Date 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. All Creditors will provide such acknowledgements, agreements, discharges or other documentation as may be necessary to give effect to the intent of this Proposal.

Treatment of Claims

22. For the purposes of this Proposal, each Unsecured Creditor will receive the treatment provided for in this Proposal on account of such Claim. During the Proposal Period, and provided COMMERX CORPORATION is not in default hereunder, each Creditor will be stayed from commencing or continuing any proceeding or remedy against COMMERX CORPORATION or its property based upon a Claim existing on or before the Filing Date, including, without limitation, any proceeding or remedy to recover payment of such Claim, to realize against any security granted in respect of such Claim, to recover or enforce a judgment against COMMERX CORPORATION in respect of such Claim or to initiate any proceedings against it in respect of such Claim, other than an application or proceeding in connection with this Proposal.

Claims Bar Date

23. The Proposal Trustee shall consider any Claims lodged by a Creditor up to the date and time of the Creditors' Meeting ("**Claims Bar Date**") to consider the Proposal after which no further Claims shall be allowed in the Proposal. In the event a Claim is not filed with the Proposal Trustee prior to the Claims Bar Date, the Claim shall be forever barred and shall not be considered for acceptance as a Proven Claim forming part of this Proposal, or at all, subject to any order of the Court allowing such Claim.
24. For greater certainty, only Claims filed with the Proposal Trustee of COMMERX CORPORATION prior to the commencement of the Creditors' Meeting shall be considered as Claims by COMMERX CORPORATION and the Proposal Trustee.

Valuation and Treatment of Claims

25. COMMERX CORPORATION and the Proposal 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
26. CRA claims for employee source deductions (but not GST or income tax payable claims generally) which are proven, will be paid in full without interest or penalty within 6 months of Court approval of the Proposal as required by S. 60(1.1) of the Act.

27. Upon the Approval Order being made, all amounts owing by COMMERX CORPORATION to Unsecured Creditors shall be settled and extinguished as per the following payment schedule:
- (a) Unsecured Creditors with Proven Claims will receive 100% of their Proven Claim, paid as follows:
 - (i) By December 1, 2019, all Unsecured Creditors with Proven Claims will receive an initial payment equal to the lesser of: 100% of their Proven Claims or \$2,000.00; and
 - (ii) Quarterly prorated payments starting March 1, 2020 over a two year period in respect of the balance of Unsecured Creditors' Proven Claims not satisfied from the initial payment above. Payoff could be sooner if positive cash flow allows. There will be no costs or interest accruing after the Filing Date payable to Unsecured Creditors.

Effect of Payment

28. The Unsecured Creditors will accept payment provided for in this Proposal in complete satisfaction of all their claims, certificates of pending litigation, execution or any similar charges or actions or proceedings in respect of such Claims will have no effect in law or equity against the property, Assets and undertakings of COMMERX CORPORATION. Upon the making of all payments provided for in the Proposal, any and all such certificates of pending litigation, executions or other similar charges or actions will be discharged, dismissed or vacated without costs to COMMERX CORPORATION.

Superintendent's Levy

29. The Superintendent's levy of 5% will be paid as required pursuant to s. 147 and 60(4) of the Act on all distributions to Unsecured Creditors under this Proposal.

Payment of Fees

30. All proper fees and expenses of the Proposal Trustee and reasonable legal and other professional fees on and incidental to the proceedings arising out of this Proposal and in connection with the preparation of this Proposal and in the administration of this Proposal, including advice to COMMERX CORPORATION in connection therewith, will be paid in priority to all claims of Unsecured Creditors.

PART 5 PROPOSAL TRUSTEE

Confirmation of Appointment

31. The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal 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 connection with the business or liabilities of COMMERX CORPORATION.

Meeting of Creditors

32. The Creditors' Meeting will be held at 11:00 a.m. on Friday, September 6, 2019 at the office of Bennett Jones LLP located at 4500 Bankers Hall East, 855 – 2nd Street SW, Calgary, Alberta unless adjourned by the Proposal Trustee. The Proposal Trustee shall preside as the chair of the Creditors' Meeting and will decide all matters relating to the conduct of the Creditors' Meeting. The only persons entitled to attend the Creditors' Meeting are those persons, including the holders of proxies, entitled to vote at the Creditors' Meeting. Any other person may be admitted on invitation of the Proposal Trustee or with the consent of the Creditors.

Proofs of Claim

33. All Creditors will be required to submit a proof of claim to the Proposal Trustee and the face amount thereof will govern for the purpose of voting at the Meeting of Creditors to be held to consider this Proposal, unless otherwise disputed or disallowed by the chair of the meeting. After the Creditors' Meeting, the Proposal Trustee will examine all proofs of claim and may require further evidence and support of the Claim or the security therefore. The provisions of s.135 of the Act will apply to all proofs of claim submitted by Creditors.

Conditions Precedent

34. As provided for in the Act, the payments and arrangements set out in this Proposal will not take effect unless the conditions set forth below are substantially satisfied on or before the Effective Date:
- a. All approvals and consents to the Proposal that may be required have been obtained;
 - b. The Approval Order has been issued; and
 - c. No order or decree restraining or enjoining the consummation of the transactions contemplated by this Proposal will have been issued.

Application for Approval Order

35. The Proposal Trustee will apply forthwith to the Court for the Approval Order upon approval by the Unsecured Creditors of this Proposal.

Discharge of Proposal Trustee

36. For greater certainty, the Proposal Trustee will not be responsible or liable for funding any payments contemplated herein nor for any obligations of COMMERX CORPORATION and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default. The Proposal Trustee will monitor and report upon the various payments to creditors required herein and shall be entitled to its discharge upon COMMERX CORPORATION making its final payment required herein.

**PART 6
RELEASE**

37. On the Effective Date, COMMERX CORPORATION including the officers and directors shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, and other recoveries on account of any liability, obligation, demand or cause of action owing to or held by any of the Creditors or any Claims by the Creditors.

**PART 7
SUPPORT AGREEMENTS**

38. COMMERX CORPORATION has reviewed the terms of this Proposal with numerous of its Unsecured Creditors and has obtained numerous binding Support Agreements to vote in favour of the terms of this Proposal.

**PART 8
MISCELLANEOUS**

Modification

39. COMMERX CORPORATION may propose amendments to the Proposal at any time prior to the conclusion of the Creditors' Meeting provided that any such amendment, in the opinion of COMMERX CORPORATION, does not reduce the rights and benefits given to Creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

Further Actions

40. COMMERX CORPORATION and the Creditors will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated hereby.

Performance

41. All obligations of COMMERX CORPORATION under this Proposal will commence as of the Effective Date. All terms of this Proposal will take effect as of the Effective Date.

Binding Effect

42. The provisions of this Proposal will be binding on the Creditors and COMMERX CORPORATION and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Approval Order after all appeal periods have expired.

Compromise Effective for all Purposes

43. The payment, compromise or other satisfaction of any Claim under this Proposal shall be binding upon such Creditor, its heirs, executors, administrators, successors and assigns, for all purposes and shall also be effective to relieve any third party directly or indirectly liable for such indebtedness, whether as guarantor, indemnitor, tenant, director, joint covenantor, principal or otherwise.

Fraudulent Conveyance

44. Section 91 through and including s. 101 of the BIA do not apply to this Proposal

Governing Law

45. This Proposal will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.
46. Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Proposal shall be in writing and shall be effectively given and made if (i) delivered personally; (ii) sent by prepaid courier service; or (iii) sent by email transmission, in each case to the applicable address set out below:

(a) if to COMMERX CORPORATION:

robert.kulhawy@commerx.com and restructure@commerx.com

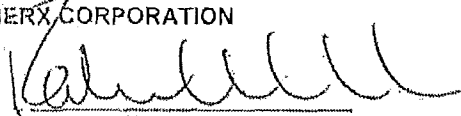
(b) if to the Proposal Trustee:

Hardie & Kelly Inc.
110, 5800 – 2nd Street SW
Calgary, AB, T2H 0H2
mkelly@insolvency.net
Attention: Marc Kelly

DATED at Calgary, in the Province of Alberta, this 16th day of August, 2019.

COMMERX CORPORATION

Per:


Robert Kulhawy
President & CEO

"I have the authority to bind the corporation"

TAB 7

CANADA
Province of Alberta
District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059


Affidavit of Mailing

In the matter of the proposal of
Commerx Corporation
of the City of Calgary, in the Province of Alberta

I, Wanda Templeton, of the Trustee's office of Hardie & Kelly Inc., 110, 5800 2nd Street SW, Calgary, AB, T2H 0H2, hereby make oath (or solemnly affirm) and say:

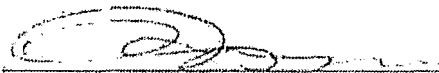
That on the 22nd day of August 2019, I did cause to be sent by prepaid ordinary mail to everyone on the attached mailing list, whose names and addresses appear on the paper writing marked exhibit "A" annexed hereto, a copy of Proof of Claim and Proxy and Voting letter and Statement of affairs (Business bankruptcy) and Notice of proposal to creditors and the Proposal and the Trustee's Report on the Proposal.

And that, on the 21st day of August 2019, I mailed to the debtor a copy of the same.



Wanda Templeton
Phone: (403) 777-9999
Fax: (403) 640-0591

SWORN (or SOLEMNLY DECLARED) before me in the City of Calgary in the Province of Alberta, this 21st day of August 2019.



Tamara Hanson, Commissioner of Oaths
For the Province of Alberta
Expires November 29, 2021

Robert Kuhawy
4228 Manila Road SE
Calgary AB T2G 4B7

642111 ALBERTA INC.
4428 MANILLA ROAD SE
Calgary AB T2G 4B7

ADMIRAL LAW
301, 522 - 11 AVE. SW
Calgary AB T2R 0C8

ANIXTER CANADA
200 FOSTER CRESCENT
Missauga ON L5R 3Y5

BALNHARD CAPITAL
CORPORATION
David LeGeyt
c/o Burnet, Duckworth & Palmer L.L.P
2400, 525 - 8th Ave SW
Calgary AB T2P 1G1

BENNETT JONES LLP
4500, 855 - 2ND STREET SW
Calgary AB T2P 4K7

BENNETT, PERRY
C/O COMMERX CORPORATION
4428 MANILLA ROAD SE
Calgary AB T2G 4B7

CALGARY POLICE SERVICE
ALARM BYLAW UNIT #609
Calgary AB T3J 3R2

CERYX INC
5000 YONGE STREET SUITE 1503
Toronto ON M2N 7E9

CRA - Tax - Prairies
Surrey National Verification and
Collection Centre
9755 King George Blvd
Surrey BC V3T 5E1

CRA - Tax - Prairies
Surrey National Verification and
Collection Centre
9755 King George Blvd
Surrey BC V3T 5E1

CRA - Tax - Prairies
Surrey National Verification and
Collection Centre
9755 King George Blvd
Surrey BC V3T 5E1

Desjardins Card Services
c/o FCT Default Solutions
PO Box 2514 Stn B
London ON N6A 4G9

GRAINGER
100 Grainger Pkwy
Lake Forrest IL 60045 USA

HOFFMAN DOEHLIK LLP
600, 5920 MACLEOD TRAIL SOUTH
Calgary AB T2H 0K2

KULHAWY, ROBERT
C/O COMMERX CORPORATION
4428 MANILLA ROAD SE
Calgary AB T2G 4B7

MEMORY EXPRESS
3333 34TH AVE NE
Calgary AB T1Y 6H2

OXFORD TECH
37047 MAYLAND HTS.
Calgary AB T2E 9A7

PRIMUS ELECTRONICS
4180 E Sand Ridge Road
Morris IL 60450 USA

RICOH CANADA INC
PO BOX 1600 STREETSVILLE RPO
Mississauga ON L5M 0M6

RODREST CLEANERS
229 CHAPALINA MEWS SE
Calgary AB T2X 0A7

ROGERS
PO Box 8878, Stn Terminal
Vanouver BC V6B 0H6

SUNLIFE FINANCIAL
PO BOX 11010 STATION A
Montreal PE H3C 4T9

Telus Mobility Services
Rick Wan
8th Fl - 3777 Kingsway
Burnaby BC V5H 3Z7

Telus Residential/Business Services
Rick Wan
3rd Fl - 4519 Canada Way
Burnaby BC V5G 4S4

THOMAS PRENDERGAST
John H. Yach
c/o Yach & Associates
68 Chamberlain Avenue
Ottawa ON K1S 1V9

TRAGICALLY VITAL
4, 2807 - 107TH AVE SE
Calgary AB T2Z 4M2

TRANT, PETER
KEITH D. MARLOWE
C/O BLAKE, CASSELS & GRAYDON
LLP
3500, 855 - 2ND STREET SW
Calgary AB T2P 4J8

URBANCORE CLEANING
2632 24TH S.E. SW
Calgary AB T2T 5H9

VAN HOUTTE
8215, 17TH AVENUE
Montreal QC H1Z 4J9

WASTE CONNECTIONS
285122 BLUEGRASS DRIVE
Rocky View AB T1X 0P5

WHITE PAPER
9990 RIVER WAY
Delta BC V4G 1M9

TAB 8

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

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

In the matter of the proposal of
Commerx Corporation
of the City of Calgary, in the Province of Alberta

Take notice that Commerx Corporation of the City of Calgary in the Province of Alberta 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 the office of Bennett Jones LLP, at 4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB on the 6th day of September 2019 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 City of Calgary in the Province of Alberta, this 21st day of August 2019.

Hardie & Kelly Inc. - Licensed Insolvency Trustee

110, 5800 2nd Street SW
Calgary AB T2H 0H2
Phone: (403) 777-9999 Fax: (403) 640-0591

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

TAB 9

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-2483059
 Estate No. 25-2483059

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
 Commerx Corporation
 of the City of Calgary, in the Province of Alberta

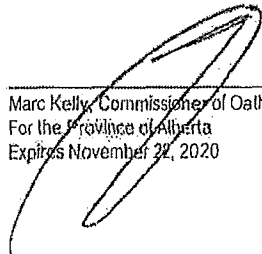
To the debtor:

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 7th day of March 2019. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

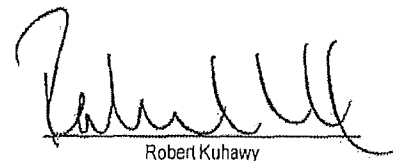
LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A" 616,404.38	1. Inventory 0.00
Balance of secured claims as per list "B" 0.00	2. Trade fixtures, etc. 0.00
Total unsecured creditors 616,404.38	3. Accounts receivable and other receivables, as per list "E"
2. Secured creditors as per list "B" 562,360.88	Good 820,569.00
3. Preferred creditors as per list "C" 0.00	Doubtful 0.00
4. Contingent, trust claims or other liabilities as per list "D"	Bad 0.00
estimated to be reclaimable for 0.00	Estimated to produce 820,569.00
Total liabilities 1,178,765.26	4. Bills of exchange, promissory note, etc., as per list "F" 0.00
Surplus NIL	5. Deposits in financial institutions 0.00
	6. Cash 100,428.00
	7. Livestock 0.00
	8. Machinery, equipment and plant 0.00
	9. Real property or immovable as per list "G" 0.00
	10. Furniture 3,106.00
	11. RRSPs, RRFs, 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" 0.00
	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 924,103.00
	Deficiency 254,662.26

I, Robert Kuhawy, of the City of Calgary in the Province of Alberta, 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 16th day of August 2019 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
 before me at the City of Calgary in the Province of Alberta, on this 16th day of August 2019.



 Marc Kelly, Commissioner of Oaths
 For the Province of Alberta
 Expires November 24, 2020



 Robert Kuhawy

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-2483059
 Estate No. 25-2483059


FORM 78 -- Continued

List "A"
 Unsecured Creditors
 Commerx Corporation

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	642111 ALBERTA INC.	4428 MANILLA ROAD SE Calgary AB T2G 4B7	11,303.22	0.00	11,303.22
2	ADMIRAL LAW	301, 522 - 11 AVE, SW Calgary AB T2R 0C8	2,881.80	0.00	2,881.80
3	ANIXTER CANADA	200 FOSTER CRESCENT Missauga ON L5R 3Y5	935.18	0.00	935.18
4	BENNETT JONES LLP	4500, 855-2ND STREET SW Calgary AB T2P 4K7	11,939.36	0.00	11,939.36
5	BENNETT, PERRY	C/O COMMERX CORPORATION 4428 MANILLA ROAD SE Calgary AB T2G 4B7	100,918.33	0.00	100,918.33
6	CALGARY POLICE SERVICE	ALARM BYLAW UNIT #609 Calgary AB T3J 3R2	20.00	0.00	20.00
7	CERYX INC	5000 YONGE STREET SUITE 1503 Toronto ON M2N 7E9	139.24	0.00	139.24
8	CRA - Tax - Prairies 86528 3790 RT0001	Surrey National Verification and Collection Centre 9755 King George Blvd Surrey BC V3T 5E1	24,014.71	0.00	24,014.71
9	Desjardins Card Services	c/o FCT Default Solutions PO Box 2514 Stn B London ON N6A 4G9	680.50	0.00	680.50
10	GRAINGER	100 Grainger Pkwy Lake Forrest IL 60045 USA	5,156.84	0.00	5,156.84
11	HOFFMAN DOECHIK LLP	600, 5920 MACLEOD TRAIL SOUTH Calgary AB T2H 0K2	253.75	0.00	253.75
12	KULHAWY, ROBERT	C/O COMMERX CORPORATION 4428 MANILLA ROAD SE Calgary AB T2G 4B7	246,041.60	0.00	246,041.60
13	MEMORY EXPRESS	3333 34TH AVE NE Calgary AB T1Y 6H2	1,107.11	0.00	1,107.11
14	OXFORD TECH	37047 MAYLAND HTS. Calgary AB T2E 9A7	860.92	0.00	860.92
15	PRIMUS ELECTRONICS	4180 E Sand Ridge Road Morris IL 60450 USA	1,875.93	0.00	1,875.93
16	RICOH CANADA INC	PO BOX 1600 STREETSVILLE RPO Mississauga ON L5M 0M6	716.47	0.00	716.47
17	RODPREST CLEANERS	229 CHAPALINA MEWS SE Calgary AB T2X 0A7	7,182.00	0.00	7,182.00
18	ROGERS	PO Box 8878, Stn Terminal Vanouver BC V6B 0H6	1,883.97	0.00	1,883.97
19	SUNLIFE FINANCIAL	PO BOX 11010 STATION A Montreal PE H3C 4T9	16,349.41	0.00	16,349.41
20	Telus Mobility Services Attr: Rick Wan	8th Fl - 3777 Kingsway Burnaby BC V5H 3Z7	114.99	0.00	114.99
21	Telus Residential/Business Services Attr: Rick Wan	3rd Fl - 4519 Canada Way Burnaby BC V5G 4S4	1,199.80	0.00	1,199.80
22	THOMAS PRENDERGAST Attr: John H. Yach	c/o Yach & Associates 68 Chamberlain Avenue Ottawa ON K1S 1V9	16,891.42	0.00	16,891.42

16-Aug-2019

Date


 Robert Kulhawy

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-2483059
 Estate No. 25-2483059


FORM 78 -- Continued

List "A"
 Unsecured Creditors
 Commerx Corporation

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
23	TRAGICALLY VITAL	4, 2807 - 107TH AVE SE Calgary AB T2Z 4M2	1,419.09	0.00	1,419.09
24	TRANT, PETER Attn: KEITH D. MARLOWE	C/O BLAKE, CASSELS & GRAYDON LLP 3500, 855 - 2ND STREET SW Calgary AB T2P 4J8	157,777.84	0.00	157,777.84
25	URBANCORE CLEANING	2632 24TH ST. SW Calgary AB T2T 5H9	1,622.25	0.00	1,622.25
26	VAN HOUTTE	8215, 17TH AVENUE Montreal QC H1Z 4J9	52.50	0.00	52.50
27	WASTE CONNECTIONS	285122 BLUEGRASS DRIVE Rocky View AB T1X 0P5	1,351.70	0.00	1,351.70
28	WHITE PAPER	9990 RIVER WAY Delta BC V4G 1M9	1,714.45	0.00	1,714.45
Total:			616,404.38	0.00	616,404.38

16-Aug-2019

Date



Robert Kuhawy

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-2483059
 Estate No. 25-2483059

FORM 78 -- Continued

List "B"
 Secured Creditors

Commerx Corporation

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	BALINHARD CAPITAL CORPORATION Attn: David LeGeyl	c/o Burnet, Duckworth & Palmer LLP 2400, 525 - 8th Ave SW Calgary AB T2P 1G1	523,759.00	Debts Due - Business - Trade receivables	11-Jan-2019	343,000.00		
				Debts Due - Business - Lotus/Halycon	11-Jan-2019	180,759.00	296,810.00	
				Cash on Hand - Cash in bank	11-Jan-2019	0.00	61,826.12	
2	CRA - Tax - Prairies 86528 3790 RP0001	Surrey National Verification and Collection Centre 9755 King George Blvd Surrey BC V3T 5E1	17,415.75	Cash on Hand - Cash in bank	01-Jan-2018	17,415.75		
3	CRA - Tax - Prairies 86528 3790 RP0002	Surrey National Verification and Collection Centre 9755 King George Blvd Surrey BC V3T 5E1	21,186.13	Cash on Hand - Cash in bank	01-Jan-2018	21,186.13		
Total:			562,360.88			562,360.88	358,636.12	0.00

16-Aug-2019

Date



Robert Kuhawy

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 78 -- Continued

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

Commerx Corporation

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

16-Aug-2019

Date



Robert Kuhawy

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 78 -- Continued

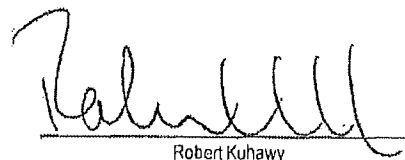
List "D"
Contingent or Other Liabilities

Commerx Corporation

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

16-Aug-2019

Date


Robert Kuhawy

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-2483059
 Estate No. 25-2483059

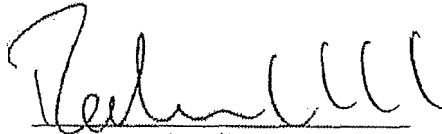
FORM78 -- Continued

List "E"
 Debts Due to the Debtor
 Commerx Corporation

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
1	Lotus/Halycon	4428 AB	Funding	477,569.00 0.00 0.00		31-Dec-2016	477,569.00	Deemed trust
2	Trade receivables	4428 AB	Trade receivables	343,000.00 0.00 0.00		15-Aug-2019	343,000.00	Deemed trust
Total:				820,569.00 0.00 0.00			820,569.00	

16-Aug-2019

Date


 Robert Kuhawy

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 78 -- Continued

List "F"

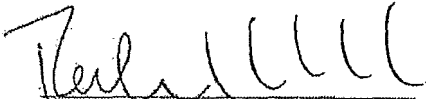
Bills of Exchange, Promissory Notes, Lien Notes, Chattel
Mortgages, etc., Available as Assets

Commerx Corporation

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	

16-Aug-2019

Date


Robert Kulhawy

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 78 -- Continued

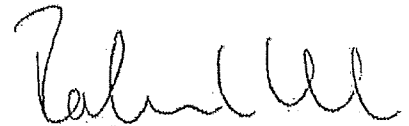
List "G"
Real Property or Immovables Owned by Debtor

Commerx Corporation

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

16-Aug-2019

Date



Robert Kuhawy

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-2483059
 Estate No. 25-2483059

FORM 78 -- Concluded

List "H"
 Property

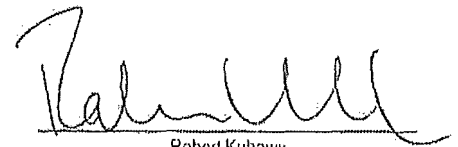
Commerx Corporation

FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand		Cash on hand	100,428.00	100,428.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant			0.00	0.00
(g) Furniture		Office furniture and equipment	0.00	3,106.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
(m) Other		Shares of Subsidiaries	0.00	0.00
		Prepaid expenses and deposits	91,704.00	0.00
		Development Costs	155,036.00	0.00
			Total:	103,534.00

16-Aug-2019

Date


 Robert Kuhawy

TAB 10

COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE AMENDED PROPOSAL OF
COMMERX CORPORATION

PROPOSAL

COMMERX CORPORATION, the above-named debtor, hereby submits the following Proposal (the "**Proposal**") to its creditors pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**Act**").

**PART 1
BACKGROUND**

1. COMMERX CORPORATION is a private company incorporated pursuant to the Laws of Alberta.
2. COMMERX CORPORATION is involved in the telecommunication project services, digital technology consulting and telecommunication staffing business in Calgary and elsewhere in the Province of Alberta.
3. COMMERX CORPORATION is presently insolvent and unable to pay its debts as they become due. On March 7, 2019, COMMERX CORPORATION filed a Notice of Intention to make a Proposal to its creditors under the Act.

**PART 2
INTERPRETATION**

4. In this Proposal, capitalized terms shall have the following meanings:

"**Act**" means the *Bankruptcy and Insolvency Act*, as it may be amended from time to time;

"**Approval 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;

"**Assets**" means the assets, undertakings and property of COMMERX CORPORATION;

"**Business Day**" means a day, other than Saturday or Sunday or a day observed as a holiday pursuant to the laws of the Province of Alberta or the federal laws of Canada, on which banks are generally open for business;

"Claim" means any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of COMMERX CORPORATION to any Person whether liquidated, unliquidated, fixed, contingent, matured, legal, equitable, secured, unsecured, present, future, known or unknown, and whether by guarantee, surety or otherwise, incurred or arising or relating to the period prior to the Filing Date, or based in whole or in part on facts, contracts or arrangements which occurred or existed prior to the Filing Date, together with any other claims provable in bankruptcy on the Filing Date, including without limitation, claims arising from the repudiation, disclaimer or termination of any lease, license, contract, arrangement or contract of employment prior to the Filing Date, providing that all such claims shall be allowed without allowance for interest after the Filing Date and without allowance for penalties and net of any normal discounts. All Claims must be converted to Canadian Dollars at the Bank of Canada Daily Foreign Exchange Rate at the Filing Date;

"Court" means the Court of Queen's Bench of Alberta, In Bankruptcy and Insolvency;

"CRA" means the Canada Revenue Agency;

"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;

"Creditors' Meeting" means the meeting of Creditors called for the purpose of considering and voting upon the Proposal;

"Effective Date" means the date on which this Proposal is approved by the Court, after being approved by the requisite majority of COMMERX CORPORATION Creditors;

"Filing Date" means March 7, 2019;

"Official Receiver" shall have the meaning ascribed thereto by the Act;

"Person" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or any other entity however designated or constituted;

"Proposal" means this Proposal made pursuant to the Act, as further amended or supplemented from time to time;

"Proven Claim" means the amount claimed by a Creditor and approved by the Proposal Trustee and COMMERX CORPORATION or as may otherwise be allowed by the Court;

"Proposal Trustee" means Hardie & Kelly Inc. or its duly appointed successor or successors;

"Unaffected Claims" means Claims that are not affected by this Proposal being the fees and disbursements of the Proposal Trustee, its counsel and secured creditors in relation to this Proposal;

"Unaffected Creditors" means the Proposal Trustee its legal counsel and secured creditors in relation to this Proposal.

"Unsecured Creditor" means any Creditor who has no security against any assets of COMMERX CORPORATION with respect to its Claim, including landlords and excluding the Unaffected Creditors.

Headings

5. The divisions of this Proposal into parts, paragraphs and subparagraphs, and the insertion of headings herein is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

Numbers, etc.

6. In this 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.

Date for Action

7. 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.

Time

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

Successors and Assigns

9. This Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, personal representatives, successors and assigns of all persons named or referred to herein.

Currency

10. All references to currency in this Proposal are to lawful money of Canada ("Canadian Dollars").

Accounting Principles

11. Accounting terms not otherwise defined have the meanings assigned to them in accordance with Canadian generally-accepted accounting principles.

Director Claims

12. Any Claims that arose before the Filing Date regardless of the date of crystallization of such Claim and that relate to the obligations of COMMERX CORPORATION, where the current or former directors of COMMERX CORPORATION are by law liable in their capacity as directors for payments of such obligations, shall be deemed to be fully satisfied and discharged by the terms of this Proposal and shall not be enforceable against any of such current or former directors of COMMERX CORPORATION at law or in equity

Statutory References

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

PART 3

OVERVIEW OF THE PROPOSAL

Purpose of the Proposal

14. The purpose of this Proposal is to effect a compromise and arrangement of all Claims as against COMMERX CORPORATION, other than the Unaffected Claims, with a view to increasing the recovery for all stakeholders (excluding claims owing to the Unaffected Creditors) while reducing the uncertainties, risks, costs, delays and possible losses for all Creditors that will otherwise occur. COMMERX CORPORATION has concluded, and the Proposal Trustee agrees, that the general body of creditors will obtain a greater and/or sooner return on their Claims if this Proposal is approved than would result from a forced liquidation of its Assets.
15. Further, the Proposal will allow COMMERX CORPORATION to continue operations so as to avoid or minimize any adverse impact on current customers and to allow COMMERX CORPORATION the opportunity to retain and refer business to its established network of suppliers and contractors.
16. Creditors should review this Proposal before voting to accept or reject this Proposal. The transactions contemplated by this Proposal are to be implemented under the Act.

Effect of the Proposal

17. This Proposal restructures the affairs of COMMERX CORPORATION and amends the terms of any and all agreements between COMMERX CORPORATION and the Creditors, excluding the Unaffected Creditors, existing as at the Effective Date and provides the essential terms on which all Claims will be fully and finally resolved and settled. All Creditors will be stayed, excluding Unaffected Creditors, from commencing or continuing any proceeding or remedy against COMMERX CORPORATION or any of its property or Assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies owing to Creditors, to recover to enforce any judgment against COMMERX CORPORATION in respect of a Claim or to commence any formal proceedings against it other than as provided for under this Proposal.
18. For greater certainty, any and all Claims by the Unaffected Creditors remain valid and outstanding and shall not be compromised as part of the Proposal or affected in any way.
19. This Proposal, if approved, will, as of the Effective Date, be binding on COMMERX CORPORATION and the Unsecured Creditors.

PART 4 CLASSIFICATION AND TREATMENT OF CLAIMS

Classes of Creditors

20. There will be one class of creditor voting on the Proposal
Class 1 – All Unsecured Creditors with Proven Claims.

Amendments to Agreements

21. Notwithstanding the terms and conditions of all agreements or other arrangements with Creditors entered into before the Filing Date, all such agreements or other arrangements will be deemed to be amended to the extent necessary as of the Effective Date 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. All Creditors will provide such acknowledgements, agreements, discharges or other documentation as may be necessary to give effect to the intent of this Proposal.

Treatment of Claims

22. For the purposes of this Proposal, each Unsecured Creditor will receive the treatment provided for in this Proposal on account of such Claim. During the Proposal Period, and provided COMMERX CORPORATION is not in default hereunder, each Creditor will be stayed from commencing or continuing any proceeding or remedy against COMMERX CORPORATION or its property based upon a Claim existing on or before the Filing Date, including, without limitation, any proceeding or remedy to recover payment of such Claim, to realize against any security granted in respect of such Claim, to recover or enforce a judgment against COMMERX CORPORATION in respect of such Claim or to initiate any proceedings against it in respect of such Claim, other than an application or proceeding in connection with this Proposal.

Claims Bar Date

23. The Proposal Trustee shall consider any Claims lodged by a Creditor up to the date and time of the Creditors' Meeting ("**Claims Bar Date**") to consider the Proposal after which no further Claims shall be allowed in the Proposal. In the event a Claim is not filed with the Proposal Trustee prior to the Claims Bar Date, the Claim shall be forever barred and shall not be considered for acceptance as a Proven Claim forming part of this Proposal, or at all, subject to any order of the Court allowing such Claim.
24. For greater certainty, only Claims filed with the Proposal Trustee of COMMERX CORPORATION prior to the commencement of the Creditors' Meeting shall be considered as Claims by COMMERX CORPORATION and the Proposal Trustee.

Valuation and Treatment of Claims

25. COMMERX CORPORATION and the Proposal 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.
26. CRA claims for employee source deductions (but not GST or income tax payable claims generally) which are proven, will be paid in full without including interest or and penalties calculated through to the Filing Date within 6 months of Court approval of the Proposal as required by S 60(1.1) of the Act. Notwithstanding the foregoing, COMMERX CORPORATION will make regular monthly payments in satisfaction thereof over the six month period following Court approval. COMMERX CORPORATION further agrees to comply with prescribed filing and remittance requirements over the term of the Proposal.

27. Upon the Approval Order being made, all amounts owing by COMMERX CORPORATION to Unsecured Creditors shall be settled and extinguished as per the following payment schedule:
- (a) Unsecured Creditors with Proven Claims will receive 100% of their Proven Claim, paid as follows:
 - (i) By December 1, 2019, all Unsecured Creditors with Proven Claims will receive an initial payment equal to the lesser of: 100% of their Proven Claims or \$2,000.00; and
 - (ii) Quarterly prorated payments starting March 1, 2020 over a two year period in respect of the balance of Unsecured Creditors' Proven Claims not satisfied from the initial payment above. Payoff could be sooner if positive cash flow allows. There will be no costs or interest accruing after the Filing Date payable to Unsecured Creditors.

Effect of Payment

28. The Unsecured Creditors will accept payment provided for in this Proposal in complete satisfaction of all their claims, certificates of pending litigation, execution or any similar charges or actions or proceedings in respect of such Claims will have no effect in law or equity against the property, Assets and undertakings of COMMERX CORPORATION. Upon the making of all payments provided for in the Proposal, any and all such certificates of pending litigation, executions or other similar charges or actions will be discharged, dismissed or vacated without costs to COMMERX CORPORATION.

Superintendent's Levy

29. The Superintendent's levy of 5% will be paid as required pursuant to s. 147 and 60(4) of the Act on all distributions to Unsecured Creditors under this Proposal.

Payment of Fees

30. All proper fees and expenses of the Proposal Trustee and reasonable legal and other professional fees on and incidental to the proceedings arising out of this Proposal and in connection with the preparation of this Proposal and in the administration of this Proposal, including advice to COMMERX CORPORATION in connection therewith, will be paid in priority to all claims of Unsecured Creditors.

PART 5 PROPOSAL TRUSTEE

Confirmation of Appointment

31. The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal 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 connection with the business or liabilities of COMMERX CORPORATION.

Meeting of Creditors

32. The Creditors' Meeting will be held at 11:00 a.m. on Friday, September 6, 2019 at the office of Bennett Jones LLP located at 4500 Bankers Hall East, 855 – 2nd Street SW, Calgary, Alberta unless adjourned by the Proposal Trustee. The Proposal Trustee shall preside as the chair of the Creditors' Meeting and will decide all matters relating to the conduct of the Creditors' Meeting. The only persons entitled to attend the Creditors' Meeting are those persons, including the holders of proxies, entitled to vote at the Creditors' Meeting. Any other person may be admitted on invitation of the Proposal Trustee or with the consent of the Creditors.

Proofs of Claim

33. All Creditors will be required to submit a proof of claim to the Proposal Trustee and the face amount thereof will govern for the purpose of voting at the Meeting of Creditors to be held to consider this Proposal, unless otherwise disputed or disallowed by the chair of the meeting. After the Creditors' Meeting, the Proposal Trustee will examine all proofs of claim and may require further evidence and support of the Claim or the security therefore. The provisions of s.135 of the Act will apply to all proofs of claim submitted by Creditors.

Conditions Precedent

34. As provided for in the Act, the payments and arrangements set out in this Proposal will not take effect unless the conditions set forth below are substantially satisfied on or before the Effective Date:
- a. All approvals and consents to the Proposal that may be required have been obtained;
 - b. The Approval Order has been issued; and
 - c. No order or decree restraining or enjoining the consummation of the transactions contemplated by this Proposal will have been issued.

Application for Approval Order

35. The Proposal Trustee will apply forthwith to the Court for the Approval Order upon approval by the Unsecured Creditors of this Proposal.

Discharge of Proposal Trustee

36. For greater certainty, the Proposal Trustee will not be responsible or liable for funding any payments contemplated herein nor for any obligations of COMMERX CORPORATION and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default. The Proposal Trustee will monitor and report upon the various payments to creditors required herein and shall be entitled to its discharge upon COMMERX CORPORATION making its final payment required herein.

**PART 6
RELEASE**

37. On the Effective Date, COMMERX CORPORATION including the officers and directors shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, and other recoveries on account of any liability, obligation, demand or cause of action owing to or held by any of the Creditors or any Claims by the Creditors.

**PART 7
SUPPORT AGREEMENTS**

38. COMMERX CORPORATION has reviewed the terms of this Proposal with numerous of its Unsecured Creditors and has obtained numerous binding Support Agreements to vote in favour of the terms of this Proposal.

**PART 8
MISCELLANEOUS**

Modification

39. COMMERX CORPORATION may propose amendments to the Proposal at any time prior to the conclusion of the Creditors' Meeting provided that any such amendment, in the opinion of COMMERX CORPORATION, does not reduce the rights and benefits given to Creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

Further Actions

40. COMMERX CORPORATION and the Creditors will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated hereby.

Performance

41. All obligations of COMMERX CORPORATION under this Proposal will commence as of the Effective Date. All terms of this Proposal will take effect as of the Effective Date

Binding Effect

42. The provisions of this Proposal will be binding on the Creditors and COMMERX CORPORATION and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Approval Order after all appeal periods have expired.

Compromise Effective for all Purposes

43. The payment, compromise or other satisfaction of any Claim under this Proposal shall be binding upon such Creditor, its heirs, executors, administrators, successors and assigns, for all purposes and shall also be effective to relieve any third party directly or indirectly liable for such indebtedness, whether as guarantor, indemnitor, tenant, director, joint covenantor, principal or otherwise.

Fraudulent Conveyance

44. Section 91 through and including s. 101 of the BIA do not apply to this Proposal

Governing Law

45. This Proposal will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.
46. Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Proposal shall be in writing and shall be effectively given and made if (i) delivered personally; (ii) sent by prepaid courier service; or (iii) sent by email transmission, in each case to the applicable address set out below:

(a) if to COMMERX CORPORATION:

robert.kulhawy@commerx.com and restructure@commerx.com


(b) if to the Proposal Trustee:

Hardie & Kelly Inc.
110, 5800 – 2nd Street SW
Calgary, AB, T2H 0H2
mkelly@insolvency.net
Attention: Marc Kelly

DATED at Calgary, in the Province of Alberta, this 46th-~~6th~~ day of August~~September~~, 2019.

COMMERX CORPORATION

Per:



Robert Kulhawy
President & CEO

"I have the authority to bind the corporation"

TAB 11

District of Alberta
Division No. 2
Court No. 25-2483059
Estate No. 25-2308628

**In the Matter of the Proposal of
Commerx Corporation
of the City of Calgary, in the Province of Alberta**

Minutes of the Meeting of Creditors (the "Meeting") of Commerx Corporation ("Commerx" or the "Company") held on September 6, 2019 at:

Bennett Jones LLP
4500 Bankers Hall East
855 2 Street SW
Calgary, Alberta
T2P 4K7

CHAIRPERSON: Charla Smith, Hardie & Kelly Inc.

PRESENT: Attendance list attached as Appendix "A",

The Meeting was called to order at 11:13 a.m.

The Chairman introduced herself as well as the following individuals:

- Robert Kulhawy – Commerx
- Chris Simard – Bennett Jones LLP (estate counsel)

The Chairman advised that there was a quorum present being at least one creditor entitled to vote.

PURPOSE OF MEETING

The Chairman advised that the purpose of the Meeting is to consider the terms of the proposal of the Company filed on August 16, 2019 (the "Proposal"), to potentially appoint Inspectors and to give such direction to the Proposal Trustee as the creditors may see fit with reference to the administration of the estate.

The following documents were tabled

- Notice to Creditors of Proposal;
- Statement of Affairs;
- Proposal;
- Amended Proposal;
- *Report of Proposal Trustee on Proposal* dated August 16, 2019 (the "Proposal Trustee's Report");
- Affidavit of Mailing;
- Proofs of Claim filed to date

PROPOSAL

The Chairman advised that creditors had, prior to the meeting, been sent a copy of the Proposal as well as the Proposal Trustee's Report. The Trustee noted that the only material potential change to the information contained in the Proposal Trustee's Report was the quantum of the amount owing to Fortitude Financial Investments Inc. ("Fortitude Financial"), which had submitted a claim for approximately \$2.4 million CAD compared to the Company's records which showed an amount owing to Fortitude Financial of \$1.4 million.

The Chairman also advised that the Company was tabling an amended Proposal (attached as Appendix "B") which contains an amendment to paragraph 26 of the Proposal requested by Canada Revenue Agency which does not otherwise effect the practical terms of the Proposal such that Paragraph 26 now reads as follows:

CRA claims for employee source deductions (but not GST or income tax payable claims generally) which are proven, will be paid in full including interest and penalties calculated through to the Filing Date within 6 months of Court approval of the Proposal as required by S.60(1.1) of the Act. Notwithstanding the foregoing, Commerx Corporation will make regular monthly payments in satisfaction thereof over the six month period following Court approval. Commerx Corporation further agrees to comply with prescribed filing and remittance requirements over the term of the Proposal.

The Trustee advised that in its view this amendment has no practical effect on creditors other than CRA, who had requested the change.

The Trustee reviewed the terms of the Amended Proposal and its recommendations as set out in the Proposal Trustee's Report.

The Chairman explained the requirements for creditor approval of the proposal and advised that if the creditors approved the proposal the Trustee would make an application to Court seeking the further approval of the Court, and creditors would be provided notice thereof.

QUESTION PERIOD

There were no questions asked.

VOTE

The Chairman advised that there had been 11 creditors who had proven claims prior to the start of the meeting, and that it had received voting letters from seven of those creditors. The Chairman also advised that the Trustee had received two other claims which the Trustee had determined it would not be allowing the parties to vote:

- One claim of a minor amount from a party that had not submitted sufficient documentation to prove its claim prior to the meeting;
- One claim from Fortitude Financial which the Trustee had determined it would be disallowing in its entirety on the basis that it constitutes an equity claim and not an unsecured claim subject to the Proposal. Therefore, for clarity the

Chairman advised that Fortitude Financial, which was in attendance at the meeting by way of a proxy, would not be allowed to vote on the Proposal.

The Chairman then asked that those creditors with proven claims who were in attendance and had not provided a voting letter indicate their vote. Perry Bennett and Robert Kulhawy indicated their votes were FOR the Amended Proposal.

The Chairman advised that, as a result, the proven creditors who had voted on the Proposal, as amended, either in person or by way of voting letter had voted unanimously to approve the Amended Proposal. A copy of the *detailed voting results* is attached as Appendix "C" and is summarized as follows:

Unsecured Creditors

	<u>Number of Votes</u>	<u>%</u>	<u>Dollar Value</u>	<u>%</u>
For	9	100.0	553,682.86	100.0
Against	0	0.0	0.00	0.0
TOTAL	9	100.0	\$553,682.86	100.0

The Chairman advised that the statutory requirements to approve the Amended Proposal were met by both classes of creditors and declared the Amended Proposal approved by the creditors.

The Chairman advised that an application to the Court of Queen's Bench of Alberta to approve the Amended Proposal will be scheduled and creditors will receive notice of same.

INSPECTORS

A general discussion was held regarding the role of Inspectors in the scenario of a Proposal versus a bankruptcy proceeding.

The Chairman asked if any party wished to make a motion for the appointment of an Inspector. There being no such motion, no Inspectors were appointed.

ADJOURNMENT:

The Chairman asked those in attendance if there was any further business they wished to discuss prior to adjournment of the meeting.

Charlotte Blumenshein, in attendance for Fortitude Financial, asked for clarification as to the Trustee's disallowance of its claim. Mr. Simard explained that the Trustee had determined that Fortitude Financial's claim was an equity claim according to the *Bankruptcy and Insolvency Act*. The Trustee also pointed out that it would be issuing a formal Notice of Disallowance that would set out the reasons and that Fortitude would have the option of appealing the disallowance of its claim.

Ms. Blumenshein also asked that the Trustee change the filed Proposal documents to reflect the revision to the amount Fortitude Financial was owed, as reflected in the claim filed by Fortitude Financial. The Trustee clarified that the filed documents were based on known information at that time and were not typically amended when new information became available. Instead, new information was reflected in any new documents filed by the Trustee, such as the report the Trustee would file with the Court in relation to an application to approve the Proposal.

Ms. Blumenshein also asked to make a motion that Fortitude Financial be recognized to allow it to bring a motion for adjournment of the meeting. Given that Fortitude Financial was not a proven creditor, the Chairman determined that it could not bring such a motion.

There being no further business, the Chairman called for a motion to adjourn the meeting. Moved by Mr. Robert Kulhawy. Seconded by Mr. Tiro Clark, proxy for Admiral Law. All in favour.

Meeting adjourned at 11:25 a.m.

A handwritten signature in cursive script that reads "Charla Smith". The signature is written in black ink and is positioned above a horizontal line.

Charla Smith, Chairman

APPENDIX "B"

Court File No. 1801-16809

COURT OF QUEEN'S BENCH OF ALBERTA IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE AMENDED PROPOSAL OF COMMERX CORPORATION

PROPOSAL

COMMERX CORPORATION, the above-named debtor, hereby submits the following Proposal (the "Proposal") to its creditors pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "Act").

PART 1 BACKGROUND

1. COMMERX CORPORATION is a private company incorporated pursuant to the Laws of Alberta.
2. COMMERX CORPORATION is involved in the telecommunication project services, digital technology consulting and telecommunication staffing business in Calgary and elsewhere in the Province of Alberta.
3. COMMERX CORPORATION is presently insolvent and unable to pay its debts as they become due. On March 7, 2019, COMMERX CORPORATION filed a Notice of Intention to make a Proposal to its creditors under the Act.

PART 2 INTERPRETATION

4. In this Proposal, capitalized terms shall have the following meanings:

"Act" means the *Bankruptcy and Insolvency Act*, as it may be amended from time to time;

"Approval 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;

"Assets" means the assets, undertakings and property of COMMERX CORPORATION;

"Business Day" means a day, other than Saturday or Sunday or a day observed as a holiday pursuant to the laws of the Province of Alberta or the federal laws of Canada, on which banks are generally open for business;

"Claim" means any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of COMMEX CORPORATION to any Person whether liquidated, unliquidated, fixed, contingent, matured, legal, equitable, secured, unsecured, present, future, known or unknown, and whether by guarantee, surety or otherwise, incurred or arising or relating to the period prior to the Filing Date, or based in whole or in part on facts, contracts or arrangements which occurred or existed prior to the Filing Date, together with any other claims provable in bankruptcy on the Filing Date, including without limitation, claims arising from the repudiation, disclaimer or termination of any lease, license, contract, arrangement or contract of employment prior to the Filing Date, providing that all such claims shall be allowed without allowance for interest after the Filing Date and without allowance for penalties and net of any normal discounts. All Claims must be converted to Canadian Dollars at the Bank of Canada Daily Foreign Exchange Rate at the Filing Date;

"Court" means the Court of Queen's Bench of Alberta, In Bankruptcy and Insolvency;

"CRA" means the Canada Revenue Agency;

"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;

"Creditors' Meeting" means the meeting of Creditors called for the purpose of considering and voting upon the Proposal;

"Effective Date" means the date on which this Proposal is approved by the Court, after being approved by the requisite majority of COMMEX CORPORATION Creditors;

"Filing Date" means March 7, 2019;

"Official Receiver" shall have the meaning ascribed thereto by the Act;

"Person" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or any other entity however designated or constituted;

"Proposal" means this Proposal made pursuant to the Act, as further amended or supplemented from time to time;

"Proven Claim" means the amount claimed by a Creditor and approved by the Proposal Trustee and COMMEX CORPORATION or as may otherwise be allowed by the Court;

"Proposal Trustee" means Hardie & Kelly Inc. or its duly appointed successor or successors;

"Unaffected Claims" means Claims that are not affected by this Proposal being the fees and disbursements of the Proposal Trustee, its counsel and secured creditors in relation to this Proposal;

"Unaffected Creditors" means the Proposal Trustee its legal counsel and secured creditors in relation to this Proposal.

"Unsecured Creditor" means any Creditor who has no security against any assets of COMMEX CORPORATION with respect to its Claim, including landlords and excluding the Unaffected Creditors.

Headings

5. The divisions of this Proposal into parts, paragraphs and subparagraphs, and the insertion of headings herein is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

Numbers, etc.

6. In this 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.

Date for Action

7. 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.

Time

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

Successors and Assigns

9. This Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, personal representatives, successors and assigns of all persons named or referred to herein.

Currency

10. All references to currency in this Proposal are to lawful money of Canada ("Canadian Dollars")

Accounting Principles

11. Accounting terms not otherwise defined have the meanings assigned to them in accordance with Canadian generally-accepted accounting principles.

Director Claims

12. Any Claims that arose before the Filing Date regardless of the date of crystallization of such Claim and that relate to the obligations of COMMERX CORPORATION, where the current or former directors of COMMERX CORPORATION are by law liable in their capacity as directors for payments of such obligations, shall be deemed to be fully satisfied and discharged by the terms of this Proposal and shall not be enforceable against any of such current or former directors of COMMERX CORPORATION at law or in equity.

Statutory References

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

PART 3

OVERVIEW OF THE PROPOSAL

Purpose of the Proposal

14. The purpose of this Proposal is to effect a compromise and arrangement of all Claims as against COMMERX CORPORATION, other than the Unaffected Claims, with a view to increasing the recovery for all stakeholders (excluding claims owing to the Unaffected Creditors) while reducing the uncertainties, risks, costs, delays and possible losses for all Creditors that will otherwise occur. COMMERX CORPORATION has concluded, and the Proposal Trustee agrees, that the general body of creditors will obtain a greater and/or sooner return on their Claims if this Proposal is approved than would result from a forced liquidation of its Assets.
15. Further, the Proposal will allow COMMERX CORPORATION to continue operations so as to avoid or minimize any adverse impact on current customers and to allow COMMERX CORPORATION the opportunity to retain and refer business to its established network of suppliers and contractors.
16. Creditors should review this Proposal before voting to accept or reject this Proposal. The transactions contemplated by this Proposal are to be implemented under the Act.

Effect of the Proposal

17. This Proposal restructures the affairs of COMMERX CORPORATION and amends the terms of any and all agreements between COMMERX CORPORATION and the Creditors, excluding the Unaffected Creditors, existing as at the Effective Date and provides the essential terms on which all Claims will be fully and finally resolved and settled. All Creditors will be stayed, excluding Unaffected Creditors, from commencing or continuing any proceeding or remedy against COMMERX CORPORATION or any of its property or Assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies owing to Creditors, to recover to enforce any judgment against COMMERX CORPORATION in respect of a Claim or to commence any formal proceedings against it other than as provided for under this Proposal.
18. For greater certainty, any and all Claims by the Unaffected Creditors remain valid and outstanding and shall not be compromised as part of the Proposal or affected in any way.
19. This Proposal, if approved, will, as of the Effective Date, be binding on COMMERX CORPORATION and the Unsecured Creditors.

PART 4 CLASSIFICATION AND TREATMENT OF CLAIMS

Classes of Creditors

20. There will be one class of creditor voting on the Proposal:
Class 1 -- All Unsecured Creditors with Proven Claims

Amendments to Agreements

21. Notwithstanding the terms and conditions of all agreements or other arrangements with Creditors entered into before the Filing Date, all such agreements or other arrangements will be deemed to be amended to the extent necessary as of the Effective Date 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. All Creditors will provide such acknowledgements, agreements, discharges or other documentation as may be necessary to give effect to the intent of this Proposal.

Treatment of Claims

22. For the purposes of this Proposal, each Unsecured Creditor will receive the treatment provided for in this Proposal on account of such Claim. During the Proposal Period, and provided COMMERX CORPORATION is not in default hereunder, each Creditor will be stayed from commencing or continuing any proceeding or remedy against COMMERX CORPORATION or its property based upon a Claim existing on or before the Filing Date, including, without limitation, any proceeding or remedy to recover payment of such Claim, to realize against any security granted in respect of such Claim, to recover or enforce a judgment against COMMERX CORPORATION in respect of such Claim or to initiate any proceedings against it in respect of such Claim, other than an application or proceeding in connection with this Proposal.

Claims Bar Date

23. The Proposal Trustee shall consider any Claims lodged by a Creditor up to the date and time of the Creditors' Meeting ("Claims Bar Date") to consider the Proposal after which no further Claims shall be allowed in the Proposal. In the event a Claim is not filed with the Proposal Trustee prior to the Claims Bar Date, the Claim shall be forever barred and shall not be considered for acceptance as a Proven Claim forming part of this Proposal, or at all, subject to any order of the Court allowing such Claim.
24. For greater certainty, only Claims filed with the Proposal Trustee of COMMERX CORPORATION prior to the commencement of the Creditors' Meeting shall be considered as Claims by COMMERX CORPORATION and the Proposal Trustee.

Valuation and Treatment of Claims

25. COMMERX CORPORATION and the Proposal 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.
26. CRA claims for employee source deductions (but not GST or income tax payable claims generally) which are proven, will be paid in full without including interest or and penalties calculated through to the Filing Date within 6 months of Court approval of the Proposal as required by S 60(1.1) of the Act. Notwithstanding the foregoing, COMMERX CORPORATION will make regular monthly payments in satisfaction thereof over the six month period following Court approval. COMMERX CORPORATION further agrees to comply with prescribed filing and remittance requirements over the term of the Proposal.

27. Upon the Approval Order being made, all amounts owing by COMMERX CORPORATION to Unsecured Creditors shall be settled and extinguished as per the following payment schedule:
- (a) Unsecured Creditors with Proven Claims will receive 100% of their Proven Claim, paid as follows:
 - (i) By December 1, 2019, all Unsecured Creditors with Proven Claims will receive an initial payment equal to the lesser of: 100% of their Proven Claims or \$2,000.00; and
 - (ii) Quarterly prorated payments starting March 1, 2020 over a two year period in respect of the balance of Unsecured Creditors' Proven Claims not satisfied from the initial payment above. Payoff could be sooner if positive cash flow allows. There will be no costs or interest accruing after the Filing Date payable to Unsecured Creditors.

Effect of Payment

28. The Unsecured Creditors will accept payment provided for in this Proposal in complete satisfaction of all their claims, certificates of pending litigation, execution or any similar charges or actions or proceedings in respect of such Claims will have no effect in law or equity against the property, Assets and undertakings of COMMERX CORPORATION. Upon the making of all payments provided for in the Proposal, any and all such certificates of pending litigation, executions or other similar charges or actions will be discharged, dismissed or vacated without costs to COMMERX CORPORATION.

Superintendent's Levy

29. The Superintendent's levy of 5% will be paid as required pursuant to s. 147 and 60(4) of the Act on all distributions to Unsecured Creditors under this Proposal.

Payment of Fees

30. All proper fees and expenses of the Proposal Trustee and reasonable legal and other professional fees on and incidental to the proceedings arising out of this Proposal and in connection with the preparation of this Proposal and in the administration of this Proposal, including advice to COMMERX CORPORATION in connection therewith, will be paid in priority to all claims of Unsecured Creditors.

PART 5 PROPOSAL TRUSTEE

Confirmation of Appointment

31. The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal 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 connection with the business or liabilities of COMMERX CORPORATION.

Meeting of Creditors

32. The Creditors' Meeting will be held at 11:00 a.m. on Friday, September 6, 2019 at the office of Bennett Jones LLP located at 4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, Alberta unless adjourned by the Proposal Trustee. The Proposal Trustee shall preside as the chair of the Creditors' Meeting and will decide all matters relating to the conduct of the Creditors' Meeting. The only persons entitled to attend the Creditors' Meeting are those persons, including the holders of proxies, entitled to vote at the Creditors' Meeting. Any other person may be admitted on invitation of the Proposal Trustee or with the consent of the Creditors.

Proofs of Claim

33. All Creditors will be required to submit a proof of claim to the Proposal Trustee and the face amount thereof will govern for the purpose of voting at the Meeting of Creditors to be held to consider this Proposal, unless otherwise disputed or disallowed by the chair of the meeting. After the Creditors' Meeting, the Proposal Trustee will examine all proofs of claim and may require further evidence and support of the Claim or the security therefore. The provisions of s.135 of the Act will apply to all proofs of claim submitted by Creditors.

Conditions Precedent

34. As provided for in the Act, the payments and arrangements set out in this Proposal will not take effect unless the conditions set forth below are substantially satisfied on or before the Effective Date:
- a. All approvals and consents to the Proposal that may be required have been obtained;
 - b. The Approval Order has been issued; and
 - c. No order or decree restraining or enjoining the consummation of the transactions contemplated by this Proposal will have been issued

Application for Approval Order

35. The Proposal Trustee will apply forthwith to the Court for the Approval Order upon approval by the Unsecured Creditors of this Proposal.

Discharge of Proposal Trustee

36. For greater certainty, the Proposal Trustee will not be responsible or liable for funding any payments contemplated herein nor for any obligations of COMMEX CORPORATION and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default. The Proposal Trustee will monitor and report upon the various payments to creditors required herein and shall be entitled to its discharge upon COMMEX CORPORATION making its final payment required herein.

**PART 6
RELEASE**

- 37 On the Effective Date, COMMERX CORPORATION including the officers and directors shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, and other recoveries on account of any liability, obligation, demand or cause of action owing to or held by any of the Creditors or any Claims by the Creditors.

**PART 7
SUPPORT AGREEMENTS**

- 38 COMMERX CORPORATION has reviewed the terms of this Proposal with numerous of its Unsecured Creditors and has obtained numerous binding Support Agreements to vote in favour of the terms of this Proposal.

**PART 8
MISCELLANEOUS**

Modification

39. COMMERX CORPORATION may propose amendments to the Proposal at any time prior to the conclusion of the Creditors' Meeting provided that any such amendment, in the opinion of COMMERX CORPORATION, does not reduce the rights and benefits given to Creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

Further Actions

40. COMMERX CORPORATION and the Creditors will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated hereby.

Performance

41. All obligations of COMMERX CORPORATION under this Proposal will commence as of the Effective Date. All terms of this Proposal will take effect as of the Effective Date.

Binding Effect

42. The provisions of this Proposal will be binding on the Creditors and COMMERX CORPORATION and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Approval Order after all appeal periods have expired

Compromise Effective for all Purposes

43. The payment, compromise or other satisfaction of any Claim under this Proposal shall be binding upon such Creditor, its heirs, executors, administrators, successors and assigns, for all purposes and shall also be effective to relieve any third party directly or indirectly liable for such indebtedness, whether as guarantor, indemnitor, tenant, director, joint covenantor, principal or otherwise

Fraudulent Conveyance

- 44 Section 91 through and including s. 101 of the BIA do not apply to this Proposal

Governing Law

45. This Proposal will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.
46. Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Proposal shall be in writing and shall be effectively given and made if (i) delivered personally; (ii) sent by prepaid courier service; or (iii) sent by email transmission, in each case to the applicable address set out below:

(a) if to COMMERX CORPORATION:

robert.kulhawy@commerx.com and restructure@commerx.com

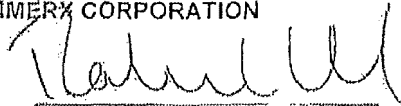
(b) if to the Proposal Trustee:

Hardie & Kelly Inc.
110, 5800 – 2nd Street SW
Calgary, AB, T2H 0H2
mkelly@insolvency.net
Attention: Marc Kelly

DATED at Calgary, in the Province of Alberta, this ~~16th~~ 6th day of August ~~September~~, 2019

COMMERX CORPORATION

Per:


Robert Kulhawy
President & CEO

"I have the authority to bind the corporation"

APPENDIX "C"

In the Matter of the Proposal of Commerx Corporation
Detailed Voting Results

Creditor Name	Unsecured proven claim		Voted By	Vote	FOR	%	AGAINST	%	
	(\$)								
642111 Alberta inc.	22,606.44	Letter	For		x				
Admiral Law	2,881.80								
Bennett Jones LLP	11,939.36	Letter	For		x				
Canada Revenue Agency	67,048.46	Letter	For		x				
La Federation des Caisses Desjardins	701.16	Letter	For		x				
Kuihawy, Robert	235,754.50	In Person	For		x				
Rodprest Cleaning	7,182.00	Letter	For		x				
Rogers Communications Canada Inc.	2,276.71	Letter	For		x				
Trant, Peter	157,777.84	Letter	For		x				
Perry Bennett	48,396.39	In Person	For		x				
Thomas Prendergast	14,478.36								
	<u>571,043.02</u>				9.00	9.00	100%	-	-
Amount					\$ 553,682.86	\$ 553,682.86	100%	-	-

TAB 12

Hardie & Kelly Inc
110, 5800 2nd Street SW
Calgary AB T2H 0H2
Phone: (403) 777-9999 Fax: (403) 640-0391
E-mail: claims@insolvency.net

District of: Alberta
Division No. 02 Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 31
Proof of Claim
(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(i), 102(2), 124(2), 128(1),
and Paragraphs 51(1)(a) and 66.14(b) of the Act)

In the matter of the proposal of
Commerx Corporation
of the City of Calgary, in the Province of Alberta

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

c/o Burnet, Duckworth & Palmer LLP- 2400, 525 8th Avenue SW, Calgary, AB T2P 1G1

In the matter of the proposal of Commerx Corporation of the City of Calgary in the Province of Alberta and the claim of
Fortitude Financial Investments Inc., creditor.

I, Rob Follows (name of creditor or representative of the creditor), of the city of Bridgetown in the province of
Barbados, do hereby certify:

1. That I am a creditor of the above named debtor (or I am a Director (position/title) of Fortitude Financial Investments Inc. 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 the filing of a Notice of Intention to Make a Proposal, namely the 7th day of March 2019, and still is, indebted to the creditor in the sum of \$ 1,789,060.58 USD, 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 \$ 1,789,060.58 USD / 2,366,658.79 CAD

(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 S _____

(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, ~~_____ is not~~ the above-named creditor is not (is/s not) related to the debtor within the meaning of section 4 of the Act, and has not (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

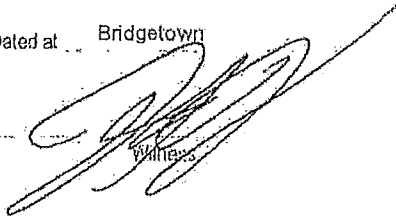
6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor 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.)

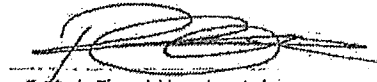
- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus 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 Bridgetown

this 5th day of September, 2019



 Witness


 Fortitude Financial Investments Inc.
 Creditor 1-314-330-5899

Phone Number: _____
 Fax Number: _____
 E-mail Address: rob@stscapital.com

NOTE: If an affidavit is attached, a creditor is deemed to have accepted the proposed plan of compromise.
 WARNINGS: A trustee may, pursuant to subsection 166(1), refuse to accept a copy or payment to the secured creditor of the debt or the value of the security as assessed in a proof of debt by the secured creditor.
 Subsection 20(1) of the Act provides that a creditor of any insolvent debtor, creditor, liquidator or statement of account.

SCHEDULE "A"

Fortitude Financial Investments Inc. ("**Fortitude**") contingent claim in the matter of the proposal of Commerx Corporation ("**Commerx**") (Estate No. 25-2483059).

Fortitude understands that, concurrent with these proposal proceedings, Commerx has entered into a mediation (the "**Mediation**") with Lotus Innovations Private Equity Fund also known as Lotus Innovations LLC ("**Lotus**"). Fortitude further understands that Commerx's goal is to have the following transaction unwound, which Fortitude understands was not ever fully completed:

- (a) the purchase by Lotus of 51% of the Class "A" voting shares in the capital of Commerx from Robert Kulhawy for USD\$2,000,000;
- (b) the extension by Lotus of a USD\$3,000,000 working line of credit to Commerx; and
- (c) the investment of additional equity into Commerx,

(collectively, the "**Lotus Transaction**").

Commerx and Robert Kulhawy seek to have the Lotus Transaction unwound without fully including and advising Fortitude despite Fortitude entering into the agreements appended hereto in support of Commerx and Kulhawy's efforts to complete the Lotus Transaction. Further, Fortitude understands that the success of the Mediation may be tied to the renegotiation of the amounts owing to Fortitude.

In the event that Lotus Transaction is unwound, the agreements appended hereto ought to also be unwound such that Fortitude is effectively Commerx's largest unsecured creditor.

Fortitude seeks to have its claim included in the Proposal so that it can continue to be a patient and supportive creditor of Commerx.

	18%	
	to Jun 30/17	
Start Date		
5-Jan-16	\$	1,000,000.00
Interest Earned		
5-Feb-16	\$	15,000.00
5-Mar-16	\$	15,000.00
5-Apr-16	\$	15,000.00
5-May-16	\$	15,000.00
5-Jun-16	\$	15,000.00
5-Jul-16	\$	15,000.00
5-Aug-16	\$	15,000.00
5-Sep-16	\$	15,000.00
5-Oct-16	\$	15,000.00
5-Nov-16	\$	15,000.00
5-Dec-16	\$	15,000.00
5-Jan-17	\$	17,475.00
5-Feb-17	\$	17,475.00
5-Mar-17	\$	17,475.00
5-Apr-17	\$	17,475.00
5-May-17	\$	17,475.00
5-Jun-17	\$	17,475.00
30-Jun-17	\$	14,562.50
		<u>\$ 284,412.50</u>
Interest Paid		
22-Jan-16	\$	40.00
1-Feb-16	\$	12,076.75
24-Feb-16	\$	14,980.00
29-Mar-16	\$	14,980.00
27-Apr-16	\$	14,980.00
31-May-16	\$	14,980.00
29-Jun-16	\$	14,980.00
	\$	<u>87,016.75</u>
Total	\$	1,197,395.75

	24%		
	after Jun 30/17		Start Date
	\$	1,197,395.75	1-Jul-17
Interest Earned			
	\$	23,947.92	1-Aug-17
	\$	23,947.92	1-Sep-17
	\$	23,947.92	1-Oct-17
	\$	23,947.92	1-Nov-17
	\$	23,947.92	1-Dec-17
	\$	23,947.92	1-Jan-18
	\$	23,947.92	1-Feb-18
	\$	23,947.92	1-Mar-18
	\$	23,947.92	1-Apr-18
	\$	23,947.92	1-May-18
	\$	23,947.92	1-Jun-18
	\$	29,216.46	1-Jul-18
	\$	29,216.46	1-Aug-18
	\$	29,216.46	1-Sep-18
	\$	29,216.46	1-Oct-18
	\$	29,216.46	1-Nov-18
	\$	29,216.46	1-Dec-18
	\$	29,216.46	1-Jan-19
	\$	29,216.46	1-Feb-19
	\$	29,216.46	1-Mar-19
	\$	5,654.80	7-Mar-19
		<u>\$ 532,029.97</u>	
	\$	4,728.92	BDP inv #203426932 - paid Mar 26/19
	\$	12,340.63	BDP inv #203437987 - paid Mar 26/19
	\$	42,565.31	DS Lawyers paid May 9/19
	\$	<u>59,634.86</u>	
Total	\$	1,789,060.58	Total

TAB 13

LOAN AGREEMENT

This Loan Agreement ("Agreement"), dated as of January 5th, 2016 and is made between **COMMERX CORPORATION**, an Alberta corporation, as borrower ("Borrower") and **FORTITUDE FINANCIAL INVESTMENTS INC.**, as lender ("Lender")

RECITALS:

WHEREAS Lender has agreed to provide Borrower with a loan in the amount of **ONE MILLION UNITED STATES DOLLARS (US\$1,000,000.00)** pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the making of the Loan (as defined below) and of these premises and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged by the parties, Lender and Borrower covenant and agree as follows:

ARTICLE 1 DEFINITIONS

The following terms when used in this Agreement, shall have the meanings indicated in this Article:

- 1.1 "Change of Control" means the Guarantor shall cease to beneficially, directly or indirectly, hold or exercise control or direction over and/or have the right to hold or exercise control or direction over (whether such right is exercisable immediately or only after the passage of time) more than 50% of the issued and outstanding voting shares of Borrower.
- 1.2 "Closing Date" means the date on which the conditions precedent set forth in Article IV have been satisfied or waived by Lender.
- 1.3 "Effective Date" means the date first written above.
- 1.4 "Events of Default" are defined in Article V.
- 1.5 "Governmental Authority" means any applicable local, provincial, state, commonwealth, federal, foreign, territorial, or other judicial or governmental department, commission, board, bureau, agency, authority or instrumentality.
- 1.6 "Guarantee" means the Unconditional Guarantee dated on or about the date hereof, given by Guarantor to Lender, as additional security for the Loan.
- 1.7 "Guarantor" means Robert E Kulhawy.
- 1.8 "Indebtedness" means all present and future obligations and indebtedness of a Person, whether direct or indirect, absolute or contingent, including all indebtedness for borrowed money, all obligations which are due and payable in respect of swap or hedging arrangements and all other liabilities which in accordance with GAAP would appear on the liability side of a balance sheet (other than items of capital, retained earnings and surplus or deferred tax reserves).
- 1.9 "Laws" means all means all applicable provisions of federal, provincial, state or local laws, statutes, rules, regulations, official directives and orders of any level of any Governmental Authority.

- 1.10 **"Loan Documents"** means this Agreement, the Guarantee, the Security Agreement, and any and all other agreements, documents, financing statements, and instruments executed and delivered pursuant to the terms of this Agreement, and any future amendments hereto, or restatements hereof, together with any and all renewals, extensions, and restatements of, and amendments and modifications to, any such agreements, documents, and instruments.
- 1.11 **"Material Adverse Effect"** means a material adverse effect on the condition (financial or otherwise), property, assets, operations, business or prospects of the Obligors taken as a whole, or a material adverse effect on the ability of the Obligors taken as a whole to repay the Obligations or on the ability of an Obligor to perform its obligations under any of this Agreement or any other Loan Document to which it is a party.
- 1.12 **"Maturity Date"** means the date falling eighteen months after the Effective Date.
- 1.13 **"Obligations"** means all obligations, indebtedness, liabilities, covenants, agreements, and undertakings of Borrower to Lender (including but not limited to principal, interest and all costs on a full indemnity basis) incurred pursuant to or in connection with the Loan Documents.
- 1.14 **"Obligors"** means Borrower and the Guarantor.
- 1.15 **"Person"** means any natural person, corporation, firm, joint venture, partnership, corporation, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.
- 1.16 **"Security Agreements"** means a mortgage duly registered in each applicable jurisdiction, over real property situated at:
- Calgary:
107 Pump Hill Cres SW, Calgary AB T2V 4P4
Legal Description: 7510392;32;3
- Sicamous:
703, 326 Mara Lake Lane, Sicamous BC V0E 2V1
Strata Lot 53, Unit 703, Strata Plan EPS104, D.L. 496, Kamloops Division Yale District
- to be given by Guarantor to Lender as security for its obligations under the Guarantee.
- 1.17 **"Security Interest"** means a mortgage, charge, floating charge, pledge, hypothec, assignment, lien, interest claim, encumbrance, conditional sale agreement or other title retention agreement or other security interest or arrangement of any kind intended to create a security interest in substance, regardless of whether the Person creating the interest retains an equity of redemption, and any agreement to provide or enter into at any time or on the happening of any event such a security interest or arrangement.
- 1.18 **"Taxes"** means all taxes, assessments, fees, levies, imposts, duties, deductions, withholdings or other charges of any nature whatsoever from time to time or at any time imposed by any Laws or by any Governmental Authority.

ARTICLE 2
LOAN: TERMS OF PAYMENT

- 2.1 **Loan.** By and subject to the terms of this Agreement, Lender agrees to lend to Borrower and Borrower agrees to borrow from Lender the principal sum of **ONE MILLION UNITED STATES DOLLARS (US\$1,000,000.00)** (the "**Loan**"). The obligations of Borrower under the Loan will be guaranteed in whole or in part by pursuant to the Guarantee. Amounts disbursed to or on behalf of Borrower pursuant to the Loan shall be used to finance general corporate purposes of Borrower.
- 2.2 **Loan Interest.** The amount of the Loan outstanding at any time, and from time to time, and any overdue interest, shall bear interest at the rate of 18% per annum, both before and after maturity, demand and judgment. If an Event of Default has occurred, then for and during the duration of any such Event of Default, then the Loan outstanding, and any overdue interest, shall bear interest at the rate of 24% per annum. Borrower and Lender agree that such interest is a payment of liquidated damages, which are a genuine pre-estimate of the damages which Lender will suffer or incur as a result of an Event of Default, and Borrower irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive or a penalty.
- 2.3 **Loan Repayment.** Principal and accrued interest on the Loan shall be all due and payable on the Maturity Date. The Loan and all accrued interest shall, if demanded by Lender, be immediately due and payable prior to maturity, upon the occurrence of an Event of Default.
- 2.4 **Loan Documents.** Borrower shall deliver to Lender concurrently with this Agreement the Security Agreement, the Guarantee and any other Loan Documents.
- 2.5 **Interest Act Canada.** Each interest rate which is calculated under this Agreement on any basis other than a full calendar year (the "**Deemed Interest Period**") is, for the purposes of the *Interest Act (Canada)*, equivalent to a yearly rate calculated by dividing such interest rate by the actual number of days in the Deemed Interest Period, then multiplying such result by the actual number of days in the calendar year (365 or 366).
- 2.6 **Maximum Returns.** In the event that any provision of this Agreement would oblige Borrower to make any payment of interest or any other payment which is construed by a court of competent jurisdiction to be interest in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by Lender of interest at a criminal rate (as such terms are construed under the *Criminal Code (Canada)*), then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted *nunc pro tunc* to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by Lender, of interest at a criminal rate.
- 2.7 **Prepayment.** The Loan may be prepaid in whole or in part (subject to the notice periods provided hereunder) only upon payment of an amount (which Lender and Borrower agree is a genuine pre-estimate of damages and not a penalty) equal to three (3) months' interest calculated on the amount prepaid provided that in connection with any prepayment of the Loan at any time prior to six (6) months after the advance thereof, Borrower shall pay to Lender such additional amount (which Lender and Borrower agree is a genuine pre-estimate of damages and not a penalty) equal to the aggregate amount of cash interest that Borrower would have been required to pay under the Loan with respect to the principal amount of the Loan prepaid during the period from the date of such prepayment to and including the date falling six (6) months after the advance thereof if such principal had not been so repaid.

2.8 Conditions Precedent. Lender's obligation to make the disbursement of the Loan shall be subject to satisfaction of each of the following conditions precedent:

- (a) Lender shall have received fully executed originals of all Loan Documents, including the Guarantee and any other documents, instruments, policies, and other materials requested by Lender under the terms of this Agreement or any of the other Loan Documents provided that Borrower shall have sixty (60) days from the date of this Agreement to provide the Security Agreements in form and substance satisfactory to Lender with all registrations in all applicable jurisdictions and legal opinions respecting such Security Agreements as Lender may reasonably require.
- (b) There shall exist no Event of Default as defined in this Agreement or any of the other Loan Documents or any event, omission or failure of condition which would constitute a Default after notice or lapse of time, or both.
- (c) The representations and warranties contained in the Loan Documents are and will continue to be true and correct in every material respect as if made by each Obligor contemporaneously with the advance of the Loan.
- (d) All priority agreements, Personal Property Security Act acknowledgments, comfort letters or estoppel certificates from other secured creditors of the Obligors, that Lender may reasonably require will have been duly executed and unconditionally delivered by all parties thereto.
- (e) Lender will have completed and be satisfied with the results of its financial, business, legal and other due diligence enquiries including the corporate, capital, tax, legal and management structure and cash management systems of the Obligors, and will be satisfied, in its sole judgment, with the nature and status of all securities, environmental, health and safety matters, organizational and capital structure matters involving or affecting the Obligors.
- (f) Lender will have received any financial statements, reports and other information relating to the Obligors, that it will have reasonably requested.
- (g) An event or circumstance having a Material Adverse Effect will not have occurred.
- (h) Lender will have received payment in full of all fees and out of pocket expenses paid by or incurred by Lender in connection with the Loan Documents (including reasonable fees and expenses of legal counsel to Lender).
- (i) STS Capital Services Inc. will have received, duly executed and in form and substance satisfactory to it a retainer agreement with respect to the proposed sale of all or part of the Guarantor's shares in the capital of Newterra Ltd. or any of its affiliates;
- (j) Lender will have received, duly executed and in form and substance satisfactory to it:
 - (i) a copy of the constating documents, partnership agreement and borrowing by laws, as applicable, of each Obligor, and a copy of the resolutions of the board of directors of each Obligor authorizing the execution, delivery and performance of the Loan Documents, certified in each case by a senior officer of such Obligor

and ratified where necessary by its respective shareholders or partners, as applicable;

- (ii) a certificate as to general corporate or partnership, as applicable, information and other matters for each Obligor, which will contain a statement of the names of the officers and directors of each Obligor and the specimen signatures of those officers who will execute and deliver the Loan Documents on behalf of such Obligor to Lender; and
- (iii) any additional supporting documents that Lender or its counsel may reasonably request.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lender, as follows:

- 3.1 **Organization and Standing.** Borrower is a corporation duly incorporated and validly subsisting under the laws of the Province of Alberta. Borrower has full corporate power and authority to conduct its business as presently conducted, and Borrower has the full power and authority to enter into and perform its obligations under the Loan Documents and to carry out the transactions contemplated hereby and thereby.
- 3.2 **Authority.** The execution, delivery and performance by Borrower of the Loan Documents to which it is a party, and the consummation by Borrower of the transactions contemplated by the Loan Documents to which it is a party, have been duly authorized by Borrower. The Loan Documents to which Borrower is a party have been duly executed and delivered by, and constitute valid and binding obligations of Borrower enforceable against it in accordance with their respective terms, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting generally the enforcement of creditors' rights and subject to a court's discretionary authority with respect to the granting of a decree ordering specific performance or other equitable remedies.
- 3.3 **Noncontravention.** The execution of and performance of the transactions contemplated by the Loan Documents to which Borrower is a party and compliance with the provisions hereof by Borrower will not (a) conflict with or violate any provision of the organizational documents of Borrower, (b) require on the part of Borrower any filing with, or any permit, authorization, consent or approval of, any court, arbitrational Governmental Authority, administrative agency or commission or other Governmental Authority, (c) conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice, consent or waiver under, any contract, lease, sublease, license, sublicense, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of indebtedness, Security Interest or other arrangement to which Borrower is a party or by which Borrower is bound or to which its assets are subject, (d) result in the imposition of any Security Interest upon any assets of Borrower other than in favor of Lender or (e) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Borrower or any of its properties or assets.
- 3.4 **Governmental Consents.** No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority is required on the part of Borrower in connection with the execution and delivery of the Loan Documents.

- 3.5 **Compliance.** Borrower has, in all material respects, complied with all laws, regulations and orders applicable to its present and proposed business and has all material permits and licenses required thereby.
- 3.6 **Litigation.** Except as disclosed to Lender in writing, there are no claims, actions, suits, or proceedings pending, or to Borrower's knowledge threatened, against any Obligor.
- 3.7 **Tax Returns, Payments and Elections.** Borrower has filed all tax returns and reports as required by law. These returns and reports are true and correct in all material respects.
- 3.8 **Financial Condition.** All financial statements and information heretofore and hereafter delivered to Lender by Borrower, including, without limitation, information relating to the financial condition of Borrower, the partners, joint venturers or members of Borrower, and/or Guarantor, fairly and accurately represent the financial condition of the subject thereof and have been prepared (except as noted therein) in accordance with generally accepted accounting principles consistently applied. Borrower acknowledges and agrees that Lender may request and obtain additional information from third parties regarding any of the above, including, without limitation, credit reports.
- 3.9 **Disclosure.** Neither this Agreement nor any other statements, documents or certificates made or delivered in connection herewith or therewith contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein not misleading.
- 3.10 **Continuing Nature of Representations and Warranties.** Each of the representations and warranties of Borrower contained in this Agreement shall survive the execution of the Loan Agreement, and shall be continuing until such time as all Obligations shall have been fully paid.

ARTICLE 4 AFFIRMATIVE COVENANTS OF BORROWER

While this Agreement is in effect, Borrower covenants and agrees as follows unless Lender shall otherwise have consented in writing (such consent not to be unreasonably withheld or delayed):

- 4.1 **Taxes.** Borrower shall promptly pay, or cause to be paid, when due and payable, any and all Taxes assessed against Borrower, or which are or become payable by Borrower, as and when due and payable, except those taxes which it contests in good faith and for which adequate reserves have been established.
- 4.2 **Changes in Facts or Circumstances.** Borrower shall promptly notify Lender of any material change in any fact or circumstance represented or warranted by Borrower in this Agreement or any of the Loan Documents.
- 4.3 **Further Assurances.** Upon Lender's request and at Borrower's sole cost and expense, Borrower shall, and shall cause any person or entity affiliated with Borrower to, execute, acknowledge and deliver any other instruments, including replacement promissory notes, guaranties or other loan documents, and perform any other acts necessary, desirable or proper, as determined by Lender, to correct clerical errors or omissions in any loan closing documentation, to replace any lost or destroyed loan closing documentation, or to carry out the purposes of this Agreement and the other Loan Documents or to perfect and preserve any liens and security titles created by the Loan Documents. This obligation shall survive any foreclosure or sale of any of the collateral for the Loan.

- 4.4 **Assignment.** Without the prior written consent of Lender, Borrower shall not assign Borrower's interest under any of the Loan Documents, or in any monies due or to become due thereunder, and any assignment without such consent shall be void. In this regard, Borrower acknowledges that Lender would not make this Loan except in reliance on Borrower's expertise, reputation, prior experience in developing and constructing real property, Lender's knowledge of Borrower, and Lender's understanding that this Agreement is more in the nature of an agreement involving personal services than a standard loan where Lender would rely on security which already exists.
- 4.5 **Indemnity.** Borrower hereby agrees to defend, indemnify and hold harmless Lender, its directors, officers, employees, agents, successors and assigns for, from and against any and all losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including, without limitation, attorneys' fees and expenses) which Lender may incur as a direct or indirect consequence of: (a) the purpose to which borrower applies the Loan proceeds; (b) the failure of Borrower to perform any obligations as and when required by this Agreement or any of the other Loan Documents; (c) any failure at any time of any of Borrower's representations or warranties to be true and correct; or (d) any act or omission by Borrower, any constituent partner or member of Borrower. The foregoing indemnitees shall be entitled to appear in any action or proceeding with counsel of their own choice, and/or to settle or compromise any claim asserted against them. Borrower shall immediately pay to any indemnitee upon demand any amounts owing under this indemnity, together with interest from the date the indebtedness arises until paid at the rate of interest applicable to the principal balance of the note. Borrower's duty and obligations to defend, indemnify and hold harmless the indemnitees described herein shall survive cancellation of the Loan Agreement and repayment of the Obligations.
- 4.6 **Notice of Default.** Borrower shall promptly notify Lender in writing of any condition or event known to Borrower which constitutes an Event of Default under this Agreement, or any of the other Loan Documents or which, with or without the giving of notice or the lapse of time or both, would constitute any such Event of Default, and of any litigation or threatened litigation.
- 4.7 **Loan Documents.** Each Obligor shall abide by, perform and be governed and restricted by, each and every one of the terms and provisions of the Loan Documents and any supplement or amendment thereto or any instrument which may, at any time or from time to time, be executed by one or more of the parties hereto. Each of the Loan Documents shall be in form and substance acceptable to Lender.
- 4.8 **Additional Covenants.**
- (a) Borrower will pay to Lender when due all amounts (whether principal, interest or other sums) owing by it to Lender from time to time.
 - (b) Borrower will maintain its valid existence as a corporation or partnership, as the case may be, and in all material respects, will maintain all licenses and authorizations required from regulatory or governmental authorities or agencies to permit it to carry on its business, including, without limitation, any licenses, certificates, permits and consents for the protection of the environment.
 - (c) Borrower will maintain its books of account and records relative to the operation of its business and financial condition in accordance with GAAP.
 - (d) Borrower will provide any information regarding its assets, operations and financial condition that Lender may from time to time reasonably require.

- (e) Borrower will maintain and defend title to all of its property and assets, will maintain, repair and keep in good working order and condition all of its property and assets and will continuously carry on and conduct its business in a proper, efficient and businesslike manner.
- (f) Borrower will maintain types and amounts of insurance satisfactory to Lender with Lender shown as first loss payee on any property insurance covering any assets on which Lender has security and additional insured, as its interest may appear, on all liability insurance, and promptly advise Lender in writing of any significant loss or damage to its property, and each Loan Party will provide evidence of insurance to Lender:
 - i) in situations where Lender has taken a fixed charge on an asset or property whether on real property or personal property; and
 - ii) in all other situations, on request.

Lender reserves the right to conduct an independent review of Borrower's insurance coverage, at the reasonable expense of Borrower.
- (g) Borrower will permit Lender, by its officers or authorized representatives at any reasonable time and on reasonable prior notice, to enter its premises and to inspect its plant, machinery, equipment and other real and personal property and their operation, and to examine and copy all of its relevant books of accounts and records.
- (h) Borrower will not create or permit to exist any mortgage, charge, lien, encumbrance or other security interest on any of its present or future assets, other than as permitted by Lender.
- (i) Borrower will not create, incur, assume or allow to exist any Indebtedness other than:
 - i) trade payables incurred in the ordinary course of business;
 - ii) any Indebtedness secured by a Security Interest approved by Lender; and
 - iii) any Indebtedness owing to Lender.
- (j) Borrower will not sell, assign, transfer, convey, lease (as lessor), contribute or otherwise dispose of, or grant options, warrants or other rights with respect to any assets except:
 - i) inventory sold, leased or disposed of in the ordinary course of business, and
 - ii) obsolete equipment which is being replaced with equipment of an equivalent value.
- (k) Borrower will not provide financial assistance (by means of a loan, guarantee or otherwise) to any Person other than as permitted under clause (i) above.
- (l) Borrower will not pay any amount to or for the benefit of shareholders or Persons associated with shareholders (within the meaning of the *Business Corporations Act* (Alberta)), whether by way of salaries, bonuses, dividends, management fees, repayment of loans or otherwise:

- i) following the occurrence of and during the continuance of any event which constitutes a breach of any provision hereof or an Event of Default; or
 - ii) if making such payment would reasonably be expected to result in a breach of any provision hereof or an Event of Default.
- (m) Borrower will not redeem, purchase or otherwise acquire, retire or pay out any of its present or future share capital.
 - (n) Borrower will not consent to or facilitate a Change of Control other than as consented to in writing by Lender.
 - (o) Borrower will comply with all Laws.
 - (p) Borrower will not enter into any transactions with its subsidiaries or affiliates for goods or services unless entered into on commercially reasonable terms.

**ARTICLE 5
EVENTS OF DEFAULT**

Borrower shall be in default of this Agreement if any one or more of the following events (each an, "Events of Default") shall occur for any reason whatsoever (whether such occurrence shall be voluntary or involuntary or come about or be affected by operation of law or pursuant to or in compliance with any judgment, decree, order, rule or regulation of any Governmental Authority) and such event shall remain uncured for fifteen (15) calendar days after Borrower has received written notice of such default from Lender:

- 5.1 If there shall occur a default under this Agreement due to a failure to make payment(s) of principal or interest as provided for herein;
- 5.2 If an Obligor shall fail or refuse to punctually and properly perform, observe and comply with any covenant, term, agreement, obligation or condition contained in this Agreement or other Loan Document to which it is a party;
- 5.3 If any statement, representation or warranty in this Agreement or any of the Loan Documents or in any writing in any other communication delivered to Lender pursuant to the Loan Documents is false, misleading or erroneous in any material respect at the time made or thereafter;
- 5.4 If any default shall have occurred and is continuing in respect of any Indebtedness of an Obligor (other than Indebtedness owing to Lender) which results in the acceleration of the payment of such Indebtedness or which permits the holder thereof to accelerate the payment of such Indebtedness and if there is a grace period applicable thereto arising under contract or otherwise, such default continues beyond the expiry of such grace period or if any lender shall demand repayment of any Indebtedness owed to it by such Obligor which is repayable on demand and such Indebtedness shall not be paid on or before the date specified by such lender for payment, and the aggregate principal amount of all such Indebtedness is at least \$100,000;
- 5.5 If any other creditor of any Obligor takes collection steps against such Obligor or all or a material part of its assets;

- 5.6 If final judgment or judgments should be entered against any Obligor for the payment of any amount of money exceeding \$100,000, and the judgment or judgments are not discharged within 30 days after entry;
- 5.7 If a Change of Control has occurred;
- 5.8 If an order is made, an effective resolution passed, or a petition is filed for the winding up the affairs of any Obligor or if a receiver or liquidator of any Obligor or any part of its assets is appointed;
- 5.9 If any Obligor is unable to pay its debts as they become due or makes a general assignment for the benefit of its creditors or an assignment in bankruptcy or files a proposal or notice of intention to file a proposal under the Bankruptcy and Insolvency Act or otherwise acknowledges its insolvency or if a bankruptcy petition is filed or receiving order is made against any Obligor and is not being disputed in good faith;
- 5.10 If any Obligor ceases or threatens to cease to carry on its business;
- 5.11 If any of the licences, permits or approvals granted by any Governmental Authority or agency and material to the business of any Obligor is withdrawn, cancelled, suspended or adversely amended;
- 5.12 If any event or circumstance occurs which has or would reasonably be expected to have a Material Adverse Effect;
- 5.13 If any provision of any Loan Document for any reason ceases to be valid, binding and enforceable in accordance with its terms, or an Obligor asserts in writing that this has happened; or any Security Interest created under any Security Agreement ceases to be a valid and perfected security interest having a first priority ranking in any of the property purported to be covered by that security interest, which is not rectified or otherwise dealt with to the satisfaction of Lender within a period of 10 days.

ARTICLE 6

RIGHTS OF LENDER UPON THE OCCURRENCE OF AN EVENT OF DEFAULT

- 6.1 **Remedies for an Event of Default.** On the occurrence of an Event of Default, Lender may exercise any or all of the following rights and remedies as Lender may deem necessary or appropriate in its absolute discretion:
 - (a) Lender may declare immediately due and payable the outstanding balance of the Loan and all other Obligations, as defined in the Loan Documents, and all monies advanced to or for the account of Borrower pursuant to this Agreement and/or any other of the Loan Documents, which are then unpaid, and Lender may accelerate payment thereof notwithstanding any contrary terms of payment stated therein;
 - (b) Lender may foreclose or otherwise enforce any and all liens granted to Lender to secure the payment and performance of the Loan Agreement and the other Obligations;
 - (c) Lender may set off any and all amounts due by any Obligor against any indebtedness or obligation of Lender to any Obligor;

(d) Lender may exercise any and all of Lender's other rights and remedies under any of the Loan Documents or applicable law.

6.2 **Waivers.** No waiver by Lender of any Event of Default shall be deemed to be a waiver of any other then-existing or subsequent Event of Default. No delay or omission by Lender in exercising any right, power or remedy of Lender under any of the Loan Documents shall impair such right, remedy or power or be construed as a waiver thereof, and no single or partial exercise of any such right, remedy or power shall preclude any other or further exercise thereof, or the exercise of any other right, remedy or power under the Loan Documents or otherwise.

6.3 **Cumulative Rights and Remedies.** The rights, remedies and powers provided to Lender in this Agreement and the Loan Documents shall be cumulative of and not in substitution for any other right, remedy or power provided to Lender under this Agreement, the other Loan Documents or at law or in equity, all of which rights, remedies and powers are specifically reserved by Lender. The failure or refusal of Lender to exercise any right, remedy or power herein provided shall not preclude the resort to any other right, remedy or power available to Lender or prevent the subsequent or concurrent resort to any other right, remedy or power which by law or equity shall be vested in Lender for the recovery of damages or otherwise in the event of the occurrence of any Event of Default under any of the Loan Documents.

ARTICLE 7 MISCELLANEOUS

7.1 **Headings.** The headings and captions used in any of the Loan Documents are for convenience only and shall not be deemed to limit, amplify or modify the terms and conditions of the Loan Documents or affect the meaning thereof.

7.2 **Additional Documents.** Borrower agrees to execute, acknowledge and deliver to Lender such other and further assurances and documents as Lender shall require to cure or eliminate any omission, mistake or ambiguity in any or all of the Loan Documents. Failure to enumerate in this Agreement any documents or other items required shall not be deemed to be a waiver of the requirement that such documents or items be furnished to Lender.

7.3 **Number and Gender of Words.** For the purposes of this Agreement, the singular shall be deemed to include the plural, and the neuter shall be deemed to include the masculine and the feminine as the context may require.

7.4 **Notices.** Whenever this Agreement requires or permits any consent, approval, notice, request or demand from one party to another, such consent, approval, notice, request or demand must be in writing to be effective and shall be deemed to have been given by the sending party and received by the receiving party when hand delivered to the person(s) designated below for the receiving party, sent by recognized overnight carrier service such as Federal Express or UPS, or when mailed to the receiving party at the address(es) stated below (or at such other address as may be designated by written notice), postage prepaid, by certified mail of the United States, return receipt requested. The address of each party for the purposes hereof is as follows:

BORROWER: [Insert address]

LENDER: Fortitude Financial Investments Inc.
4 Robert Specks Parkway Suite 1500

Mississauga ON L42151
Canada

- 7.5 **Form and Number of Documents.** Each agreement, document, instrument or other writing to be furnished to Lender under any provision of this Agreement must be in form and substance and in such number of counterparts as may be satisfactory to Lender.
- 7.6 **Survival.** All covenants, agreements, undertakings, representations and warranties made in any of the Loan Documents shall survive all closings under the Loan Documents.
- 7.7 **Governing Law.** This Agreement shall be governed by the laws of Alberta. Each of the Obligors and Lender irrevocably and unconditionally agree that any suit, action or other legal proceeding (collectively, a "Suit") instituted by Lender and arising out of this Agreement shall be brought and adjudicated only in Alberta, and each Obligor waives and agrees not to assert by way of motion, as a defence or otherwise at any such Suit, any claim that such Obligor is not subject to the jurisdiction of the above courts, that such Suit is brought in an inconvenient forum or that the venue of such Suit is improper.
- 7.8 **Attorneys' Fees.** If any attorney is engaged by Lender to enforce or defend any provision of this Agreement, any of the other Loan Documents or as a consequence of any Event of Default, with or without the filing of any legal action or proceeding, and including, without limitation, any fees and expenses incurred in any bankruptcy proceeding or in connection with any appeal of a lower court decision, then Borrower shall immediately pay to Lender, upon demand, the amount of all attorneys' fees and expenses and all costs incurred by Lender in connection therewith. In the event of legal proceedings, court costs and attorneys' fees shall be set by the court and shall be included in any judgment obtained by Lender.
- 7.9 **No Joint Venture.** Borrower and Lender do not intend, and neither this Agreement nor any of the other Loan Documents shall be construed, to create a partnership or a joint venture relationship between Borrower and Lender
- 7.10 **Invalid Provisions.** If any covenant, term or condition of any of the Loan Documents is held to be illegal, invalid or unenforceable under any present or future Laws effective during the term thereof, such covenant, term or condition shall be fully severable; such Loan Document shall be construed and enforced as if such illegal, invalid or unenforceable covenant, term or condition had never comprised a part thereof; and the remaining covenants, terms and conditions in such Loan Document shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable covenant, term or condition or by its severance therefrom.
- 7.11 **Entirety and Amendments.** This Agreement, together with the other written instruments referred to herein, embody the entire agreement between the parties relating to the subject matter hereof, supersedes all prior agreements and understandings, if any, relating to the subject matter hereof, and may be amended only by an instrument in writing executed jointly by Borrower and Lender and supplemented only by documents delivered or to be delivered in accordance with the express terms hereof.
- 7.12 **Joint and Several Liability.** If Borrower consists of more than one natural persons and/or entities, the liability of each of them for Borrower's obligations under this Agreement and the Loan Documents shall be joint and several.

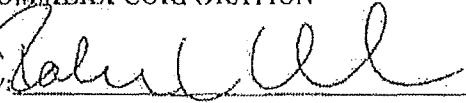
- 7.13 **Multiple Counterparts.** This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute, collectively, one agreement; but in making proof of this Agreement, it shall not be necessary for Borrower or Lender to produce or account for more than one (1) such counterpart.
- 7.14 **Parties Bound.** This Agreement shall be binding upon and inure to the benefit of Borrower, Lender and their respective successors and assigns; provided that Borrower may not, without the prior written consent of Lender, assign this Agreement or any of its rights, duties, or obligations hereunder, such consent to be granted in Lender's sole discretion and will not release Borrower from its obligations under the Loan Documents. No term or provision of this Agreement shall inure to the benefit of any entity other than Borrower, Lender and their respective successors and assigns; consequently, no entity other than Borrower, Lender and their respective successors and assigns shall be entitled to rely upon, or to raise as a defense, in any manner whatsoever, the failure of Borrower or Lender to perform, observe or comply with any such term or provision.
- 7.15 **Time.** Time is of the essence of each and every term of this Agreement.
- 7.16 **No Third Parties Benefited.** No person other than Lender and Borrower and their permitted successors and assigns shall have any right of action under any of the Loan Documents.
- 7.17 **Actions.** Borrower agrees that Lender, in exercising the rights, duties or liabilities of Lender or Borrower under the Loan Documents, may commence, appear in or defend any action or proceeding purporting to affect the Project or the Loan Documents and Borrower shall immediately reimburse Lender upon demand for all such expenses so incurred or paid by Lender, including, without limitation, attorneys' fees and expenses and court costs

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURES APPEAR ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, Borrower and Lender have duly executed this Agreement as of the day and year first above written.

BORROWER:

COMMERX CORPORATION

By: 

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

[SIGNATURES CONTINUED FROM THE PREVIOUS PAGE]

LENDER:

FORTITUDE FINANCIAL INVESTMENTS INC.

By: _____
Name: _____
Title: _____

TAB 14

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (this "Agreement") is made as of the 30th day of December, 2016;

BETWEEN:

ROBERT E. KULHAWY
("Kulhawy")

- and -

COMMERX CORPORATION
("Commerx")

- and -

FORTITUDE FINANCIAL INVESTMENTS INC.
("Fortitude")

- and -

STS CAPITAL PARTNERS INC.
("STS")

- and -

COMMERX HOLDINGS LLC
("Lotus")

WHEREAS:

- A. Commerx and Fortitude are parties to a loan agreement dated as of January 5, 2016 (the "Loan Agreement"), pursuant to which Commerx is currently indebted to Fortitude in the aggregate amount of USD\$1,148,380.51, representing the principal amount borrowed by Commerx and the unpaid interest thereon as at the date hereof (the "Loan");
- B. as a condition to the availability of the Loan under the Loan Agreement, Kulhawy executed and delivered a personal guarantee in favour of Fortitude dated as of January 5, 2016 (the "Fortitude Guarantee"), whereby Kulhawy agreed to unconditionally and irrevocably guarantee to Fortitude full and prompt payment of all indebtedness, liabilities and obligations of Commerx under the Loan Agreement;
- C. Commerx and STS are parties to a specific transaction fee agreement dated on or about July 29, 2016, a copy of which is attached hereto as Schedule A (the "Non-Exclusive Retainer Agreement"), whereby STS agreed, on a non-exclusive basis, to provide investment banking and other services to Commerx, including services relating to the sale of a portion of the shares of Commerx or a refinancing, capitalization, recapitalization, restructuring transaction or other similar transaction or transactions;

- D. Commerx and STS are parties to a specific transaction fee agreement dated on or about July 29, 2016, a copy of which is attached as Schedule B (the "Exclusive Retainer Agreement") whereby STS agreed, on an exclusive basis, to provide investment banking and other services to Commerx including services relating to the sale of Commerx;
- E. in connection with the services provided by STS under the Non-Exclusive Retainer Agreement, Kullhawy and Commerx have entered into a stock purchase agreement dated as of the date hereof (the "Stock Purchase Agreement") with Lotus, whereby Lotus has agreed, among other things, to: (a) purchase 51% of the Class "A" voting shares in the capital of Commerx ("Class "A" Shares") from Kullhawy for USD\$2,000,000; (b) extend a USD\$3,000,000 working line of credit to Commerx; and (c) invest additional equity into Commerx (collectively, the "Lotus Transaction");
- F. in connection with the Lotus Transaction, Lotus has requested that Fortitude convert all principal and accrued interest payable under the Loan Agreement (the "Fortitude Loan Conversion") into redeemable non-voting preferred shares of Commerx;
- G. Fortitude has agreed to the Fortitude Loan Conversion on the condition that Kullhawy provide a personal guarantee in favour of Fortitude pursuant to which Kullhawy shall guarantee Commerx's obligations in respect of the redemption of the shares to be issued to Fortitude pursuant to the Fortitude Loan Conversion;
- H. Commerx and STS have agreed to certain amendments of the terms and conditions of the Non-Exclusive Retainer Agreement in respect of the amounts and methods of payments of certain of the fees payable to STS thereunder, as provided for herein;
- I. Commerx and STS have agreed to certain amendments of the terms and conditions of the Exclusive Retainer Agreement; and
- J. STS has requested that Kullhawy execute and deliver a personal guarantee in favour of STS (the "STS Guarantee") pursuant to which Kullhawy shall guarantee to STS full and prompt payment of all cash fees payable by Commerx pursuant to the Non-Exclusive Retainer Agreement.

NOW THEREFORE, this Agreement witnesses that, in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto covenant and agree as follows:

Fortitude Matters

- 1. In connection with the Fortitude Loan Conversion, on the date hereof Commerx and Fortitude shall execute and deliver the debt conversion agreement in the form attached hereto as Schedule C (the "Debt Conversion Agreement"), pursuant to which Commerx shall issue 1,148,381 Class "F" Preferred Shares (the "Fortitude Class "F" Shares") in the capital of Commerx to Fortitude in full and final settlement of all amounts outstanding under the Loan Agreement.
- 2. As soon as reasonably practicable following closing of the Lotus Transaction, and in any event not later than January 31, 2017, Commerx shall hold a special meeting of its shareholders for the purpose of, among other things, amending the articles of incorporation of Commerx to change the rights, privileges, restrictions and conditions attached to the Class "A" Shares, the Class "B" Shares, the Class "C" Shares, the Class "D" Shares, the Class "E" Preferred Shares, the Class "F" Preferred Shares and the Class "G" Preferred Shares of Commerx to those set forth in Schedule D hereto.

Immediately following the approval of the amendment to the articles of incorporation (the "Amended Articles") by the Commerx shareholders, Commerx shall cause to be filed the amended articles of incorporation with the Alberta Corporate Registry.

3. For a period commencing effective as of the date hereof until the earlier of: (i) the filing of the Amended Articles with the Alberta Corporate Registry; and (ii) January 31, 2017; Fortitude agrees that it shall not issue a redemption notice to Commerx in respect of the Fortitude Class "F" Shares.
4. Commerx, Fortitude and Lotus hereby agree and acknowledge that, on June 30, 2017 (the "Redemption Date"), Commerx shall, and Lotus shall cause Commerx to, redeem the Fortitude Class "F" Shares in their entirety by paying to Fortitude the aggregate redemption amount plus all accrued and unpaid dividends payable in connection therewith. In addition to the foregoing, Commerx shall have the right, at its sole discretion, to redeem all or any portion of the Fortitude Class "F" Shares prior to the Redemption Date by paying to Fortitude the redemption amount in respect of the shares it wishes to redeem plus all accrued and unpaid dividends payable in connection therewith. Lotus and Commerx hereby acknowledge and agree that in the event that Commerx does not redeem the Fortitude Class "F" Shares in their entirety on or before the Redemption Date, the cumulative dividend rate applicable to any such unredeemed shares shall increase from 6.0% per annum to 24.0% per annum until such shares are redeemed by Commerx, as prescribed in the share terms applicable to the Class "F" Preferred Shares upon filing of the Amended Articles.
5. As a condition to Fortitude's agreement to enter into the Debt Conversion Agreement, Kulhawy has agreed to execute and deliver to Fortitude, on the date hereof, the guarantee in the form attached hereto as Schedule E (the "Fortitude Guarantee"), pursuant to which Kulhawy shall guarantee to Fortitude payment of all amounts payable in connection with the redemption of the Fortitude Class "F" Shares (the "Fortitude Guaranteed Amount") in the event that Commerx defaults on its obligation to redeem the Fortitude Class "F" Shares in accordance with their terms and with the terms of this Agreement.

STS Matters

6. The Non-Exclusive Retainer Agreement provides, among other things, that in the event of a successful transaction for which STS is responsible, Commerx shall issue to STS warrants (the "Broker Warrants") to purchase Class "A" Shares. Notwithstanding such provision of the Non-Exclusive Retainer Agreement, Commerx, STS and Kulhawy hereby agree that Commerx's obligation to issue the Broker Warrants under the Non-Exclusive Retainer Agreement shall be satisfied by the sale to STS, for nominal consideration, of 600,000 of Kulhawy's Class "A" Shares pursuant to the terms and conditions of the share purchase agreement in the form attached hereto as Schedule F. Upon completion of the sale of such Class "A" Shares to STS, STS hereby agrees that Commerx shall be irrevocably released and discharged from its obligation to issue the Broker Warrants to STS under the Non-Exclusive Retainer Agreement.
7. STS, Commerx, Kulhawy and Lotus hereby agree and acknowledge that, as of the date hereof, STS has earned, and shall be entitled to receive from Commerx, an aggregate fee in the amount of USD\$385,500 (the "STS Fee") in connection with services performed under the Non-Exclusive Retainer Agreement.
8. STS, Commerx, Kulhawy and Lotus hereby agree and acknowledge that Kulhawy shall be responsible for satisfying (a) USD\$100,000 of the STS Fee (the "Kulhawy Proceeds Fee") from the proceeds that Kulhawy receives from the sale of his Class "A" Shares to Lotus pursuant to the

terms, including Section 2.2(a), of the Stock Purchase Agreement; and (b) an additional fee of USD\$22,500 in connection with the salary earned Kulhawy during the three year period following the date hereof (the "Kulhawy Salary Fee").

9. In connection with the closing of the Lotus Transaction, Commerx hereby directs that USD\$142,750 of the USD\$1,200,000 amount payable by Lotus to Commerx on the date hereof pursuant to the terms of the Stock Purchase Agreement be delivered to STS in satisfaction of a portion of the STS Fee.
10. In connection with the payment of the deferred payment amount of USD\$770,000 (the "Commerx Deferred Payment Amount") which is to be paid by Lotus to Commerx pursuant to the Stock Purchase Agreement by no later than January 31, 2017, Commerx hereby directs Lotus to deliver: (a) USD\$142,750 of the Commerx Deferred Payment Amount to STS in satisfaction of a portion of the STS Fee; and (b) CAD\$98,000, plus GST, if applicable, to Burnet, Duckworth & Palmer LLP ("BDP") (subject to Commerx's review and approval of the invoices issued by BDP in connection with such amount) in satisfaction of legal fees incurred by Fortitude in connection with the transactions contemplated herein.
11. In connection with the payment of the deferred payment amount of USD\$500,000 (the "Kulhawy Deferred Payment Amount") which is to be paid by Lotus to Kulhawy pursuant to the Stock Purchase Agreement by no later than January 31, 2017, Kulhawy hereby directs Lotus to deliver USD\$100,000 of the Kulhawy Deferred Payment Amount to STS in satisfaction of the Kulhawy Proceeds Fee.
12. In satisfaction of the Kulhawy Salary Fee, Kulhawy hereby directs Commerx to deliver to STS an amount equal to USD\$7,500 of Kulhawy's annual salary per year for each of the three years following the date hereof which amounts shall be paid by Commerx to STS on the date which is thirty days following the anniversary of the date upon which Kulhawy and Commerx execute a written employment agreement; *provided, however*, that if Kulhawy ceases to be employed by Commerx as at any such anniversary date, no such fee shall be payable to STS by Kulhawy or Commerx.
13. Upon receipt by STS of the payments provided for in Sections 9, 10 and 11, above, STS hereby agrees and acknowledges that the STS Fee shall have been paid in full and Commerx and Kulhawy shall be released and discharged of any further obligations arising in connection with the STS Fee and the Non-Exclusive Retainer Agreement other than those obligations and liabilities that survive the termination of the Non-Exclusive Retainer Agreement pursuant to its terms.
14. As a condition to STS agreeing to receive the STS Fee in multiple tranches, as described above, on the date hereof, Kulhawy shall execute and deliver the guarantee in the form attached hereto as Schedule G (the "STS Guarantee"), pursuant to which Kulhawy shall guarantee to STS payment of Commerx's portion of the STS Fee, being USD\$285,500 (the "STS Guaranteed Amount"), in the event that Lotus has advanced the prescribed funds to Commerx as provided in Section 2.3(a) and Section 2.3(c)(ii) of the Stock Purchase Agreement, and Commerx defaults on its obligation use a portion of such funds to pay and satisfy its portion of the STS Fee.
15. If (a) Lotus fails to comply with its obligation to pay to Kulhawy the amount of USD\$1,500,000 (the "Subsequent Payment") on or before November 30, 2018 in respect of the purchase of Kulhawy's shares as provided for in the Stock Purchase Agreement (a "Lotus Default"); and (b) the Lotus Default does not arise out of, in connection with, as a result of or is not attributable to any claim by Lotus in respect of any act or omission of or by Kulhawy or any breach of any

representation, warranty or covenant by Kulhawy of the terms of the Stock Purchase Agreement, including any set off or attempted set off by Lotus of the Subsequent Payment against any amounts owing by Kulhawy to Lotus thereunder, then STS hereby grants to Kulhawy the option (the "Repurchase Option") to purchase from STS for an aggregate purchase price of USD\$10.00 up to 150,000 Class "A" Shares from STS. The number of Class "A" Shares which shall be subject to the Repurchase Option shall be equal to the product of (x) the amount of the Lotus Default, divided by (y) USD\$1,500,000, multiplied by (z) 150,000 (the product of such calculation, the "Repurchased Shares"). Kulhawy shall have the right, acting in his sole discretion, to exercise the Repurchase Option immediately following the expiration of a period of thirty (30) days following a Lotus Default. If at any time following the transfer of the Repurchased Shares from STS to Kulhawy pursuant to the Repurchase Option, Lotus pays all or any part of the outstanding balance of the Subsequent Payment, Kulhawy shall sell back to STS, for USD\$10.00, all, or such portion of, the Repurchased Shares on a pro rata basis subject to the amount of the Subsequent Payment which has been satisfied by Lotus.

Kulhawy Security and Satisfaction and Extinction of Kulhawy's Obligations

16. As security for the Fortitude Guaranteed Amount and the STS Guaranteed Amount, Kulhawy hereby grants the following security (the "Security"):
- (a) a pledge to Fortitude of all Class "A" Shares held by Kulhawy in accordance with the share pledge agreement in the form attached hereto as Schedule H;
 - (b) a pledge to STS of all Class "A" Shares held by Kulhawy in accordance with the share pledge agreement in the form attached hereto as Schedule I;
 - (c) concurrently herewith, Kulhawy shall deliver to Newterra Ltd. ("Newterra") a request (the "Request") that Newterra deliver to BDP, c/o Michael Martin, those share certificates of Newterra (the "Newterra Share Certificates") representing those shares of Newterra which are registered in Kulhawy's name, or the name of any entities owned or controlled by Kulhawy (the "Newterra Shares"). In the event that (a) Kulhawy has not delivered the Request by December 31, 2016; or (b) if the Newterra Share Certificates have not been delivered to BDP within 90 days following the date of the Request, BDP shall be entitled to communicate directly with Newterra on behalf of Kulhawy and Kulhawy hereby authorizes and directs BDP to take any steps required to obtain the Newterra Share Certificates. Upon receipt of the Newterra Share Certificates, BDP shall hold such certificates in trust until the Fortitude Guaranteed Amount and the STS Guaranteed Amount have been satisfied in full either by Commerx or by Kulhawy pursuant to the Fortitude Guarantee and/or the STS Guarantee;
 - (d) prior to the date hereof, Kulhawy shall have delivered a direction to Newterra requesting, among other things, that any amounts which are payable to Kulhawy in connection with the sale of Kulhawy's shares to Newterra be delivered to BDP, c/o Michael Martin;
 - (e) an assignment of receivables in favour of Fortitude in respect of any amounts that are due and payable to Kulhawy in respect of the future sale of the Newterra Shares, in the form attached hereto as Schedule J;
 - (f) an assignment of receivables in favour of STS in respect of any amounts that are due and payable to Kulhawy in respect of the future sale of the Newterra Shares, in the form attached hereto as Schedule K;

- (g) a direction from Kulhawy to Commerx, in the form attached hereto as Schedule L, providing that, until the Fortitude Guaranteed Amount and the STS Guaranteed Amount have been paid and satisfied in full, any dividends payable to Kulhawy from Commerx shall be delivered to BDP, in trust, to be used to satisfy the Fortitude Guaranteed Amount and the STS Guaranteed Amount;
 - (h) a direction from Kulhawy to Commerx, in the form attached hereto as Schedule M, providing that, until the Fortitude Guaranteed Amount and the STS Guaranteed Amount have been paid and satisfied in full, any amounts payable to Kulhawy in respect of salary or bonuses to the extent that Kulhawy's quarterly aggregate salary and bonus from Commerx exceeds USD\$75,000 on a quarterly basis, shall be delivered to BDP, in trust, to be used to satisfy the Fortitude Guaranteed Amount and the STS Guaranteed Amount; and
 - (i) a direction from Kulhawy to Lotus, in the form attached hereto as Schedule N, providing that the Subsequent Payment shall be delivered to BDP, in trust, to be used to satisfy the Fortitude Guaranteed Amount and the STS Guaranteed Amount.
17. In the event that cash amounts are delivered to BDP in connection with the Security, Fortitude and STS agree and acknowledge that such amounts received by BDP shall only be used to satisfy the STS Guaranteed Amount and the Fortitude Guaranteed Amount, and for no other purpose whatsoever, and such amounts shall be applied as follows:
- (a) first, STS, Fortitude and Kulhawy shall jointly direct BDP that cash amounts received by BDP be delivered to STS to satisfy such portion of the STS Guaranteed Amount which is payable by Kulhawy in accordance with Section 14, above, until the entirety of the STS Guaranteed Amount has been paid in full; and
 - (b) second, STS, Fortitude and Kulhawy shall jointly direct BDP that cash amounts received by BDP be delivered to Fortitude in consideration of the purchase, by Kulhawy, of Fortitude Class "F" Shares for the redemption amount, plus accrued and unpaid dividends in respect of such shares as of the date of purchase by Kulhawy. Any such share purchases shall be completed at the end of each month during the period commencing on the date hereof until such time as the Fortitude Guaranteed Amount is paid and satisfied in full and Fortitude hereby agrees to execute and deliver any and all documents and instruments as may be reasonably required in order to evidence and complete such transfer of shares to Kulhawy.
- BDP shall only release cash amounts delivered to BDP in connection with the Security in accordance with a joint written direction duly executed by STS, Fortitude and Kulhawy.
18. If Kulhawy and Fortitude concurrently own any Class "F" Preferred Shares in the capital of Commerx ("Class "F" Shares"), then Commerx hereby agrees that it shall not cause the redemption or repurchase of any Class "F" Shares held by Kulhawy until either: (i) all Class "F" Shares held by Fortitude have been redeemed or repurchased by Commerx pursuant to their terms; or (ii) all Class "F" Shares held by Fortitude have been purchased and transferred to Kulhawy pursuant to the terms and conditions hereof; and Kulhawy hereby agrees that he shall not issue a redemption notice in respect of any Class "F" Shares held thereby until Fortitude no longer owns any Class "F" Shares.
19. It is agreed and acknowledged by Kulhawy, Fortitude and STS that the Newterra Share Certificates are being delivered to BDP to be held in trust pending a potential sale of the Newterra Shares,

whether by Kulhawy individually or in connection with a sale of Newterra shares by Kulhawy in conjunction with other Newterra shareholders (a "Newterra Sale"). By no later than ten days prior to the consummation of a Newterra Sale, STS, Fortitude and Kulhawy shall jointly direct BDP to deliver the Newterra Share Certificates to counsel for the purchaser of the Newterra Shares, in order that the sale of the Newterra Shares can be completed.

20. If: (a) Commerx defaults on its obligations to redeem the Fortitude Class "F" Shares in accordance with their terms and the terms of this Agreement and Kulhawy is required to pay any or all of such obligations, whether directly under the terms of the Fortitude Guarantee or indirectly through the exercise of the Security; and (b) the entirety of the STS Guaranteed Amount has been paid in full; then Fortitude shall transfer and deliver to Kulhawy, for no additional consideration, that number of Fortitude Shares in respect of which Commerx has failed to pay the redemption amounts, plus accrued and unpaid dividends, in respect of such shares and which amounts are fully paid and satisfied by Kulhawy, and Fortitude hereby agrees to execute and deliver any and all documents and instruments as may be reasonably required in order to evidence and complete such transfer of shares to Kulhawy.
21. Upon the satisfaction, in full, of the Fortitude Guaranteed Amount and the STS Guaranteed Amount, it is agreed and acknowledged by Fortitude and STS that: (a) Kulhawy, STS and Fortitude shall jointly direct BDP to release to Kulhawy, or his nominee, all cash and other trust property, including without limitation the Newterra Share Certificates, being held by BDP which have been received in connection with the Security; and (b) Kulhawy, STS and Fortitude shall jointly direct Commerx, Newterra and Lotus that no further amounts owing to Kulhawy shall be delivered to BDP; and (c) all directions issued herein or pursuant to this Agreement or the Stock Purchase Agreement which authorize the direction of funds to BDP to satisfy the Fortitude Guaranteed Amount and the STS Guaranteed Amount shall be automatically terminated and of no further force or effect.

Notices

22. Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a party hereto to any other party hereto shall be in writing and shall be delivered by hand delivery, facsimile transmission, email or (provided that the mailing party does not know and should not reasonably have known of any disruption or anticipated disruption of postal service which might affect delivery of the mail) by registered mail (postage prepaid), addressed to the party to whom the notice is to be given, at its address for service herein. Any notice, consent, waiver, direction or other communication aforesaid shall, if hand delivered or delivered by facsimile transmission, or email, be deemed to have been given and received on the date on which it was hand delivered or delivered by facsimile transmission or email to the address provided herein (if a Business Day and, if not, the next succeeding Business Day) and if sent by registered mail be deemed to have been given and received on the third Business Day at the point of delivery following the date on which it was so sent.
23. The address for service for Kulhawy is:

Robert Kulhawy
4428 Manilla Road SE
Calgary, AB T2G 4B7

Facsimile: (403) 398-0755
Email: robert.kulhawy@commerx.com

24. The address for service for Commerx is:

Commerx Corporation
4428 Manilla Road SE
Calgary, AB T2G 4B7

Attention: President
Facsimile: (403) 398-0755
Email: robert.kulhawy@commerx.com

25. The address for service for Fortitude is:

Fortitude Financial Investments Inc.
STS Corporate Centre
Suite 9, Haggatt Hall
St. Michael, Barbados

Attention: Rob Follows
Facsimile: _____
Email: rob@stscapital.com

26. The address for service for STS is:

STS Capital Partners Inc.
STS Corporate Centre
Suite 9, Haggatt Hall
St. Michael, Barbados

Attention: Rob Follows
Facsimile: _____
Email: rob@stscapital.com

27. The address for service for Lotus is:

Commerx Holdings LLC
c/o Lotus Innovations Fund II, L.P.
5151 California Avenue, Suite 250
Irvine, CA 92617

Attention: Christian Mack
Facsimile: _____
Email: christian@lotus-innovations.com

28. Any party may change its address, facsimile number or email address for service by notice to the Corporation, and such changed address for service thereafter shall be effective for all purposes of this Agreement.

29. Any party delivering a notice pursuant to this Agreement, shall also send a copy, which shall not constitute notice, to:

Bennett Jones LLP

4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Kristos Iatridis
Facsimile: (403) 265-7219
Email: iatridisk@bennettjones.com

General

30. The parties hereto each covenant and agree that if, at any time after the execution of this Agreement, any of the parties hereto shall reasonably consider and be advised that any further actions, assignments or assurances are necessary or desirable to carry out the intent and accomplish the purposes of this Agreement, according to its terms, all the other parties will take such actions, execute and make all such assignments and assurances and do all things necessary or desirable to carry out the intent and accomplish the purposes of this Agreement or otherwise consummate the transactions contemplated by this Agreement according to its terms.
31. No party hereto shall assign this Agreement, in whole or in part, to any other party without the prior written consent of all of the parties hereto.
32. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns, as the case may be. Nothing herein, express or implied, is intended to confer upon any person, other than the parties hereto and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.
33. This Agreement and the Schedules referred to herein constitute the entire agreement between the parties hereto and, except as otherwise stipulated herein, supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof.
34. Any party hereto which is entitled to the benefits of this Agreement may, and has the right to, waive any term or condition hereof at any time; *provided, however*, that such waiver shall be evidenced by written instrument duly executed on behalf of such party.
35. Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.
36. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.
37. The parties hereto shall, from and after the date hereof, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as may be reasonably requested by the other parties hereto to more effectually carry out the true intent and meaning of this Agreement.
38. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall constitute an original and all of which, when taken together, shall constitute one and the same agreement. Delivery of an executed

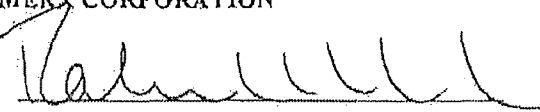
counterpart of this Agreement by facsimile transmission or in portable document format shall constitute delivery of an executed counterpart of this Agreement.

[Remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written above.

COMMERX CORPORATION

Per: _____
Name: _____
Title: _____



FORTITUDE FINANCIAL INVESTMENTS INC.

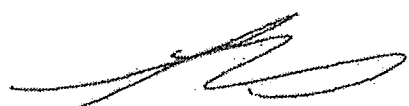
Per: _____
Name: _____
Title: _____


STS CAPITAL PARTNERS INC.

Per: _____
Name: _____
Title: _____

COMMERX HOLDINGS LLC

Per: _____
Name: _____
Title: _____



WITNESS

ROBERT E. KULHAWY

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written above

COMMERX CORPORATION

Per: _____
Name: _____
Title: _____

FORTITUDE FINANCIAL INVESTMENTS INC.

Per: _____
Name: *ROBERT FOLLOWS*
Title: *CHAIRMAN*

STS CAPITAL PARTNERS INC.

Per: *Audrey Mae Fox*
Name: Audrey Mae Fox
Title: Contracts Manager

COMMERX HOLDINGS LLC

Per: _____
Name: _____
Title: _____

WITNESS

ROBERT E. KULBAWY

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written above.

COMMERX CORPORATION

Per: _____
Name: _____
Title: _____

FORTITUDE FINANCIAL INVESTMENTS INC.

Per: _____
Name: _____
Title: _____

STS CAPITAL PARTNERS INC.

Per: _____
Name: _____
Title: _____

COMMERX HOLDINGS LLC

Per: DocuSigned by:
Philip Jones _____
Name: philip Jones
Title: Managing Director

WITNESS

ROBERT E. KULHAWY

TAB 15

Marc Kelly

From: Chris Simard [SimardC@bennettjones.com]
Sent: Wednesday, September 11, 2019 3:35 PM
To: Ryan Algar
Subject: Commerx Corporation - Claim of Fortitude Financial
Attachments: Fortitude Financial Notice of Disallowance of Claim.pdf

Ryan,

Attached is the Trustee's disallowance of Fortitude's claim. The BIA requires the Trustee to send this to your client by registered mail. Can you please waive that requirement on behalf of Fortitude? Thanks



Chris Simard
Bennett Jones LLP

4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB, T2P 4K7
T. 403 298 4485 | F. 403 265 7219
E. simardc@bennettjones.com



District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 77
Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim
(Subsection 135(3) of the Act)

In the matter of the proposal of
Commerx Corporation
of the City of Calgary, in the Province of Alberta

Fortitude Financial Investments Inc.
c/o Burnet, Duckworth & Palmer LLP
2400, 525 8th Avenue SW
Calgary, AB T2P 1G1

Take notice that:

As trustee (the "Trustee") acting in the matter of the proposal of Commerx Corporation ("Commerx"), we have disallowed your claim (or your right to a priority or your security on the property) in whole, pursuant to subsection 135(2) of the Bankruptcy and Insolvency Act (the "Act"), for the following reasons:

Your claim is disallowed in its entirety. As at March 7, 2019, the day on which Commerx filed its Notice of Intention to Make a Proposal, you had a claim pursuant to the December 30, 2016 Settlement Agreement for the redemption payment for your Class "F" Preferred Shares that Commerx was obligated to pay to you on June 30, 2017, but did not pay. That claim is an equity claim pursuant to section 2 of the Act. The Proposal of Commerx only compromises and offers consideration to unsecured creditors of Commerx, not equity claimants.

You have provided no explanation of the legal basis on which the Settlement Agreement ought to be "unwound" and your claim that the January 5, 2016 Loan Agreement and the Settlement Agreement could or should be unwound does not change the fact that, as at March 7, 2019, your claim was an equity claim.

Notwithstanding the above, we note that the amount owing to you as an equity claim appears to be significantly lower than the amount you have claimed for the following reasons:

- You calculated \$653,805.60 USD in interest owing from January 5, 2017 to Mar 7, 2019, whereas Commerx calculates that you earned \$362,269.01 USD in dividends during that time based on the terms of the Settlement Agreement;
- You have included \$59,643.86 USD in legal fees paid to your legal counsel for which there does not appear to be any legal requirement for Commerx to pay;
- Commerx has advised that there was an agreement to set off certain unearned transaction fees paid by Commerx to STS Capital Partners Inc. against any amounts owed by Commerx to Fortitude Financial Investments Inc.

And further take notice that if you are dissatisfied with our decision in disallowing your claim in whole or in part (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which this notice is served, or within any other period that the court may, on application made within the same 30-day period, allow.

Dated at the City of Calgary in the Province of Alberta, this 11 day of September 2019.

Hardie & Kelly Inc. - Licensed Insolvency Trustee

A handwritten signature in cursive script, appearing to read "Chahal", with a horizontal line extending from the end of the signature.

110, 5800 2nd Street SW
Calgary AB T2H 0H2
Phone: (403) 777-9999 Fax: (403) 640-0591

TAB 16

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 77
Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim
(Subsection 135(3) of the Act)

In the matter of the proposal of
Commerx Corporation
of the City of Calgary, in the Province of Alberta

Fortitude Financial Investments Inc,
c/o Burnet, Duckworth & Palmer LLP
2400, 525 8th Avenue SW
Calgary, AB T2P 1G1

Take notice that:

As trustee (the "Trustee") acting in the matter of the proposal of Commerx Corporation ("Commerx"), we have disallowed your claim (or your right to a priority or your security on the property) in whole, pursuant to subsection 135(2) of the Bankruptcy and Insolvency Act (the "Act"), for the following reasons:

Your claim is disallowed in its entirety. As at March 7, 2019, the day on which Commerx filed its Notice of Intention to Make a Proposal, you had a claim pursuant to the December 30, 2016 Settlement Agreement for the redemption payment for your Class "F" Preferred Shares that Commerx was obligated to pay to you on June 30, 2017, but did not pay. That claim is an equity claim pursuant to section 2 of the Act. The Proposal of Commerx only compromises and offers consideration to unsecured creditors of Commerx, not equity claimants.

You have provided no explanation of the legal basis on which the Settlement Agreement ought to be "unwound" and your claim that the January 5, 2016 Loan Agreement and the Settlement Agreement could or should be unwound does not change the fact that, as at March 7, 2019, your claim was an equity claim.

Notwithstanding the above, we note that the amount owing to you as an equity claim appears to be significantly lower than the amount you have claimed for the following reasons:

- You calculated \$653,605.60 USD in interest owing from January 5, 2017 to Mar 7, 2019, whereas Commerx calculates that you earned \$362,269.01 USD in dividends during that time based on the terms of the Settlement Agreement;
- You have included \$59,643.86 USD in legal fees paid to your legal counsel for which there does not appear to be any legal requirement for Commerx to pay;
- Commerx has advised that there was an agreement to set off certain unearned transaction fees paid by Commerx to STS Capital Partners Inc. against any amounts owed by Commerx to Fortitude Financial Investments Inc.

And further take notice that if you are dissatisfied with our decision in disallowing your claim in whole or in part (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which



REGISTERED
DOMESTIC
CUSTOMER RECEIPT

RECOMMANDÉ
RÉGIME INTÉRIEUR
REÇU DU CLIENT



Attention: Ryan Algar
Fortitude Financial Investments Inc.
c/o Burnet, Duckworth & Palmer LLP
2400, 525 8th Avenue SW
Calgary AB T2P 1G1



Tracking Number Numéro de repérage de la CCP
RN 433 137 170 CA

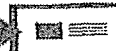
REGISTERED

Fragile and perishable articles are not indemnified against damage. Indemnity and fees information is available on request at your postal outlet.

Instructions

- 1) Complete any declared value on receipt, use on perforated line, date stamp on reverse and give receipt to customer.
- 2) Remove label from back of mailpiece area indicated and apply the label to front of item addressed to address.

Apply label here
Veuillez placer l'étiquette ici

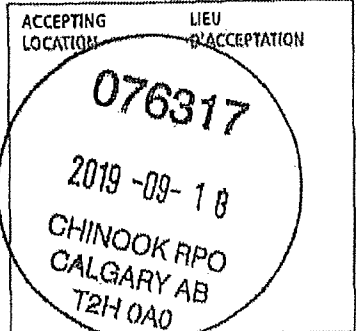


RECOMMANDÉ

Aucune indemnité ne sera versée pour l'avarie d'un objet fragile ou périssable. Des renseignements sur les indemnités et les droits sont disponibles à votre comptoir postal.

Instructions

- 1) Insérer le volet déclaratif dans la section des étiquettes à l'arrière du pointé, apposez le timbre à date au verso et remettez le reçu au client.
- 2) Retirez le papier adhésif (autocollant) de l'arrière. Apposez l'étiquette sur le devant de l'envoi, près de l'adresse.



TAB 17

CLERK'S STAMP

COURT FILE NUMBER 1801-16809

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE BANKRUPTCY
AND INSOLVENCY ACT

AND IN THE MATTER OF THE PROPOSAL
OF COMMEX CORPORATION

DOCUMENT **ADJOURNMENT ORDER**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500 Bankers Hall East
855 – 2 Street SW
Calgary, Alberta T2P 4K7

Attention: Chris Simard/Keely Cameron
Telephone No.: 403-298-4485/403-298-3324
Fax No.: 403-265-7219
Client File No.: 58368.11

**DATE ON WHICH ORDER WAS
PRONOUNCED:** **Friday, October 11, 2019**

LOCATION OF HEARING OR TRIAL: **Calgary**

**NAME OF JUDGE WHO MADE THIS
ORDER:** **Madam Justice Dario**

UPON THE APPLICATION of Hardie & Kelly Inc., the Proposal Trustee ("**Proposal Trustee**") of Commerx Corporation ("**Commerx**"); AND UPON reading the Report of the Proposal Trustee pursuant to sections 58(d) and 59(1) of the *Bankruptcy and Insolvency Act*, RSA 1985 c B-3 (the "**BIA**") dated September 23, 2019; AND UPON reading the Amended

Proposal of Commerx dated September 6, 2019 ("**Amended Proposal**"); AND UPON considering the Proposal Trustee's application to approved the Amended Proposal (the "**Approval Application**"); AND UPON hearing the applications of Fortitude Financial Investments Inc. ("**Fortitude**") and Peter Trant to adjourn the Approval Application; AND UPON hearing from counsel for the Proposal Trustee, counsel for Commerx, counsel for Fortitude and counsel for Mr. Trant;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the Proposal Trustee's Notice of Disallowance of the claim of Fortitude (the "**Disallowance**") was effected on September 18, 2019, and Fortitude must file any appeal of the Disallowance on or before the close of business on Monday, October 21, 2019.

2. The Approval Application is hereby adjourned to 2:00 p.m. on Friday, November 15, 2019. If Fortitude appeals the Disallowance, the hearing of its appeal (the "**Disallowance Appeal**") shall be returnable at the same time, and shall be heard before the Approval Application. The Approval Application and the Disallowance Appeal are hereinafter referred to collectively as the "**Applications**".

3. The parties shall observe the following pre-hearing deadlines with respect to the Applications:

- (a) Fortitude shall file and serve all parties on the service list with its application respecting the Disallowance Appeal, and all supporting evidence ("**Fortitude's Evidence**"), on or before the close of business on Monday, October 21, 2019;
- (b) any cross-examination on Fortitude's Evidence shall be conducted on or before the close of business on Friday, October 25, 2019;
- (c) any evidence to be submitted in response to the Disallowance Appeal or Fortitude's Evidence ("**Responding Evidence**") shall be filed and served on the service list on or before the close of business on Wednesday, October 30, 2019;
- (d) any cross-examination on the Responding Evidence shall be conducted on or before the close of business on Wednesday, November 6, 2019; and

(e) any Briefs of Argument with respect to the Applications shall be filed, served on the service list and delivered to Madam Justice Campbell prior to 12:00 p.m. Calgary time on Tuesday, November 12, 2019.

4. The costs of the Proposal Trustee's application scheduled to be heard on October 11, 2019 and the adjournment thereof may be spoken to at the hearing of the Applications.

J.C.Q.B.A.

AGREED AS TO THE ORDER GRANTED:

BURNET, DUCKWORTH & PALMER LLP

BLAKE, CASSELS & GRAYDON LLP

Per: _____
Ryan Algar
Counsel to Fortitude Financial Investments
Inc.

Per: _____
Amanda Manasterski
Counsel to Peter Trant

BURSTALL LLP

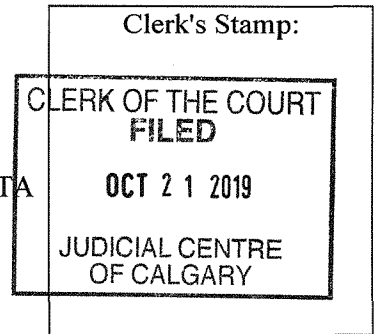
VERJEE & ASSOCIATES

Per: _____
Scott Chimuk
Counsel to Commerx Corporation

Per: _____
Zul Verjee, Q.C
Counsel for Commerx Holdings LLC
and Lotus Innovations Private Equity
Fund also known as Lotus Innovations
LLC

TAB 18

COURT FILE NUMBER 1801-16809
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE BANKRUPTCY AND INSOLVECY ACT
AND IN THE MATTER FO THE PROPOSAL OF COMMERX
CORPORATION

DOCUMENT **APPEAL OF NOTICE OF DISALLOWANCE**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Burnet, Duckworth & Palmer LLP
2400, 525 - 8 Avenue SW
Calgary, Alberta T2P 1G1
Lawyer: Ryan Algar
Phone Number: (403) 260-0126
Fax Number: (403) 260-0332
Email address: ralgar@bdplaw.com
File no.: 074879-00001

NOTICE TO RESPONDENTS on the Service List attached as Schedule "A".

This application is made against you. You are the Respondents.

You have the right to state your side of this matter before the Judge.

To do so, you must be in Court when the application is heard as shown below:

Date: November 15, 2019
Time: 2:00 PM
Where: Calgary Courts Centre, 601 5th Street SW; Calgary, AB
Before Whom: The Honourable Justice G.A. Campbell

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. Fortitude Financial Investments Inc. ("**Fortitude**") seeks an Order, substantially in the form attached hereto as **Schedule "B"**:
 - (a) declaring that the time for service of the within application and supporting materials (the "**Disallowance Appeal**") be abridged, that the Disallowance Appeal is properly returnable today and that service of this Disallowance Appeal on the service list attached hereto as **Schedule "A"** is validated and deemed good and sufficient and time for service is abridged to that actually given and that further service of the Disallowance Appeal be dispensed with;
 - (b) overturning the Notice of Disallowance (as defined below) issued by Hardie & Kelly Inc. (the "**Proposal Trustee**") with respect to the Proof of Claim filed by Fortitude (the "**Fortitude Claim**") in the proposal proceedings of Commerx Corporation ("**Commerx**");
 - (c) directing that the Proposal Trustee shall consider Fortitude a "creditor" and the Fortitude Claim to be a "provable claim" within the meaning of the *Bankruptcy and Insolvency Act* (the "**BIA**") and Commerx's proposal proceedings (the "**Proposal Proceedings**");
 - (d) granting Fortitude costs of this Disallowance Appeal; and
 - (e) granting such further and other relief as counsel may advise and as this Honourable Court may permit

Grounds for making this application:

Background

2. On or about August 16, 2019, Commerx's filed proposal to its creditors in the Proposal Proceedings, which was later amended on September 6, 2019 (as amended, the "**Proposal**").
3. On or about September 6, 2019, Fortitude filed the Fortitude Claim with the Proposal Trustee. The Proposal Trustee disallowed the Fortitude Claim. As such, Fortitude was not entitled to vote at the meeting of creditors with respect to the Proposal. Commerx's creditors who were permitted to vote voted in favour of the Proposal.

4. On or about September 11, 2019, the Trustee issued a Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim with respect to the Fortitude Claim under section s.135(2) of the BIA (the "**Notice of Disallowance**"). On September 19, 2019, the Proposal Trustee served the Notice of Disallowance on Fortitude.
5. On September 24, 2019, the Proposal Trustee filed its application seeking to have this Honourable Court approve the Proposal, to be heard October 11, 2019 (the "**Approval Application**").
6. At the hearing of the Approval Application, Madam Justice Dario declined to approve the Proposal, instead granting an Order (the "**Adjournment Order**") which states, among other things:
 - (a) the Approval Application was adjourned to be heard together with this Disallowance Appeal; and
 - (b) Fortitude shall file and serve all parties on the service list with the Disallowance Appeal on or before the close of business on Monday, October 21, 2019.

The Fortitude Claim is a Provable Claim

7. Fortitude originally advanced funds to Commerx (the "**Loan**") pursuant to the terms of a Loan Agreement dated January 5, 2016 (the "**Loan Agreement**").
8. Pursuant to a request from Commerx, and in order to facilitate a transaction between Commerx and Commerx Holdings LLC ("**Lotus**"), Fortitude entered into a December 30, 2016 Settlement Agreement with, among others, Commerx, Commerx's principal Robert Kulhawy, and Lotus (the "**Settlement Agreement**").
9. Pursuant to the terms of the Settlement Agreement, Fortitude agreed to convert the amounts owing to it under the Loan into Preferred Shares of Commerx (the "**Preferred Shares**"), which were to be redeemed by Commerx, and caused to be redeemed by Lotus, on June 30, 2017.
10. By virtue of holding the Preferred Shares, Fortitude neither intended nor sought to profit as an equity investor in Commerx and, at all material times, the relationship between Fortitude and Commerx has been one of lender and borrower.
11. The Fortitude Claim is a good and valid provable claim, should be accepted by the Proposal Trustee, and Fortitude is in fact a creditor of Commerx.

12. The Proposal Trustee improperly disputed the Fortitude Claim.
13. The approval of the Proposal while excluding Fortitude as a creditor prejudices Fortitude.
14. By filing the Disallowance Appeal, Fortitude has, or will have, met the timelines set forth in s.135(4) of the BIA, as amended by the Adjournment Order.
15. The Order sought is just and equitable in the circumstances.
16. Such further and other grounds as counsel may advise and as this Honourable Court may permit.

Material or evidence to be relied on:

17. Affidavit of Robert Kulhawy, filed October 21, 2019.
18. Brief of Law of Fortitude, to be filed.
19. All pleadings and materials filed in the within action.

Applicable rules:

20. The *Alberta Rules of Court*.

Applicable Acts and regulations:

21. *Bankruptcy and Insolvency Act* (Canada).
22. Such further and other acts and regulations as this Honourable Court may allow.

How the application is proposed to be heard or considered:

23. Before the Honourable Justice G.A. Campbell on the Commercial List.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant

Schedule "A"

Service List

See attached.

**IN THE MATTER OF THE PROPOSAL OF COMMERX CORPORATION
ACTION NO. 1801-16809**

SERVICE LIST

<i>Party</i>	<i>Representing</i>
<p>BURSTALL LLP Suite 1600, 333 – 7th Avenue SW Calgary, AB T2P 2Z1</p> <p>Jasmin Dhaliwal Phone: 403-234-3345 Email: dhaliwal@burstall.com</p> <p>Scott C. Chimuk Phone: 403-513-2637 Email: scottchimuk@burstall.com</p> <p>DS AVOCATES 150 Metcalfe Street, Suite 1401 Ottawa (Ontario) K2P 1P1</p> <p>Jason Dutrizac Phone: 613-319-9998 Email: jdutrizac@dsavocats.ca</p> <p>Justin Fogarty Phone: 647-477-7318 Email: jfogarty@dsavocats.ca</p>	<p>Counsel for Robert Kulhawy, President, CEO and Director of Commerx Corporation</p>
<p>HARDIE & KELLY INC. 110, 5800 - 2nd Street SW Calgary, AB T2H 0H2</p> <p>Marc Kelly Phone: 403-777-9999 Fax: 403-640-0591 Email: mkelly@insolvency.net</p> <p>Charla Smith Phone: 403-536-8506 Email: csmith@insolvency.net</p>	<p>Proposal Trustee</p>

<i>Party</i>	<i>Representing</i>
<p>BENNETT JONES LLP 4500 Bankers Hall East 855 2nd Street SW Calgary, Alberta T2P 4K7</p> <p>Chris Simard Phone: 403-298-4485 Fax: 403-265-7219 Email: simardc@bennettjones.com</p> <p>Keely Cameron Phone: 403-298-3324 Email: cameronk@bennettjones.com</p> <p>Michael Selnes Phone: 403-298-3311 Email: selnesm@bennettjones.com</p>	<p>Counsel for Hardie & Kelly Inc., the Proposal Trustee</p>
<p>BLAKE, CASSELS & GRAYDON LLP 855 2nd Street SW, #3500 Calgary, AB T2P 4K1</p> <p>Keith Marlowe Phone: (403) 260-9632 Fax: (403) 260-9700 Email: keith.marlowe@blakes.com</p> <p>Amanda Manasterski Email: amanda.manasterski@blakes.com</p>	<p>Counsel for Peter Trant</p>
<p>BURNET, DUCKWORTH & PALMER LLP Suite 2400, 525 8th Ave SW Calgary AB T2P 1G1</p> <p>David LeGeyt Phone: (403) 260-0210 Email: dlegeyt@bdplaw.com</p> <p>Ryan Algar Phone: (403) 260-0126 Email: ralgar@bdplaw.com</p>	<p>Counsel for Balinhard Capital</p> <p>Counsel for Fortitude</p>

<i>Party</i>	<i>Representing</i>
<p>VERJEE & ASSOCIATES Suite 200, 128 – 2nd Ave SE Calgary, AB T2G 5J5</p> <p>Zul Verjee Phone: (403) 384-0300 Fax: (403) 532-8870 Email: zul.verjee@verjee-law.com</p> <p>Thomas Neeser Email: thomas.neeser@verjee-law.com</p> <p>FASKEN MARTINEAU DUMOULIN LLP Suite 3400, 350 7th Ave SW Calgary AB T2P 3N9</p> <p>Gulu Punia Email: gpunia@fasken.com</p>	<p>Counsel for Commerx Holdings LLC and Lotus Innovations Private Equity Fund also known as Lotus Innovations LLC</p>
<p>LOTUS INNOVATIONS, LLC 4533 McArthur Blvd., Ste 5068 Newport Beach, CA 92660 USA</p> <p>Christian Mack Email: christian@lotus-innovations.com</p>	<p>Shareholders of Commerx Corporation</p>
<p>GOVERNMENT OF CANADA, DEPT. OF JUSTICE Suite 510, 606 4th St SW Calgary AB T2P 1T1</p> <p>Jill Medhurst-Tividar Phone: 403-299-3985 Fax: 403-299-3966 Email: jill.medhurst@justice.gc.ca</p>	<p>Counsel for CRA</p>

<i>Party</i>	<i>Representing</i>
<p>FIELD LLP Suite 400, 444 7th Ave SW Calgary AB T2P 0X8</p> <p>Erika Carrasco Phone: 403;232-1781 Email: ecarrasco@fieldlaw.com</p> <p>Doug Nishimura Phone: 403- 260-8548 Email: dnishimura@fieldlaw.com</p>	<p>Counsel for Kirk Davis</p>

Schedule "B"
Form of Order

See attached.

Clerk's Stamp:

COURT FILE NUMBER 1801-16809
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT
AND IN THE MATTER OF THE PROPOSAL OF COMMERX
CORPORATION

DOCUMENT **ORDER (Appeal of Disallowance)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Burnet, Duckworth & Palmer LLP
2400, 525 - 8 Avenue SW
Calgary, Alberta T2P 1G1
Lawyer: Ryan Algar
Phone Number: (403) 260-0126
Fax Number: (403) 260-0332
Email address: ralgar@bdplaw.com
File no.: 074879-00001

Date On Which Order Was Pronounced: November 15, 2019
Name Of Judge Who Made This Order: The Honourable Madam Justice Campbell
Location Of Hearing: Calgary, Alberta

UPON Commerx Corporation ("**Commerx**") filing a proposal to its creditors pursuant to the provisions of the *Bankruptcy and Insolvency Act* ("**BIA**"; "); **AND UPON** Commerx making an Amended Proposal to its creditors dated September 6, 2019 (the "**Amended Proposal**"); **AND UPON** Hardie & Kelly Inc. in its capacity as the proposal trustee of Commerx (the "**Proposal Trustee**") serving a Notice of Disallowance with respect to the Proof of Claim (the "**Fortitude Claim**") filed by the Applicant, Fortitude Financial Investments Inc. ("**Fortitude**; **AND UPON** the application of Fortitude appealing the Notice of Disallowance (the "**Disallowance Appeal**");

AND UPON having read the Disallowance Appeal, the Affidavit of Rob Follows, filed October 21, 2019, the Brief of Law of Fortitude, and the Affidavit of Service, filed; **AND UPON** hearing from counsel for Fortitude, counsel for the Proposal Trustee, counsel for ●, and any other parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service of Disallowance Appeal

1. The time for service of the Application together with all supporting materials is hereby declared to be good and sufficient and no other person is required to have been served with such documents, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

Fortitude's Proof of Claim

2. The Notice of Disallowance is hereby overturned and the Proposal Trustee shall accept the Fortitude Claim as a debt claim rather than an equity claim, subject only to such discrepancies as to its value, to be determined among Fortitude, the Proposal Trustee and Commerx.
3. In the event that the parties are unable to agree on the value of the Fortitude Claim, they shall be at liberty to apply to this Honourable Court to finally determine the same.
4. The Amended Proposal is of no force and effect and Commerx shall not file any further proposal to its creditors until the value of the Fortitude Claim has been finally determined.

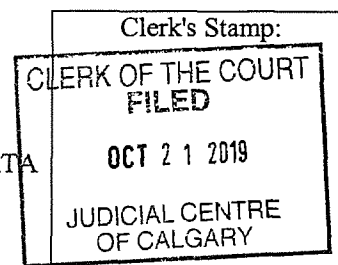
Miscellaneous

5. Service of this Order shall be deemed good and sufficient by serving the same on the persons listed on the service list attached as Schedule "A" to the Application;

Justice of the Court of Queen's Bench of
Alberta

TAB 19

COURT FILE NUMBER 1801-16809
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT
 AND IN THE MATTER OF THE PROPOSAL OF COMMEX
 CORPORATION

DOCUMENT **AFFIDAVIT**

ADDRESS FOR
 SERVICE AND
 CONTACT
 INFORMATION OF
 PARTY FILING THIS
 DOCUMENT

Burnet, Duckworth & Palmer LLP
 2400, 525 - 8 Avenue SW
 Calgary, Alberta T2P 1G1
 Lawyer: Ryan Algar
 Phone Number: (403) 260-0126
 Fax Number: (403) 260-0332
 Email address: ralgar@bdplaw.com
 File no.: 076647-1

AFFIDAVIT OF ROB FOLLOWS

SWORN OCTOBER 18th, 2019

I, ROBERT CHARLES FOLLOWS, businessman, of St. Michael, Barbados MAKE OATH AND SWEAR THAT:

I. BACKGROUND

1. I am the Chairman and sole shareholder of Fortitude Financial Investments Inc., formally known as Impact Investments Inc. ("**Fortitude**"). As such, I have personal knowledge of all matters hereinafter deposed to except where otherwise stated, in which case I verily believe the same to be true.
2. Fortitude was incorporated pursuant to the laws of the Cayman Islands with and maintains its registered address at Corpserve Limited, 40 Linwood Street, PO Box 2503, Grand Cayman KY1-

1104. Attached hereto and marked as **Exhibit "1"** is a Certificate of Incorporation on Change of Name with respect to Fortitude.

3. Fortitude is the holding company for the global operations of STS Capital M&A Advisers Inc. ("**STS**"). STS was incorporated pursuant to the laws of Barbados and facilitates the sale of its clients' businesses to strategic buyers. Attached hereto and collectively marked as **Exhibit "2"** are copies of a Certificate of Incorporation and Certificate of Amendment with respect to STS.
4. Fortitude's business is primarily focussed on lending to STS's clients. Fortitude often matches outside lending rates or client-offered rates to support STS's clients.
5. Fortitude's only employees are myself, as Chairman, and my wife Jennifer Follows, who is the President.

II. THE LOAN AGREEMENT

A. Communication Prior to the Execution of the Loan Agreement

6. On Monday, November 30, 2015, Robert Kulhawy and I exchanged emails with respect to a loan sought by Mr. Kulhawy. A copy of that email correspondence is attached hereto and marked as **Exhibit "3"** and includes the following:

- (a) from Mr. Kulhawy:

...

The debt funding that we discussed this summer would allow us to continue to move forward with aggressive organic growth. That would allow us too [sic] build the business to the critical mass that would then allow us to facilitate the high growth rollup plan as you outlined previously.

...

... Now that the projects have started and I know how quickly we can ramp the business up, I am reaching out to you see if we could arrange the note we discussed ideally in the amount of \$1,000,000 CAD. I would propose that we match the same terms as the above mentioned note.

- (b) my response to which included the following:

Perhaps you could confirm that you would like a note for \$1M CDN at 18% per annum or are you offering 1.5% compounded.

Are you thinking of this coming from a financial investor or are you thinking of starting to reach out for strategic [sic] investors?

(c) to which Mr. Kulhawy responded:

The intention is that the \$1 million CDN would be at 1.5% monthly which is \$15,000 interest paid on a monthly basis. That is how the formula works on the note that we secured this fall to allow us to start these projects. If the interest wasn't paid monthly it would be compounded and accumulated and then paid out at the end of the term. If it was compounded the rate equates to approx 20%. I think that is how it could work. I am open to any of you [sic] suggestions as to how it might work best for you.

These funds allow us to keep ramping up and growing the business to a scale where a strategic play makes sense.

I think these funds are financial in nature.

7. Shortly thereafter, in early December, 2015, Mr. Kulhawy contacted me to request a loan of \$1,000,000 USD from Fortitude. Fortitude's agreement to advance the funds was on the basis that Mr. Kulhawy was going to post certain personal collateral to secure the loan.
8. During the course of mid-December 2015, Mr. Kulhawy and I exchanged e-mail correspondence, copy of which is attached hereto and marked as **Exhibit "4"**. That correspondence includes the following:

(a) in an email from myself to Mr. Kulhawy:

...

I completely appreciate your personal guarantee, as does Jenny, we of course trust you implicitly, but the challenge comes from the unexpected events like deaths or disability that could set in, wherein extremely imprudent, we are told not to lend without security.

... However [Fortitude's counsel] has also been very firm in advising that we are not go ahead with the loan if there aren't any assets offered as security to the personal guarantee – in the event that something went very wrong,

I am sure Jenny will be flexible in agreeing to have the security being applied to the principal and not the interest, as she is only interested in protecting the principal – as this is presented as debt and no equity.

(b) to which Mr. Kulhawy responded, among other things:

...

I understand your request for security and comfort ensuring that this loan will be paid back as per terms. I respect that and will list whatever I can provide.

9. I continued to speak with Mr. Kulhawy approximately every day over the Christmas holidays, and ultimately, Fortitude made the decision to advance the funds to Commerx.

B. The Loan Agreement

10. On or about January 5, 2016, Commerx and Fortitude entered into a Loan Agreement (the "**Loan Agreement**"), a copy of which is attached hereto and marked as **Exhibit "5"**.

11. Pursuant to the terms of the Loan Agreement:

- (a) Commerx advanced the principal sum of One Million United States Dollars (USD \$1,000,000) (the "**Loan**");
- (b) the Loan was to bear interest the rate of 18% per annum, increasing to 24% upon the occurrence of an Event of Default (as defined in the Loan Agreement);
- (c) the Loan was to be repayable on the Maturity Date, July 5, 2017;
- (d) Mr. Kulhawy was to provide two mortgages (defined therein as the "**Security Agreements**") over certain residential properties within 60 days of the date of the Loan Agreement as security for his obligations under the guarantee in favour of Fortitude;

12. On or about January 6, 2016, the Loan was advanced.

C. Default Under the Loan Agreement

13. Ultimately, Mr. Kulhawy never granted the Security Agreements in favour of Fortitude and, in August of 2016, Commerx defaulted on the interest payments payable under the Loan Agreement, which constituted an Event of Default. As a result, from and after that date, the Loan accrued interest at the rate of 24% per annum.

III. THE SETTLEMENT AGREEMENT

A. Correspondence Prior to the Execution of the Settlement Agreement

14. To my knowledge, in or about October of 2016, Commerx entered into a Letter of Intent with Commerx Holdings LLC ("**Lotus**") with respect to an additional transaction that would see Lotus advance additional funds to Commerx.
15. In December of 2016, Mr. Kulhawy approached Fortitude with respect to converting the outstanding amount owing under the Loan into preferred shares of Commerx in order to help facilitate a transaction with Lotus.
16. On December 4, 2016, I received an email from Mr. Kulhawy, a copy of which is attached hereto as **Exhibit "6"**. That email states, among other things:

Rob,

The following is what I have been discussing with Christian and I think they can approve relating to the Fortitude loan deferral.

Amount \$1,075,000 USD as at Nov 30th 2016

Convert amount into a preferred class of shares, which we will call Class L
Class L shares would appreciate at a 6% yield
Stock warrants would be issued equal to 2% (112,175) of the outstanding
common shares would be issued to Fortitude at .0/share
Class L Shares will be purchased for face amount plus interest June 30th, 2017 or
before.

If for any reason Class L shares are not purchased by this time, then the interest
rate jumps to 24%

Class L shares First out on a sale or liquidation

Debt and yield/interest amount would be guaranteed by Lotus fund and would
additionally be supported by uncalled Capital

Lotus would enter into an exclusive sell side agreement with STS capital for the
eventual sale of Commerx. rates and terms to be mutually agreeable between
Lotus and STS.

17. To my knowledge, Lotus was unwilling to proceed with a transaction with Commerx unless Fortitude converted the Loan into preferred shares of Commerx.
18. On December 21, 2016, I sent an unsigned letter to Mr. Kulhawy by way of email. Attached hereto and collectively marked as **Exhibit "7"** are copies of (i) a screenshot evidencing the email and (ii) the letter to Mr. Kulhawy. The letter states, among other things:

As you are aware, Fortitude provided Commerx with a loan in the amount of US\$1,000,000 on January 5, 2016 (original in CDN and, at your request, changed to US). The loan was advanced on the understanding that you would guarantee the obligations of Commerx under the Loan Agreement and such guarantee would be secured by: (i) mortgages over certain properties; and (ii) a direction to Newterra Group Ltd. (acknowledged by Newterra) to pay over to Burnet Duckworth & Palmer LLP any proceeds from the sale of your Newterra shares. Based on your assurances, I recommended to Jenny, as President of Fortitude, that Fortitude make the loan to Commerx. At your request, Fortitude advanced the loan on the understanding that this security would be promptly delivered to Fortitude; however, this security was not provided as promised.

In the interest of moving forward with our relationship with you, Fortitude is willing to agree to a renegotiation of the terms under which Commerx will pay the amounts owing to Fortitude, subject to your personal commitment to deliver on the promises you have made, namely that you will personally undertake to ensure repayment of the Fortitude loan by Commerx (now in the form of the redemption of preferred shares).

B. The Settlement Agreement

19. On or about December 30, 2016, Mr. Kulhawy, Commerx, Fortitude, STS and Lotus entered into the Settlement Agreement (the "**Settlement Agreement**"), a copy of which is attached hereto and marked as **Exhibit "8"**. The recitals to the Settlement Agreement include, among other things:
- (a) Lotus agreed to purchase 51% of the Class "A" voting shares in the capital of Commerx from Mr. Kulhawy for USD \$2,00,000, extend a USD\$3,000,000 working line of credit and invest additional equity into Commerx (the "**Lotus Transaction**")
 - (b) in connection with the Lotus Transaction, Lotus has requested that Fortitude convert all principal and accrued interest payable under the Loan Agreement (the "**Fortitude Loan Conversion**") into redeemable non-voting Class "F" preferred shares of Commerx (the "**Preferred Shares**"); and
 - (c) Fortitude has agreed to the Fortitude Loan Conversion on the condition that Mr. Kulhawy provide a personal guarantee in favour of Fortitude pursuant to which Mr. Kulhawy shall guarantee Commerx's obligations in respect of the redemption of the shares to be issued to Fortitude pursuant to the Fortitude Loan Conversion.
20. Paragraph 2 of the Settlement Agreement provides that Commerx was required to hold a special meeting of its shareholders for the purpose of, among other things, amending its articles of

incorporation in the form attached as Schedule "D" thereto (the "**Articles of Amendment**"). The Articles of Amendment state, among other things:

(e) ...the Class "E" Preferred Shares and the Class "F" Preferred Shares, or any part thereof, shall be subject to redemption or repurchase, at any time and from time to time, at the option of the Board, without the consent of the holders thereof, provided that all Class "E" Preferred Shares and Class "F" Preferred Shares shall be redeemed or repurchased on or prior to June 30, 2017; on payment for each Class "E" Preferred Share and Class "F" Preferred Share to be redeemed or repurchased at an amount equivalent to:

...
 ii. in the case of the Class "F" Preferred Shares, the Class "F" Redemption Amount plus an amount equal to all accrued and unpaid dividends thereon.

...

(g) without limiting the generality of paragraph 2(e) and the obligations of the Corporation thereunder, if the Corporation fails to redeem or repurchase any Class "E" Preferred Share or Class "F" Preferred Share on or prior to June 30, 2017 due to the requirements of applicable law or otherwise, the rate at which Class "E" Preferred Shares and Class "F" Preferred Shares shall be entitled to receive cumulative dividends shall be 24.0% per annum, calculated and accruing daily and uncompounded, of the Class "E" Redemption Amount (in the case of Class "E" Preferred Shares) or the Class "F" Redemption Amount (in the case of Class "F" Preferred Shares), as applicable, until the date that such shares are redeemed or repurchased by the Corporation in accordance with their terms;


21. The dividend rate after June 30, 2017 set forth in the Articles of Amendment was agreed upon to match the interest payable on the Loan after an Occurrence of an Event of Default.
22. Paragraph 4 of the Settlement Agreement also provides that, on June 30, 2017 (the "**Redemption Date**") Commerx shall and Lotus shall cause Commerx to, redeem the Preferred Shares by paying to Fortitude the aggregate redemption amount plus all accrued and unpaid dividends. In the event that the shares were not redeemed on the Redemption Date, the cumulative dividend rate would increase to 24%.

C. Redemption of the Preferred Shares

23. Commerx Corporation did not redeem Fortitude's Class "F" shares on the Redemption Date, as required by the Settlement Agreement. Accordingly, on July 19, 2017, Fortitude's counsel delivered a Notice of Redemption to Commerx together with demands for payment to Commerx and Lotus, copies of which are collectively attached hereto and marked as **Exhibit "9"**.

- 24. At all material times, Fortitude has considered and conducted itself as a lender to Commerx. Fortitude never sought to invest or become an equity holder of Fortitude. The true nature between Commerx and Fortitude was that of lender and borrower.
- 25. Fortitude did not seek to acquire the Preferred Shares in an effort to profit from the increase in value of Commerx. Rather, Fortitude agreed to convert the Loan into the Preferred Shares on the basis that it would see the Loan repaid within a six-month period.
- 26. To date, Commerx has not repaid the amounts advanced under the Loan.
- 27. I make this Affidavit in support of Fortitude's application to classify the amounts owed to it by Commerx as a debt claim such that Fortitude is considered a creditor (rather than an equity holder) in Commerx's proposal proceedings and for no improper purpose.

SWORN BEFORE ME at the City of Toronto, in)
 the Province of Ontario this 18th day of October,)
 2018.)


 A Notary Public in and for the Province of
 Ontario


 ROBERT FOLLOWS

TAB 20

CL-299931

Certificate of Incorporation on Change of Name

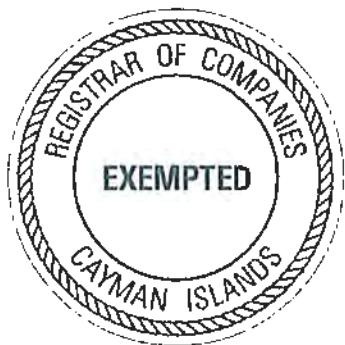
I DO HEREBY CERTIFY that

Impact Investments Inc.

having by Special resolution dated 22nd day of May Two Thousand Fifteen changed its name, is now incorporated under name of

FORTITUDE FINANCIAL INVESTMENTS INC.

Given under my hand and Seal at George Town in the Island of Grand Cayman this 22nd day of May Two Thousand Fifteen



An Authorised Officer,
Registry of Companies,
Cayman Islands.

Certified to be a true and correct
Copy of the Original
this 21 day of Jan 2015

P.A. Kyle Broadhurst
Notary Public
in and for the Cayman Islands
My Commission Expires on 31 Jan. 2015

TAB 21



FORM 3

COMPANY NO. 35465

COMPANIES ACT OF BARBADOS

CERTIFICATE OF INCORPORATION

STS CAPITAL PARTNERS SECURITIES INC.

Name of Company

I hereby certify that the above-mentioned Company, the Articles of Incorporation of which are attached, was incorporated under the Companies Act of Barbados.



(As) Deputy Registrar of Companies

January 6th, 2012

Date of Incorporation



FORM 6

COMPANY NO. 35465

COMPANIES ACT OF BARBADOS

CERTIFICATE OF AMENDMENT

STS CAPITAL PARTNERS M&A ADVISERS INC.

Name of Company

I hereby certify that the Articles of the above-mentioned company were amended

Under Section 15 of the Companies Act in accordance with the attached notice;

Under Section 33 of the Companies Act as set out in the attached Articles of Amendment designating a series of shares;

Under Section 203 of the Companies Act as set out in the attached Articles of Amendment/~~Re-organisation Arrangement/Order.~~

Shanna S. Codrington
 Dep Registrar of Companies (AS)

April 10th, 2017

Date of Amendment



COMPANIES ACT OF BARBADOS
(Section 33 and 203)

ARTICLES OF AMENDMENT

1. Name of Company
STS CAPITAL PARTNERS SECURITIES INC.
2. Company Number
35465
3. The articles of the above named company are amended as follows:

Pursuant to sections 197(1)(a) of the Companies Act, Cap. 308, of the laws of Barbados, the Articles of Incorporation be amended to change the name of the Company from STS Capital Partners Securities Inc. to **STS CAPITAL PARTNERS M&A ADVISERS INC.**

The annexed Schedule is incorporated herein.

Date:	April 1, 2017	Signature:	<i>Kristin A. Boland</i> Kristin A. Boland	Title:	Director
Date:		Signature:		Title:	
Date:		Signature:		Title:	

REGISTERED CORPORATE AFFAIRS AND
INTELLECTUAL PROPERTY OFFICE

For Ministry use only

Company Number:

Filed:



COMPANIES ACT OF BARBADOS
(Section 33 and 203)

ARTICLES OF AMENDMENT

1. Name of Company
STS CAPITAL PARTNERS SECURITIES INC.
2. Company Number
35465

SCHEDULE

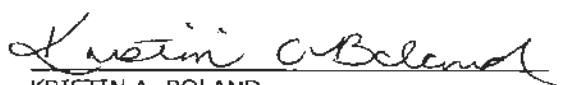
RESOLVED: as a special resolution of **STS CAPITAL PARTNERS SECURITIES INC.**

RESOLVED:

1. That pursuant to section 197(1)(a) of the Companies Act, Cap. 308, of the laws of Barbados the name of the Company be changed from **STS CAPITAL PARTNERS SECURITIES INC.** to **STS CAPITAL PARTNERS M&A ADVISERS INC.**
2. That any one Officer or Director of the Company is authorized and directed on behalf of the Company to deliver Articles of Amendment, in duplicate, in the prescribed form to the appropriate authorities under the Companies Act and to sign and execute all documents and do all things necessary in connection with the foregoing.
3. That the Board of Directors of the Company is hereby authorized to revoke this Special Resolution without approval of the Shareholders of the Company at any time before it is acted upon.

I, KRISTIN A. BOLAND, a director of **STS CAPITAL PARTNERS SECURITIES INC.**, do certify that the above is true and correct copy of a special resolution of the shareholders duly adopted by the Company on the 10th day of January, 2017 and that such resolution is now in full force and effect.

Dated this 1st day of April, 2017.



KRISTIN A. BOLAND
DIRECTOR



TAB 22

From: Robert Kulhawy <robert.kulhawy@alternatecommunications.com>
Sent: Monday, November 30, 2015 1:54 PM
To: Rob Follows
Cc: Sarah Blakebrough
Subject: Re: commerx/Alternate working capital requirements

Rob,

Thanks for your response and always nice comments.

The intention is that the \$1 million CDN would be at 1.5% monthly which is \$15,000 interest paid on a monthly basis. That is how the formula works on the note that we secured this fall to allow us to start these projects. If the interest wasn't paid monthly it would be compounded and accumulated and then paid out at the end of the term. If it was compounded the rate equates to approx 20%. I think that is how it could work. I am open to any of you suggestions as to how it might work best for you.

These funds allow us to keep ramping up and growing the business to a scale where a strategic play makes sense.

I think these funds are financial in nature.

Sarah nice to meet you via e-mail. Let me know some times that are available this week and I will confirm a time right away.

Sincerely

Robert

On Nov 30, 2015, at 10:11 AM, Rob Follows <rob@stscapital.com> wrote:

Thank you very much Robert, on your kind update and congratulations on your good work.

I am happy to have a call with you to discuss this, this week or next, if that is better. I have copied Sarah here who can find a convenient time for us.

Perhaps you could confirm that you would like a note for \$1M CDN at 18% per annum or are you offering 1.5% compounded.

Are you thinking of this coming from a financial investor or are you thinking of starting to reach out for strategic investors?

Warm regards,

Rob

Rob Follows

CEO - STS Capital Partners

Helping families and entrepreneurs on their path from *Success to Significance* through strategic M&A

From: Robert Kulhawy [<mailto:robert.kulhawy@alternatecommunications.com>]

Sent: Monday, November 30, 2015 2:51 AM

To: Rob Follows

Subject: commerx/Alternate working capital requirements

Rob,

I trust all is well in your world.

(I am actually on a plane enroute to Mexico City at present).

As an update further to our conversation this summer.

Our investments in becoming a leading provider of Network transformation services to telecom carriers is yielding real results in that we have been very successful in winning new business over the last number of months.

We have secured business with Ericsson Mexico, Alcatel Lucent Mexico, Ciena in Canada, Ericsson USA and IBM global. We expect to receive additional orders in the short to mid term from both existing and new clients.

We have worked hard to set up our business in Mexico.

This is very good however with every order/new project there are significant start up and working capital costs. Staff need to be recruited, on boarded, trained, outfitted with specialized tools and hardware. By the time they complete projects, invoices are approved and the invoices paid it is approx 120 days until any initial monies are received.

As such with every new client there are significant upfront and working capital requirements.

We are currently in a chicken and egg scenario in that we have all this new business, however we can not complete or take advantage or start all these opportunities without additional working capital.

We have received EDC approval for the receivables on each of our clients projects.

This will facilitate the ability for us to margin up to 90% of these receivables at conventional banking terms. Over the coming months this will help, however it does not help in the short term or mid term with start up costs and the initial working capital costs.

With adequate working capital we are in a position to support the companies ability to grow exponentially.

We have started a number of these projects and have embarked on the pursuit of this growth. However we have exhausted our resources and need to add necessary working capital as soon as possible to satisfy our obligations.

We have the opportunity to grow organically at minimum 4 fold in the next 2 years to an annual run rate of aprox \$40,000,000 plus.

The debt funding that we discussed this summer would allow us to continue to move forward with aggressive organic growth. That would allow us too build the business to the critical mass that would then allow us to facilitate the high growth rollup plan as you outlined previously.

With the growth in the requirement for network transformation services within the Telecom industry that is happening today and will continue to escalate over the coming years, the more I think about it the more I think the timing is right to move forward with an aggressive growth/rollup plan.

I like your logic and the win/win proposition that you outlined.

The delta between our achieving this objective of exponential organic growth and what we can finance from conventional banking sources is aprox \$1,750,000 CAD from outside sources.

I did secure a loan this fall (September) that allowed us to start executing on the business we had secured in Mexico in the amount of \$400,000 CAD. The terms of the note were 1.5 % interest paid monthly.

Now that the projects have started and I know how quickly we can ramp the business up, I am reaching out to you see if we could arrange the note we discussed ideally in the amount of \$1,000,000 CAD. I would propose that we match the same terms as the above mentioned note.

I would secure the other aprox \$350,000 CAD as needed afterward and realistically sometime in January or February.

I am convinced that the business of network transformation within the Telecom sector is the place to be over the next few years and I like the idea of coming together with you to take advantage of the opportunities available.

I am excited and ready to to do the work necessary to make this happen.

Hopefully this makes sense and is in line with your thinking.

Sincerely

Robert

Mobile 403-804-3737

Robert Kulhawy

President & CEO

t: 403.301.3883 ext. 222 / 403.265.3260 ext. 119

f: 403.398.0755

w: alternatecommunications.com

Robert Kulhawy

President & CEO



t: 403.301.3883 ext. 222 / 403.265.3260 ext. 119
f: 403.398.0755
w: alternatecommunications.com

TAB 23

From: Robert Kulhawy <robert.kulhawy@commerx.com>
Date: December 17, 2015 at 9:46:12 AM AST
To: Rob Follows <rob@stscapital.com>
Cc: Sarah Blakebrough <sblakebrough@stscapital.com>, Jennifer Jones <jonesljenny@gmail.com>
Subject: **Re: Loan to Commerx Corporation**

Rob,

I am glad you were able to get out and get some runs in. I hope Jenny is also getting in some good runs (just not to strenuous runs).

I look forward to talking to you later today after you talk to Michael.

Let me know whatever I can do to assist to help finalize this.

Thanks again

Sincerely

Robert

Mobile 403-804-3737

On Dec 16, 2015, at 11:10 PM, Rob Follows <rob@stscapital.com> wrote:

Thank YOU for your kind & complete email Robert

I hear your passion & commitment

But/And:

I also want to honour my commitment to Jenny to get & respect good advise

So
With Michael 's support & our mutual creativity & flexibility -
I'm hopeful we can get this done for you asap

I'm sorry I just got to this now & it is so late today

I'll share this update with Michael & hope to speak with you tomorrow on which
is best way to satisfy the security & move forward with this loan

I hope you get some turns in too soon Robert!

I was able to get out for some runs at lunch & held 2 successful conference calls
standing in the quiet snow covered trees...as much to get done by end of
year...& a big team to support...all good & much to be thankful for

Look forward to speaking tomorrow

Warmly

Rob

Sent from my BlackBerry 10 smartphone.

From: Robert Kuhlaway
Sent: Wednesday, December 16, 2015 11:53 AM
To: Rob Follows
Cc: Sarah Blakebrough
Subject: Re: Loan to Commerx Corporation

Rob,

Great to be with you on the call this A.M. I admire and respect how you are
having Jenny lead your personal investment company. It is the right thing to do
for so many reasons. I appreciate you and Jenny and your family.

I will work with you directly to find way's to ensure that you have additional
comfort as it relates to this loan. At the bottom of this e-mail I have listed a
number possible options please review and we can discuss what would work for
you.

This is an interesting situation for me as we have been working for years to
develop the technology, expertise and credibility to become leaders in the field of
Network Transformation within the telecom industry.

This effort is paying off, the company has a great reputation within the industry,
has a strong balance sheet, is profitable and is in the right place at the right time.
As mentioned we have as much business as we can fund the working capital for.
(As we add in the working capital this allows us to increase revenues and with
scale our profits and margins increase dramatically).

This is the best business opportunity I have ever been involved in.

To get to this point I have first utilized my personal resources. (Which is why we have a strong balance sheet).

As I mentioned on our call Verizon (USA) which is among our largest clients has unilaterally changed their terms of payment over the last year from 15 days to 97 days the result has been the requirement of over \$1,000,000 in additional working capital just to fund the change in their terms. Given our growth opportunities Verizons decision to unilaterally change their payment terms was not good timing for us. for us. (Fortunately we are seeing the margins in their business increase slightly to partially compensate for same).

Fortunately the clients have strong covenants and are all respected global companies such as Ericsson, Alcatel-Lucent, Genband, IBM, Cienna, NSN, Verizon and soon to be Huawei. (We have met with Huawei on a number of occasions they have offered us as much business as we can handle, we just do not have the working capital at present to even start with them).

As the revenues increase we have EDC insurance in place that will allow us to organize and fund the majority of this growth through traditional bank financing. It is this loan from you that will allow us to pay for the tools, recruiting, on boarding, training and paying these resources until the funds can be margined and the clients can pay as per their terms. We are well on our way moving forward in the execution of this plan. (Which is why my biggest priority at present is to complete this financing/loan with you).

I understand your request for security and comfort ensuring that this loan will be paid back as per terms. I respect that and will list whatever I can provide.

My personal assets that I would be relying on to pay this loan in the event of default are as follows. To be clear the commex is not going out of business, it is a vibrant, growing corporate entity.

I have significant share holdings in newterra Environmental which is a very successful company that I founded in 1992 was CEO for the first 9 years and Executive Chairman for 12 years, I am still a member of the board of Directors. newterra has won Deloitte's 50 best managed companies in Canada award for the last 7 years. It is a leader in the technology and manufacture of waste water treatment equipment world wide. It has 5 physical factories. It is a high growth story.

The P/E groups that now control the company have their warrants expire in October 2018. As such it is in their interest to conclude any liquidity event prior to that time. There is a lot of interest in the company and at present they have a person full time working on creating said liquidity event. Their intention is to exit as soon as they negotiate terms with a buyer that meet their target price. If they achieve their target price my drag along portion of the exit would be approx \$30,000,000 While I believe that is possible I personally think that number is aggressive and the exit while it will be at a very significant number it will not be

that high, even half that number would be a very good exit for me and the P/E groups.

While this is clearly one source that I would receive funds from there is a clause in the USA that precludes any shareholder from directly pledging their shares as collateral. Which is why my personal guarantee while ensuring that any debt is paid does not breach the existing newterra USA.

In addition I have a number of other assets that while at this time individually do not cover the amount of this loan. Collectively they certainly do. These assets include some RSP's, an illiquid and not a good time to sell Oil and gas portfolio, Boats, a significant wine cellar (worth a few hundred thousand dollars). equity within 4 different personal properties. (all have first mortgages, none have second mortgages). In the event of default I would sell as many as required along with other investments to pay the loan. (Best covered by the personal guarantee).

In the event if I was "Run over by a proverbial bus". I can offer the following. The company has a \$1 million London life insurance policy on my life. I could name you as the beneficiary and assign the proceeds of same to pay out the loan in the event of my untimely demise.

As Michael Martin has mentioned the company has existing security agreements in place. However we could add a security agreement that although it would be sub-bordinate to banks etc it would put you ahead of any other creditors in the event of default.

Another option would be that I could pledge my common shares in commerx to you as additional security to the loan. Which in the event of default gives you control of the company (I own aprox 80% of the company).

In all my years in business I have never not paid a lender a loan in its entirety and with interest. I have no intention of ever changing that.

After you review this information lets have a brief discussion and you can advise what security that I have access too that I can provide.

Let me know what time works for me to give you a quick call later today.

P.S. Please get some turns in.

Sincerely

Robert

Mobile 403-804-3737

On Dec 16, 2015, at 8:03 AM, Rob Follows <rob@stscapital.com> wrote:

Thanks a million Robert

I'm sincere about giving Jenny the management lead on our investment company and to be sure that we have good counsel on any transaction, and the strong advise that Jenny has received is to only lend with proper security, to cover the loans.

I completely appreciate your personal guarantee, as does Jenny, we of course trust you implicitly, but the challenge comes from the unexpected events like deaths or disability that could set in, wherein extremely imprudent, we are told not to lend without security.

We have taken advice from a local lawyer Michael Martin who is quite experienced in this area and is willing to provide the documents that you have agreed to use, which is great. However Michael has also been very firm in advising that we are not go ahead with the loan if there aren't any assets offered as security to the personal guarantee – in the event that something went very wrong,

I am sure Jenny will be flexible in agreeing to have the security being applied to the principal and not the interest, as she is only interested in protecting the principal – as this is presented as debt and no equity.

I look forward to our call today at 11am EST.

Warm regards,

Rob

Rob Follows

CEO - STS Capital Partners

Helping families and entrepreneurs on their path from *Success to Significance™* through strategic M&A

From: Robert Kulhawy

Sent: Tuesday, December 15, 2015 9:28 AM

To: Rob Follows

Cc: Sarah Blakebrough

Subject: Re: Loan to Commerx Corporation

Rob,

Telluride sounds outstanding. I am glad you arrived in time for such terrific conditions. I hope that you and your family are able to have a wonderful Christmas and enjoy some great snow and great time together. Please encourage Jenny to be a little careful as she ski's this winter.

Although I am not familiar with Michael Martin, BD&P is a respected law firm. (They have a reputation for being very good and very tough) One of my forum mates wives has worked there for many years as a senior attorney/rain maker.

I am happy to use their firms standard loan agreement and also their personal guarantee forms. Upon receipt I will take the personal guarantee form to my attorney to have it notarized and certified as per Michael's advice.

As per our previous discussions my personal guarantee (Notarized and certified) is my best security.

I look forward to receiving the forms and documents from Michael and concluding everything this week.

Sarah,

Let me know what times work best for Rob for a call tomorrow (wednesday). I have a lunch meeting from 12:00-1:30pm wednesday everything else I can move around to what works best in Rob's schedule. Maybe first thing in the A.M. before he jumps into the powder at Telluride? I never want to get in between a man and his opportunity to make fresh tracks.

Sincerely

Robert

On Dec 15, 2015, at 7:37 AM, Rob Follows <rob@stscapital.com> wrote:

Thank you Robert, I hope you had a nice weekend too. We arrived just in time for 10 inches of snow in Telluride, which is great news and its still snowing – so hopefully we will catch up with all the snow that you have. The family have decided to buy in Whistler, and will start the search this year, but Jenny love's Telluride, so she is having fun being back.

On the loan, its seems that Barbados is a better jurisdiction, so we will plan to lend from one of our STS companies in Barbados. I have asked for some local help in Alberta, from Counsel, and spoke to a Michael Martin late Friday afternoon, who is highly recommended and is happy to work quickly to facilitate getting the paper work in place so that we are both happy with the agreement – so hopefully we can complete this week. Michael has a Tax Partner who will help with the withholding's issue and I hope to speak to them later today.

Please find Michael's note below, Michael is suggesting using their firms forms and asking what securities are provided to support the personal guarantee.

I look forward to hearing back from you on the securities of the loan, which I am happy to be flexible on but in the event that something did happen to you, would there be security to cover the loan.

If it is ok with you, I will ask Micahel to send you his forms and documents, and we can follow up with a call.

I have copied my assistant Sarah, who can help arrange a call for us tomorrow or later in the week.

I look forward to speaking to you soon.

Warm regards,

Rob

Rob Follows
 CEO - STS Capital Partners
 Helping families and entrepreneurs on their path from
Success to Significance™ through strategic M&A

From: Michael Martin [<mailto:mgm@bdplaw.com>]

Sent: 14 December 2015 19:24

To: Rob Follows <rob@stscapital.com>

Cc: Jeff Fortin <jaf@bdplaw.com>

Subject: RE: Loan to Commerx Corporation

Rob,

I am writing to follow on our discussion.

I have reviewed the draft agreement and personal guarantee provided to you by Commerx Corporation.

As discussed, we will prepare drafts of a loan agreement and guarantee using our forms. For example, the agreement provided by Commerx is a Line of Credit Agreement, which makes references to advances, authorized limits, etc. I think it will be simpler to use our form of document, which would contemplate a one-time loan.

Similarly, our form of personal guarantee will be more fulsome, including the typical waivers of defences, etc. Also, as mentioned in our call, under the Guarantees Acknowledgment Act (an Alberta statute), no guarantee made by an individual in Alberta is enforceable unless it is executed in front of a lawyer and the lawyer completes the prescribed certificate.

Lastly, is it contemplated that the borrower or the guarantor will provide any security (in the form of a charge over all of their respective assets or certain specific assets)?

Best regards,

Mike

Michael Martin

BD&P BURNET, DUCKWORTH & PALMER

LLP Law Firm

Telephone 403.260.5738 Fax 403.260.0332 Email

mgm@bdplaw.com Web BDPLAW.COM Address Suite 2400,
 525-8th Ave SW Calgary, AB T2P 1G1

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Robert Kulhawy

President & CEO

f: 403.398.0755
w: commerx.com

Robert Kulhawy
President & CEO

t: 403.301.3883 ext. 222 / 403.265.3260 ext. 119
f: 403.398.0755
w: commerx.com

Robert Kulhawy
President & CEO



t: 403.301.3883 ext. 222 / 403.265.3260 ext. 119
f: 403.398.0755
w: commerx.com

TAB 24

From: Robert E. Kulhawy <robert.kulhawy@commerx.com>
Sent: Tuesday, December 13, 2016 4:56 PM
To: Charlotte Blumenshein <cblumenshein@stscapital.com>
Subject: Fwd: STS schedule, Fortitude schedule, Valuation, Fortitude Loan extention

Charlotte,

The Fortitude loan terms were resent on Dec 4th and 5th again as requested and as attached.

Robert

Begin forwarded message:

From: Charlotte Blumenshein <cblumenshein@stscapital.com>
Subject: RE: STS schedule, Fortitude schedule, Valuation, Fortitude Loan extention
Date: December 5, 2016 at 1:19:57 PM MST
To: "Robert E. Kulhawy" <robert.kulhawy@commerx.com>
Cc: Rob Follows <rob@stscapital.com>

Thanks Robert. We are making some excellent progress today on many of these points. Thank you for this.

On the Fortitude security, I just spoke with Rob on this, and we really do appreciate the sentiment you expressed stating that you would back the payment. But as I know you understand and appreciate here, Rob and Jenny will need to take advice from the lawyers here, and their advice is that there are things that need to be done still to perfect the security.

All the best,

Charlotte Blumenshein
 Project Manager
 STS Capital Partners
 Telephone: +1-309-751-4781
 Cell: +1 246-233-3219
 Skype: charlotte.blumenshein
cblumenshein@stscapital.com
www.stscapital.com



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This e-mail, including any attachment, is confidential and may be privileged or otherwise protected from disclosure. If you have received this e-mail in error, please notify me immediately by telephone and destroy all copies.

From: Robert E. Kulhawy [<mailto:robert.kulhawy@commerx.com>]
Sent: Monday, December 05, 2016 4:01 PM
To: Charlotte Blumenshein <cblumenshein@stscapital.com>
Cc: Rob Follows <rob@stscapital.com>
Subject: Re: STS schedule, Fortitude schedule, Valuation, Fortitude Loan extention

Charlotte,

My comments beside yours

Robert

On Dec 5, 2016, at 12:38 PM, Charlotte Blumenshein <cblumenshein@stscapital.com> wrote:

Hi Robert. Thanks too for your time this morning. I have added a few critical notes below for further clarity in orange.

All the best,

Charlotte Blumenshein

Project Manager

STS Capital Partners

Telephone: +1-309-751-4781

Cell: +1 246-233-3219

Skype: charlotte.blumenshein

cblumenshein@stscapital.com

www.stscapital.com

<image001.jpg> <image002.jpg>

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This e-mail, including any attachment, is confidential and may be privileged or otherwise protected from disclosure. If you have received this e-mail in error, please notify me immediately by telephone and destroy all copies.

From: Robert E. Kulhawy [<mailto:robert.kulhawy@commerx.com>]

Sent: Monday, December 05, 2016 1:31 PM

To: Charlotte Blumenshein <cblumenshein@stscapital.com>; Rob Follows <rob@stscapital.com>

Subject: Re: STS schedule, Fortitude schedule, Valuation, Fortitude Loan extension

Charlotte/Rob,

It was good to talk to you today

We have agreed to the following changes/evaluation.

REK will issue 375,000 class "A" common shares to STS capital. (This replaces the previous advice of 253,846 shares). *These shares will be issued to STS Capital Partners Inc prior to closing as per the terms of the Shareholders Agreement.* Agreed as part of everything else we agreed.

Fortitude will secure a guarantee from Lotus fund further secured by uncalled capital to support its loan to Commerx. *I have written to Christian Mack asking for more clarity on this security and on the class/type of shares and details regarding the 2% of Commerx. Again, this would need to be papered up, and the share certificates issued to STS Capital Partners Inc prior to the close. Clarity*

from Christian is the correct process, to be clear he advised the 2% is a 0 cost base warrant that gets paid out at exit.

REK will agree to leave as is, his personal guarantee's that are currently in place to support the Fortitude loan. We agreed that REK would perfect on the original security that was offered to be in place for the Fortitude loan. This includes your personal guarantees but there are several other elements to this security that need to be put in place. Rob and I discussed this following our call with Michael Martin, and Michael will be providing instructions to Kristos on what needs to be in place. I will leave the existing guarantees in place, Lotus is adding significant security. Both from their fund and the uncalled capital in the fund. Fortitudes security is significantly increased as a result. I have nothing to perfect, we have gone over this numerous times. My existing guarantees are back up and of course would be honoured if Lotus did not pay.

STS to discuss with Lotus as to how to secure any unpaid portion of its fees to June 30th 2017. We will do this but we also agreed that STS would be added to the personal guarantees and securities that are going to be put in place for the Fortitude loan. In addition to this, we will ask for these fees to be recognized as a promissory note with the date of payment being June 30, 2017.

The lotus guarantees are primary, my guarantees are back up. Note that I am prepaying the fees from the funds that are due to me from Lotus on Nov 30th 2018. That is a 2 year prepayment of 75,000 USD for 2 years the deferral of STS fees will be aprox 100,000 and for 7 months.

All other terms remain as per the notes and schedules as per the most recent documents sent by REK

Trusting the above is in order and thanks again for your assistance.

Sincerely

Commerx corporation
Robert Kulhawy
President and CEO
Direct 403-301-3883 ext 222
Mobile 403-804-3737

Rob,

The following is what I have been discussing with Christian and I think they can approve relating to the Fortitude loan deferral.

Amount \$1,075,000 USD as at Nov 30th 2016

Convert amount into a preferred class of shares, which we will call Class L

Class L shares would appreciate at a 6% yield

Stock warrants would be issued equal to 2% (112,175) of the

outstanding common shares would be issued to Fortitude at
 .0/share

Class L Shares will be purchased for face amount plus interest
 June 30th, 2017 or before.

If for any reason Class L shares are not purchased by this time,
 then the interest rate jumps to 24%

Class L shares First out on a sale or liquidation

Debt and yield/interest amount would be guaranteed by Lotus fund
 and would additionally be supported by uncalled Capital

Lotus would enter into an exclusive sell side agreement with STS
 capital for the eventual sale of Commerx. rates and terms to be
 mutually agreeable between Lotus and STS.

Sincerely

Commerx Corporation
 Robert Kulhawy
 President and CEO
 Direct 403-301-3883 ext 222
 Mobile 403-804-3737

On Dec 4, 2016, at 9:44 PM, Robert E. Kulhawy
 <Robert.Kulhawy@commerx.com> wrote:

Rob,

The following is what I have been discussing with Christian and
 I think they can approve relating to the Fortitude loan deferral.

Amount \$1,075,000 USD as at Nov 30th 2016

Convert amount into a preferred class of shares, which we will
 call Class L

Class L shares would appreciate at a 6% yield
 Stock warrants would be issued equal to 2% (112,175) of the
 outstanding common shares would be issued to Fortitude at
 .0/share

Class L Shares will be purchased for face amount plus interest
 June 30th, 2017 or before.

If for any reason Class L shares are not purchased by this
 time, then the interest rate jumps to 24%

Class L shares First out on a sale or liquidation

Debt and yield/interest amount would be guaranteed by Lotus
 fund and would additionally be supported by uncalled Capital

Lotus would enter into an exclusive sell side agreement with
 STS capital for the eventual sale of Commerx. rates and terms
 to be mutually agreeable between Lotus and STS.

Sincerely

Commerx Corporation
 Robert Kulhawy
 President and CEO
 Direct 403-301-3883 ext 222
 Mobile 403-804-3737

TAB 25

Reply all Delete Junk ...

Follow up from yesterdays call



Rob Follows

Wed 02/21/2016 10:09 AM

Robert E. Kulhavy <robert.kulhavy@commerz.com>; Charlotte Blumenthal <...>

Reply all

2016

You forwarded this message on 9/17/2019 3:13 PM



Ltr to Robert Kulhavy_8...

47 KB

Show all 1 attachments (47 KB) Download

Dear Robert,

Thanks very much for the call yesterday morning Robert and for going over all of the outstanding items.

We remain committed to doing all we can to get this deal closed for you as quickly as possible

I would appreciate you signing the attached letter between you and I as confirmation of our continued relationship

Robert, feel free to make changes to the letter: what I am looking for is a recognition that the loan Fortitude extended to you, was to you, was based on trust between us and made to you based on trust.

With lawyers arguing terms, I want to be sure that as between us, you and I, that as you said clearly yesterday, there is a clear promise from you Robert, that you will repay the loan we have made to you, as you requested.

Thank you Robert

Warm regards,

Rob

TAB 26

SPECIFIC TRANSACTION FEE AGREEMENT

Re: Introduction of Sale of Business

With this agreement (the "Agreement") **Commerx Corporation** of 4428 Manilla Road SE, Calgary, Alberta, T2G 4B7, Canada and any related corporations owned and/or controlled by one or more of the shareholders or directors ("Client") retains the services of **STS Capital Partners Inc.** ("STS") to assist with a portion of sales of part of Client's shares or assets or any other like transaction including a lease of assets, licensing of assets, merger, amalgamation, joint venture, strategic alliance, a workout, financing, refinancing, capitalization, recapitalization, restructuring, or any other like transaction up to a value of USD5 Million, (hereafter referred to as a "Transaction").

Client hereby retains STS on a non-exclusive basis to seek out, locate and introduce Client to a third party listed to conclude a Transaction. An introduction to a third party occurs or is effected where STS arranges or facilitates a meeting, a telephone conversation or any other communication (for example: email correspondence) in respect of a Transaction between Client and a third party as listed in Schedule "B" (or any officer, director, employee, shareholder or other agent or representative thereof).

1. (a) Client shall pay to STS a non-refundable commitment fee as set out in Schedule "A" to offset a portion of the general and administrative expenses incurred by STS in connection with this Agreement; and
 - (b) Client shall reimburse STS within 15 days of the date of each invoice received by Client, for all costs and expenses incurred by STS in connection with this Agreement (it being agreed by Client that air travel of 3 hours or more will be in business class and that costs and expenses in excess of \$3,000 shall be pre-approved by Client); and
 - (c) Where STS introduces Client to a third party, Client shall pay to STS upon conclusion of the Transaction, a success fee equal to the applicable percentage(s) set out in Schedule "A" of the Transaction Value (as defined herein). "Transaction Value" includes the total gross proceeds payable by a lender or investor (or any officer, director, employee, shareholder or other agent or representative thereof) to Client upon conclusion of the transaction and includes any refinancing, capitalization, recapitalization, workout and amounts authorized but not advanced by a lender or investor, and in the case of a Transaction which is not a financing, the transaction value thereof and the gross sale proceeds, the principal amount of any indebtedness owing to Client as a result of the Transaction, and the fair market value of any other consideration payable to Client in respect of the Transaction. Client's obligations under this section shall survive any termination of this Agreement. Client irrevocably directs Client's lawyers and the third party with whom a Transaction is concluded to withhold from the Transaction Value and remit to STS, any and all fees payable pursuant to this Agreement. STS fully understands that Client's Board of Directors must approve all Transactions and Client is under no obligation to accept any proposed Transaction
2. Notwithstanding anything to the contrary contained herein, if a Transaction is concluded with a third party during the term of this Agreement or within three years following any termination of this Agreement and STS introduced the third party to the Client, then Client shall pay to STS any and all fees payable pursuant to this Agreement on the terms and conditions provided herein. Client's obligations under this section shall survive any termination of this Agreement.

3. Although this Agreement is focused on the sale of the Client's business, through marketing the Client's business, STS may present business development opportunities to Client that bring additional revenue to Client. Should STS present such business development opportunities to Client during the term of this Agreement and if Client concludes business with any client listed in Schedule "C" (as updated by STS from time to time) at any time during the term of this Agreement or within two years following its termination, Client shall pay to STS, at the time such revenue is accounted for, 15% of the amount of the additional revenue received over a period of 2 years, net of applicable taxes. Also, STS may present prospective candidates to Client that Client may wish to hire as an employee or consultant. If Client hires any such candidate listed in Schedule "C" (as updated by STS from time to time), Client shall pay to STS upon signature of such candidate's employment or consultancy agreement, as the case may be, and on the date falling on the first anniversary thereof, a yearly fee equal to 15% of the candidate's total annual compensation for each of the first 2 years of the engagement. Client's obligations under this section shall survive any termination of this Agreement.
4. Each Party agrees that during the term of this Agreement and for a period of three years thereafter, it shall not, directly or indirectly and in any manner whatsoever: (i) circumvent, avoid, bypass, or obviate STS in any transaction with any client, provider, vendor, partnership or individual, disclosed or introduced by STS to Client, in connection with any project, sale (or potential sale), development, or any other transaction involving any sale of shares, options, financing, rights, property or other assets; (ii) solicit any entity introduced by STS for any business purpose other than for the benefit of the entity; and (iii) solicit or induce or attempt to solicit or induce, any employee of STS to leave the employ of STS; and (iv) interfere with any STS contractor. In the absence of willful misfeasance, gross negligence, or the reckless disregard of its obligations or duties hereunder on the part of STS, neither STS, its affiliates nor their respective members, stockholders, officers, directors, employees, agents nor any entity or person controlling STS or any of its affiliates (each a "STS Party") shall be subject to any liability to any third party (including but not limited to a party to a Transaction), as well as the Client or any partner, officer, director, employee, stockholder or member of the Client, for any act or omission in the course of, or in connection with, the rendering or providing of services hereunder. The Client shall indemnify and hold STS and each STS Party harmless against any losses, claims, damages or liabilities to which they or any of them may become subject in connection with the services referred to herein and shall reimburse them for any legal or other expenses (including the cost of any investigations) reasonably incurred by them arising out of or in connection with any action or claim in connection therewith, including for the recovery of any fees to which they are otherwise entitled under this Agreement, whether or not resulting in any liability; provided, however, that the Client shall not be liable in any such case to the extent that any such loss, claim, damage or liability results from a breach of STS' obligations hereunder or from STS' gross negligence or willful misfeasance in performing services hereunder. The provisions of this Section shall indefinitely survive the termination of this Agreement.
5. STS is an independent contractor and not an agent of Client and in no event shall STS have any authority to hold itself out as having the authority to bind Client.
6. This Agreement shall terminate upon the expiry of a period of 30 days triggered by a written notice of termination from one party to the other.
7. Client hereby authorizes STS and its agents to disclose to any third party all information, written or verbal, disclosed by Client to STS for the purposes of executing this Agreement.

8. This Agreement embodies the entire agreement of the parties with respect to the subject matter herein and there are no additional terms, conditions, representations, inducements and/or warranties of any kind or nature whatsoever existing between the parties other than as contemplated herein.
9. Client may not assign this Agreement or any right or obligation hereunder without the prior written consent of STS. STS may assign any of its rights and obligations hereunder to any affiliate of STS. Any assignment done in contravention of this section shall be null and void.
10. Any notice, invoice, or any other communication under this Agreement shall be sent by email or by fax to the following person at the following addresses or such other person or addresses which either party may from time to time notify the other in writing:

for the Client:

Attention: Robert Kalhawy
Email: robert.kalhawy@gmail.com

for STS:

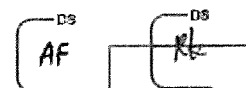
Attention: Charlotte Blumenshein
Email: cblumenshein@stscapital.com

c.c'd Audrey-Mae Fox
Email: afox@stscapital.com

11. This Agreement is governed by and construed in accordance with the laws of the Province of Ontario. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario and in the courts of any jurisdiction where Client may have assets or carries on business or in the courts where payments are to be made hereunder and Client hereby irrevocably submits to the non-exclusive jurisdiction of each such court and acknowledges its competence. Client agrees that a final judgment against it in any such legal proceeding will be conclusive and may be enforced in any other jurisdiction by suit on the judgment or by such other means provided by law over any action or proceeding arising out of or relating to this Agreement. Each party hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all rights to trial by jury in any legal proceeding arising out of or relating to this agreement or the transactions contemplated herein.
12. Unless otherwise indicated, all amounts mentioned in this Agreement are expressed in United States Dollars (USD\$).
13. The parties undertake to keep the terms of this agreement strictly confidential as between them.
14. The parties acknowledge that they have read and understand this Agreement, and agree to be bound by its terms and conditions.

15. It is the express wish of the parties hereto that this Agreement and any and all related documents, as the case may be, be drafted in the English language.

[end of page, signature page follows]



In witness whereof the parties hereto have each executed this Agreement by their respective duly authorized officers, as of the date first written above.

Commerx Corporation

STS Capital Partners Inc.

I have the authority to bind the Corporation

I have the authority to bind the Corporation

Per: X  DocuSigned by:
A06581A20FA6462...

Per: X  DocuSigned by:
DAC5CB7FDCED46A...

Name: Robert Kulhawy

Name: Audrey-Mae Fox

Title: CEO and President

Title: International Contracts Manager

Address: 4428 Manilla Road SE,
Calgary,
Alberta, T2G 4B7,
Canada

Address: 17 John's Plain
Holders, St. James
Barbados
BB 23001

Signed in: Alberta, Canada 310716

Signed in: Scotland, UK 31-07-16

on this day of , 2016

on this day of , 2016

Robert Kulhawy

STS Capital Partners Inc.

In my capacity as controlling shareholder

Ratified by the Board of Directors

Per: X  DocuSigned by:
A06581A20FA6462...

Per: X

Company: Commerx Corporation

Name: Robert C. Follows

Address: 4428 Manilla Road SE,
Calgary, Alberta, T2G 4B7,
Canada

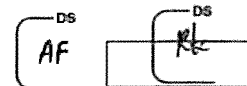
Title: CEO

Signed in: Alberta, Canada 310716

Signed in:

on this day of , 2016

on this day of , 2016



SCHEDULE "A"

FEE STRUCTURE

Commitment Fee

Client shall pay to STS a non-refundable commitment fee of \$12,000. to offset a portion of the general and administrative expenses incurred by STS in connection with this Agreement. These Commitment Fees will start to accrue on commencement of this Agreement and are payable when Client has received a minimum USD1 Million from a third party introduced by STS.

Success Fee:

Transaction Value	Applicable Percentage*
For all amounts up to USD5 Million	5% plus 5% matching warrants

* As part of any fee payable hereunder, Client shall grant STS with broker warrants exercisable at any time (in whole or in part) immediately following the conclusion of the Transaction through and until the fifth (5th) anniversary thereof, convertible at no cost into common shares of Client. The number of common shares, upon conversion, shall be equal to the percentage shown in the charts above) of the total number of common shares attributable to the Transaction Value whether or not such amount consists of equity.


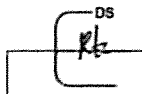
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Name:

Per:  0AC5CB7FDCED46A...

Name:

[Schedule "B" follows on next page]

SCHEDULE "B"

LIST OF THIRD PARTIES UNDER SECTION 1 OF THIS SPECIFIC TRANSACTION FEE AGREEMENT DATED AS OF _____, 2016

Third Parties

- 1.
- 2.
- 3.
- 4.
- 5.

This schedule supersedes and replaces all other prior dated schedules in respect of Section 1 of the referenced Specific Transaction Fee Agreement.

By: _____
Name:

By: _____
Name:

[Schedule "C" follows on next page]



TAB 27

SPECIFIC TRANSACTION FEE AGREEMENT

Re: Introduction of Sale of Business

With this agreement (the "Agreement") Commerx Corporation of 4428 Manilla Road SE, Calgary, Alberta, T2G 4B7, Canada and any related corporations owned and/or controlled by one or more of the shareholders or directors ("Client") retains the services of STS Capital Partners Inc. ("STS") to assist with the proposed sale of all or part of Client's shares or assets or any other like transaction (including a lease of assets, licensing of assets, merger, amalgamation, joint venture, strategic alliance, a workout or other business combination) (referred to as a "Transaction").

1. Client hereby retains STS on an exclusive basis to seek out, locate and introduce Client to a third party listed to conclude a Transaction. An introduction to a third party occurs or is effected where STS arranges or facilitates a meeting, a telephone conversation or any other communication (for example: email correspondence) in respect of a Transaction between Client and a third party (or any officer, director, employee, shareholder or other agent or representative thereof). During the term of this Agreement, Client undertakes to (i) immediately inform STS of the identity of third parties with which Client may be having discussions with respect to a Transaction and (ii) refer any such third party to STS so that STS may manage any such discussions.

2. (a) Client shall pay to STS a non-refundable commitment fee as set out in Schedule "A" to offset a portion of the general and administrative expenses incurred by STS in connection with this Agreement; and

 (b) Client shall reimburse STS within 15 days of the date of each invoice received by Client, for all costs and expenses incurred by STS in connection with this Agreement (it being agreed by Client that air travel of 3 hours or more will be in business class and that costs and expenses in excess of \$3,000 shall be pre-approved by Client); and

 (c) Where STS introduces Client to a third party, Client shall pay to STS upon conclusion of the Transaction, a success fee equal to the applicable percentage(s) set out in Schedule "A" of the Transaction Value (as defined herein). "Transaction Value" means the total consideration payable by the third party to Client upon conclusion of the transaction, including gross sale proceeds, the principal amount of any indebtedness owing to Client as a result of the Transaction, and the fair market value of any other consideration payable to Client in respect of the Transaction. Client's obligations under this section shall survive any termination of this Agreement. Client irrevocably directs Client's lawyers and the third party with whom a Transaction is concluded to withhold from the Transaction Value and remit to STS, any and all fees payable pursuant to this Agreement. STS fully understands that Client's Board of Directors must approve all Transactions and Client is under no obligation to accept any proposed Transaction.

3. Notwithstanding anything to the contrary contained herein, if a Transaction is concluded with a third party during the term of this Agreement or within three years following any termination of this Agreement and: (i) STS introduced the third party to the Client; or (ii) a third party was engaged in any discussion with Client during the term of this Agreement, then Client shall pay to STS any and all fees payable pursuant to this Agreement on the terms and conditions provided herein. Client's obligations under this section shall survive any termination of this Agreement.

DS	DS
AF	RL

4. Although this Agreement is focused on the sale of the Client's business, through marketing the Client's business, STS may present business development opportunities to Client that bring additional revenue to Client. Should STS present such business development opportunities to Client during the term of this Agreement and if Client concludes business with any client listed in Schedule "B" (as updated by STS from time to time) at any time during the term of this Agreement or within two years following its termination, Client shall pay to STS, at the time such revenue is accounted for, 15% of the amount of the additional revenue received over a period of 2 years, net of applicable taxes. Also, STS may present prospective candidates to Client that Client may wish to hire as an employee or consultant. If Client hires any such candidate listed in Schedule "B" (as updated by STS from time to time), Client shall pay to STS upon signature of such candidate's employment or consultancy agreement, as the case may be, and on the date falling on the first anniversary thereof, a yearly fee equal to 15% of the candidate's total annual compensation for each of the first 2 years of the engagement. Client's obligations under this section shall survive any termination of this Agreement.
5. Each Party agrees that during the term of this Agreement and for a period of three years thereafter, it shall not, directly or indirectly and in any manner whatsoever: (i) circumvent, avoid, bypass, or obviate STS in any transaction with any client, provider, vendor, partnership or individual, disclosed or introduced by STS to Client, in connection with any project, sale (or potential sale), development, or any other transaction involving any sale of shares, options, financing, rights, property or other assets; (ii) solicit any entity introduced by STS for any business purpose other than for the benefit of the entity; and (iii) solicit or induce or attempt to solicit or induce, any employee of STS to leave the employ of STS; and (iv) interfere with any STS contractor. In the absence of willful misfeasance, gross negligence, or the reckless disregard of its obligations or duties hereunder on the part of STS, neither STS, its affiliates nor their respective members, stockholders, officers, directors, employees, agents nor any entity or person controlling STS or any of its affiliates (each a "STS Party") shall be subject to any liability to any third party (including but not limited to a party to a Transaction), as well as the Client or any partner, officer, director, employee, stockholder or member of the Client, for any act or omission in the course of, or in connection with, the rendering or providing of services hereunder. The Client shall indemnify and hold STS and each STS Party harmless against any losses, claims, damages or liabilities to which they or any of them may become subject in connection with the services referred to herein and shall reimburse them for any legal or other expenses (including the cost of any investigations) reasonably incurred by them arising out of or in connection with any action or claim in connection therewith, including for the recovery of any fees to which they are otherwise entitled under this Agreement, whether or not resulting in any liability; provided, however, that the Client shall not be liable in any such case to the extent that any such loss, claim, damage or liability results from a breach of STS' obligations hereunder or from STS' gross negligence or willful misfeasance in performing services hereunder. The provisions of this Section shall indefinitely survive the termination of this Agreement.
6. STS is an independent contractor and not an agent of Client and in no event shall STS have any authority to hold itself out as having the authority to bind Client.
7. This Agreement shall terminate upon the expiry of a period of 30 days triggered by a written notice of termination from one party to the other.
8. Client hereby authorizes STS and its agents to disclose to any third party all information, written or verbal, disclosed by Client to STS for the purposes of executing this Agreement.

9. This Agreement embodies the entire agreement of the parties with respect to the subject matter herein and there are no additional terms, conditions, representations, inducements and/or warranties of any kind or nature whatsoever existing between the parties other than as contemplated herein.
10. Client may not assign this Agreement or any right or obligation hereunder without the prior written consent of STS. STS may assign any of its rights and obligations hereunder to any affiliate of STS. Any assignment done in contravention of this section shall be null and void.
11. Any notice, invoice, or any other communication under this Agreement shall be sent by email or by fax to the following person at the following addresses or such other person or addresses which either party may from time to time notify the other in writing:

for the Client:

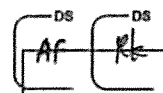
Attention: Robert Kalhawy
Email: robert.kulhawy@gmail.com

for STS:

Attention: Charlotte Blumenshein
Email: cblumenshein@stscapital.com

c.c'd Audrey-Mae Fox
Email: afox@stscapital.com

12. This Agreement is governed by and construed in accordance with the laws of the Province of Ontario. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario and in the courts of any jurisdiction where Client may have assets or carries on business or in the courts where payments are to be made hereunder and Client hereby irrevocably submits to the non-exclusive jurisdiction of each such court and acknowledges its competence. Client agrees that a final judgment against it in any such legal proceeding will be conclusive and may be enforced in any other jurisdiction by suit on the judgment or by such other means provided by law over any action or proceeding arising out of or relating to this Agreement. Each party hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all rights to trial by jury in any legal proceeding arising out of or relating to this agreement or the transactions contemplated herein.
13. Unless otherwise indicated, all amounts mentioned in this Agreement are expressed in United States Dollars (USD\$).
14. The parties undertake to keep the terms of this agreement strictly confidential as between them.
15. The parties acknowledge that they have read and understand this Agreement, and agree to be bound by its terms and conditions.
16. It is the express wish of the parties hereto that this Agreement and any and all related documents, as the case may be, be drafted in the English language.



[signature page follows]

In witness whereof the parties hereto have each executed this Agreement by their respective duly authorized officers, as of the date first written above.

Commerx Corporation

STS Capital Partners Inc.

I have the authority to bind the Corporation

I have the authority to bind the Corporation

Per: X 

Per: X 

Name: Robert Kulhawy

Name: Audrey-Mae Fox

Title: CEO and President

Title: International Contracts Manager

Address: 4428 Manilla Road SE,
Calgary,
Alberta, T2G 4B7,
Canada

Address: 17 John's Plain
Holders, St. James
Barbados
BB 23001

Signed in: Alberta, Canada 310716

Signed in: Scotland 31-07-16

on this day of , 2016

on this day of , 2016

Robert Kulhawy

STS Capital Partners Inc.

In my capacity as controlling shareholder

Ratified by the Board of Directors

Per: X 

Per: X

Company: Commerx Corporation

Name: Robert C. Follows

Address: 4428 Manilla Road SE,
Calgary, Alberta, T2G 4B7,
Canada

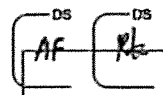
Title: CEO

Signed in: Alberta, Canada 310716

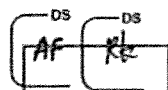
Signed in:

on this day of , 2016

on this day of , 2016



[Schedule "A" follows on next page]



SCHEDULE "A"

FEE STRUCTURE

Commitment Fee

Client shall pay to STS a non-refundable commitment fee of \$20,000. to offset a portion of the general and administrative expenses incurred by STS in connection with this Agreement. STS agrees that the commencement of the payment of these monthly work fees will be suspended until such time as Client and STS agree to billing them. Client agrees to review and increase this monthly Commitment Fee as and when reasonably required and advised to do so by STS.

Success Fee:

Transaction Value	Applicable Percentage
For all amounts up to USD50 Million	5%
For all amounts up to USD75 Million	7%
For all amounts over USD75Million	9%

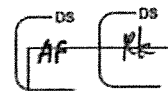
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Per:  0AC5CB7FDCED46A...

Name:

Name:

[Schedule "B" follows on next page]



SCHEDULE "B"

LIST OF COMMISSIONABLE ENTITIES AND EMPLOYEES/CONSULTANTS UNDER SECTION 4 OF THE SPECIFIC TRANSACTION FEE AGREEMENT DATED AS OF _____, 2016.

Commissionable Entities

- 1.
- 2.

Employees/Consultants

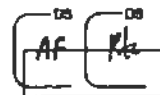
- 1.
- 2.

This schedule supersedes and replaces all other prior dated schedules in respect of Section 4 of the referenced Specific Transaction Fee Agreement.

Per:

Date:

Name:



TAB 28

DEBT CONVERSION AGREEMENT

THIS DEBT CONVERSION AGREEMENT (this "Agreement") is made effective as of the 30th day of December, 2016.

BETWEEN:

FORTITUDE FINANCIAL INVESTMENTS INC., a corporation existing pursuant to the laws of The Cayman Islands (the "**Creditor**")

- and -

COMMERX CORPORATION, a corporation existing under the laws of the Province of Alberta (the "**Corporation**")

- and -

ROBERT E. KULHAWY, an individual resident in the City of Calgary in the Province of Alberta ("**Kulhawy**")

WHEREAS:

- A. the Corporation is indebted to the Creditor in the aggregate amount of USD\$1,148,380.51 (the "Debt") pursuant to a loan agreement dated as of January 5, 2016 (the "Loan Agreement");
- B. Kulhawy has executed and delivered a personal guarantee dated as of January 5, 2016 pursuant to which Kulhawy agreed to guarantee all of the indebtedness (including the Debt), liabilities and obligations of the Corporation under the Loan Agreement (the "Guarantee"); and
- C. the Creditor has agreed to accept 1,148,381 Class "F" Preferred Shares in the capital of the Corporation (the "Conversion Shares") at an issue price of USD \$1.00 per share in exchange for the extinguishment of the Debt;

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the parties hereto, the parties hereto hereby agree as follows:

1. **Extinguishment of Debt.** On and subject to the provisions of this Agreement and concurrently with the execution and delivery of this Agreement, the Corporation shall issue the Conversion Shares to the Creditor in consideration for the extinguishment of the full amount of the Debt, and:
 - (a) the Creditor hereby accepts such issue of the Conversion Shares in full payment and satisfaction of the Debt; and
 - (b) the Debt is no longer due and payable or otherwise owing by the Corporation.
2. **Fair Market Value.** The parties hereto confirm that the fair market value of the Debt is equal to the fair market value of the Conversion Shares.

3. **Certificate.** The Corporation shall, concurrently with the execution and delivery of this Agreement, deliver to the Creditor a certificate issued to, and registered in the name of, the Creditor evidencing the Conversion Shares.
4. **Representations and Warranties of the Corporation.** The Corporation represents and warrants to the Creditor as follows and confirms that the Creditor is relying on the accuracy of each such representation and warranty in connection with the conversion of the Debt provided for in this Agreement:
 - (a) this Agreement constitutes a valid and binding obligation of the Corporation enforceable against it in accordance with its terms, subject to enforceability being limited by bankruptcy and other laws effecting the enforcement of creditors' rights generally, equitable remedies being discretionary remedies and rights to indemnification and contribution being limited by applicable laws;
 - (b) none of the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby or the fulfillment of or compliance with the terms and provisions hereof do or will, with the giving of notice, or the lapse of time or both, conflict with any of the terms, conditions or provisions of the articles or any by-laws of the Corporation or any resolutions of its directors or shareholders;
 - (c) the Corporation is a corporation validly existing and organized under the laws of the Province of Alberta and is presently in good standing with full corporate power to own its property and carry on its business as now being conducted; and
 - (d) the Conversion Shares have been validly authorized by the Corporation and, as a result of the conversion of the Debt pursuant to the terms of this Agreement, the Conversion Shares are validly issued as fully paid and non-assessable shares in the capital of the Corporation.
5. **Representations and Warranties of the Creditor.** The Creditor represents and warrants to the Corporation as follows and confirms that the Corporation is relying on the accuracy of each such representation and warranty in connection with the conversion of the Debt provided for in this Agreement:
 - (a) this Agreement constitutes a valid and binding obligation of the Creditor enforceable against it in accordance with its terms, subject to enforceability being limited by bankruptcy and other laws effecting the enforcement of creditors' rights generally, equitable remedies being discretionary remedies and rights to indemnification and contribution being limited by applicable laws;
 - (b) the Creditor is acquiring the Conversion Shares as principal for the Creditor's own account and not for the benefit of any other person;
 - (c) the Creditor is the beneficial owner of the Debt with good and marketable title thereto;
 - (d) no person other than the Corporation has any written or oral agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option for the purchase of the Debt or any portion thereof;

- (e) the Creditor has not previously transferred, assigned or otherwise conveyed or agreed to transfer, assign or otherwise convey the Debt or any portion thereof or any interest therein to any person; and
 - (f) the Creditor is a "non-resident" of Canada within the meaning and for the purposes of the *Income Tax Act* (Canada).
6. **Releases.** Upon completion of the issuance of the Conversion Shares, the Creditor does hereby irrevocably release and discharge:
- (a) the Corporation from and against any and all obligations and liabilities arising under or in connection with the Loan Agreement other than those obligations and liabilities that survive the termination of the Loan Agreement pursuant to its terms; and
 - (b) Kulhawy and his successors, administrators and assigns from and against any and all obligations and liabilities arising under or in connection with the Guarantee.
7. **Survival of Warranties.** The covenants, representations and warranties of the parties hereto shall survive the closing of the transactions contemplated herein and remain in full force and effect for the exclusive benefit of the party hereto receiving such representation, warranty or covenant for the maximum period allowable under applicable law notwithstanding the closing of the transactions contemplated herein or any investigation made by or on behalf of such party.
8. **Further Assurances.** The parties hereto hereby agree to do, execute, acknowledge and deliver all such further and other deeds, assignments, transfers, conveyances, assurances, agreements and documents and shall cause such meetings to be held, votes cast, resolutions passed, by-laws enacted and shall do and perform all such other acts and things as may be necessary, desirable or appropriate to give effect to the intent of the parties hereto hereunder and to carry out the transactions contemplated by this Agreement.
9. **Recitals.** The parties hereto acknowledge and agree that the recitals to this Agreement are true and correct in substance and in fact and are hereby incorporated into and form an integral part of this Agreement.
10. **Headings, etc.** The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to a section refers to a specified section of this Agreement.
11. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto, and supersedes all prior agreements and understanding between the parties hereto with respect to the specific matters described herein. There are not and shall not be any verbal statements, representations, warranties, undertakings or agreements between the parties hereto and this Agreement may not be amended or modified in any respect except by written instrument signed by each of the parties hereto.
12. **Time.** Time shall be of the essence of this Agreement.
13. **Governing Law.** This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties hereto shall be governed by, the laws of the Province of Alberta and the federal laws of Canada applicable therein, excluding reference

to conflicts of laws principles and each of the parties hereto attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta.

14. **Severability.** In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired thereby, and any such invalid, illegal or unenforceable provision shall be deemed to be severable, and the remainder of the provisions of this Agreement shall nevertheless remain in full force and effect.
15. **Currency.** All dollar amounts expressed herein refer to lawful currency the United States of America.
16. **Enurement.** This Agreement shall enure to the benefit of and be binding on the parties hereto and their respective and applicable heirs, executors, administrators, trustees, legal and personal representatives, successors and permitted assigns. This Agreement may not be assigned by either party hereto without the prior written consent of the other party.
17. **Waiver.** No amendment or waiver of any provision of this Agreement shall be binding on either party hereto unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.
18. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which will constitute an original and all of which together will constitute one and the same agreement. Facsimile or scanned email copies of signatures shall for all purposes be treated as original signatures.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

**FORTITUDE FINANCIAL INVESTMENTS
INC.**

Per: _____
Name:
Title:

COMMERX CORPORATION

Per: _____
Name:
Title:

Witness

ROBERT E. KULHAWY

TAB 29

BUSINESS CORPORATIONS ACT

Alberta**ARTICLES OF AMENDMENT**

1. Name of Corporation

2. Corporate Access Number

COMMERX CORPORATION

2016159200

3. Pursuant to subsection 173(1)(e) of the *Business Corporations Act* (Alberta), the authorized share capital is hereby amended by removing the rights, privileges, restrictions and conditions attached to each of the Class "A" Shares, Class "B" Shares, Class "C" Shares, Class "D" Shares, Class "E" Preferred Shares, Class "F" Preferred Shares and Class "G" Preferred Shares, and inserting therefor the rights, privileges, restrictions and conditions as set out in the attached Schedule "A", so that the share capital of the Corporation shall be amended to read as set out in the attached Schedule "A".

4 DATE	SIGNATURE	TITLE
January ____, 2017		

Schedule "A"

The Corporation is authorized to issue:

- (a) one class of shares, to be designated as "Class "A" Shares", in an unlimited number;
- (b) one class of shares, to be designated as "Class "B" Shares", in an unlimited number;
- (c) one class of shares, to be designated as "Class "C" Shares", in an unlimited number;
- (d) one class of shares, to be designated as "Class "D" Shares", in an unlimited number;
- (e) one class of shares, to be designated as "Class "E" Preferred Shares", to be limited in number to 669,154 shares;
- (f) one class of shares, to be designated as "Class "F" Preferred Shares", to be limited in number to 1,148,381 shares; and
- (g) one class of shares, to be designated as "Class "G" Preferred Shares", in an unlimited number.

such shares having attached thereto the following rights, privileges, restrictions and conditions:

1. The Class "A" Shares, Class "B" Shares, Class "C" Shares and Class "D" Shares shall have the following rights, privileges, restrictions and conditions:
 - (a) the Class "A" Shares shall be entitled to vote at all meetings of the shareholders except meetings at which only holders of a specified class of shares are entitled to vote;
 - (b) subject to the provisions of the *Business Corporations Act* (Alberta) (the "Act"), the Class "B" Shares, Class "C" Shares and Class "D" Shares shall be non-voting;
 - (c) in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, subject to the rights, privileges, restrictions and conditions attaching to the Class "E" Preferred Shares, the Class "F" Preferred Shares and the Class "G" Preferred Shares, the holders of the Class "A" Shares, Class "B" Shares, Class "C" Shares and Class "D" Shares shall share equally in the remaining property of the Corporation;
 - (d) subject to the provisions of the Act and subject to the rights, privileges, restrictions and conditions attaching to the Class "E" Preferred Shares, the Class "F" Preferred Shares and the Class "G" Preferred Shares, the Class "A" Shares, Class "B" Shares, Class "C" Shares and Class "D" Shares shall have the right to dividends as fixed in the discretion of the board of directors of the Corporation (the "Board"); and
 - (e) the Board may declare and pay dividends exclusively to one or more of the Class "A" Shares, Class "B" Shares, Class "C" Shares and Class "D" Shares to the exclusion of any other class or classes of such shares.
2. The Class "E" Preferred Shares and the Class "F" Preferred Shares shall have the following rights, privileges, restrictions and conditions:

- (a) subject to the provisions of the Act, the holders of Class "E" Preferred Shares and Class "F" Preferred Shares shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting;
- (b) subject to paragraph 2(g), each of the Class "E" Preferred Shares and Class "F" Preferred Shares shall be entitled to receive, in preference and priority to any payment of dividends on any other class of shares of the Corporation, cumulative dividends at a rate of 6.0% per annum, calculated and accruing daily and compounded on an annual basis, of: (i) in the case of the Class "E" Preferred Shares, the Class "E" Redemption Amount (as hereinafter defined), and (ii) in the case of the Class "F" Preferred Shares, the Class "F" Redemption Amount (as hereinafter defined), and, for the purposes of calculating such dividends, the Class "E" Preferred Shares and the Class "F" Preferred Shares shall be deemed to have been issued on December 30, 2016. The holders of the Class "E" Preferred Shares and the Class "F" Preferred Shares shall not be entitled to any dividends in excess of the dividends provided herein;
- (c) the redemption amount with respect to each Class "E" Preferred Share shall be CAD\$1.00 (the "Class "E" Redemption Amount");
- (d) the redemption amount with respect to each Class "F" Preferred Share shall be USD\$1.00 (the "Class "F" Redemption Amount");
- (e) the Class "E" Preferred Shares and the Class "F" Preferred Shares, or any part thereof, shall be subject to redemption or repurchase, at any time and from time to time, at the option of the Board, without the consent of the holders thereof, provided that all Class "E" Preferred Shares and Class "F" Preferred Shares shall be redeemed or repurchased on or prior to June 30, 2017; on payment for each Class "E" Preferred Share and Class "F" Preferred Share to be redeemed or repurchased at an amount equivalent to:
 - i. in the case of the Class "E" Preferred Shares, the Class "E" Redemption Amount plus an amount equal to all accrued and unpaid dividends thereon; and
 - ii. in the case of the Class "F" Preferred Shares, the Class "F" Redemption Amount plus an amount equal to all accrued and unpaid dividends thereon.

If at any time less than the whole of the outstanding Class "E" Preferred Shares and the Class "F" Preferred Shares shall be so redeemed or repurchased, the Class "E" Preferred Shares or the Class "F" Preferred Shares to be redeemed or repurchased shall be redeemed or repurchased pro rata on a per share basis so that the proportionate share of Class "E" Preferred Shares redeemed or repurchased is equal to the proportionate share of Class "F" Preferred Shares redeemed or repurchased. For the purposes of this paragraph 2(e) and paragraph 2(h), "proportionate share" means the proportion that the Class "E" Preferred Shares or Class "F" Preferred Shares, as applicable, to be redeemed or repurchased pursuant to this paragraph 2(e) or paragraph 2(h) bears to the number of issued and outstanding Class "E" Preferred Shares or Class "F" Preferred Shares, as applicable, immediately prior to such redemption or repurchase;

- (f) upon redemption or repurchase of Class "E" Preferred Shares or Class "F" Preferred Shares by the Corporation, in whole or in part, from time to time, pursuant to paragraph 2(e), the Corporation shall deliver to each holder, at the address of such holders on the share register of the Corporation or to such other address as the holder may direct by written notice to the Corporation, a bank draft, certified cheque or wire transfer in an amount equal to the Class "E" Redemption Amount or the Class "F" Redemption Amount, as applicable, multiplied by the

number of such holder's Class "E" Preferred Shares or Class "F" Preferred Shares, as applicable, so redeemed or repurchased, plus an amount equal to all accrued and unpaid dividends thereon, and upon delivery of such funds the holders of the Class "E" Preferred Shares or Class "F" Preferred Shares, as applicable, whose shares have been redeemed or repurchased shall thereafter have no rights against the Corporation in respect of such shares;

- (g) without limiting the generality of paragraph 2(e) and the obligations of the Corporation thereunder, if the Corporation fails to redeem or repurchase any Class "E" Preferred Share or Class "F" Preferred Share on or prior to June 30, 2017 due to the requirements of applicable law or otherwise, the rate at which Class "E" Preferred Shares and Class "F" Preferred Shares shall be entitled to receive cumulative dividends shall be 24.0% per annum, calculated and accruing daily and uncompounded, of the Class "E" Redemption Amount (in the case of Class "E" Preferred Shares) or the Class "F" Redemption Amount (in the case of Class "F" Preferred Shares), as applicable, until the date that such shares are redeemed or repurchased by the Corporation in accordance with their terms;
- (h) subject to the provisions of the Act, from and after June 30, 2017, the holders of Class "E" Preferred Shares and Class "F" Preferred Shares shall be entitled to require the Corporation to redeem or repurchase at any time and from time to time all or any of the Class "E" Preferred Shares or Class "F" Preferred Shares, as applicable, registered in the name of such holder on the books of the Corporation by tendering to the Corporation at its registered office the share certificate or certificates representing the shares which the holder desires to have the Corporation redeem or repurchase, together with the request in writing specifying that the holder desires to have the said shares represented by such certificate or certificates redeemed or repurchased by the Corporation, and stating the business day (hereinafter called the "Redemption Date") on which the holder desires to have the Corporation redeem or repurchase such shares. Upon receipt of such request, the Corporation shall inform any other holders of outstanding Class "E" Preferred Shares and Class "F" Preferred Shares prior to the Redemption Date to allow such holders to have all or any of their Class "E" Preferred Shares and Class "F" Preferred Shares redeemed or repurchased on the same terms on the Redemption Date. If less than the whole of the outstanding Class "E" Preferred Shares and the Class "F" Preferred Shares shall be so redeemed or repurchased, the Class "E" Preferred Shares or the Class "F" Preferred Shares to be redeemed or repurchased shall be redeemed or repurchased pro rata on a per share basis so that the proportionate share of Class "E" Preferred Shares redeemed or repurchased is equal to the proportionate share of Class "F" Preferred Shares redeemed or repurchased. Upon receipt of a share certificate or certificates representing the Class "E" Preferred Shares or Class "F" Preferred Shares, as applicable, which the holder desires to have the Corporation redeem or repurchase, together with such a request, the Corporation shall, on the Redemption Date, redeem or repurchase such shares by delivering to the holder, at the address of such holders on the share register of the Corporation or to such other address as the holder may direct by written notice to the Corporation, a bank draft, certified cheque or wire transfer in an amount equal to the Class "E" Redemption Amount or the Class "F" Redemption Amount, as applicable, multiplied by the number of such holder's Class "E" Preferred Shares or Class "F" Preferred Shares, as applicable, so redeemed or repurchased, plus an amount equal to all accrued and unpaid dividends thereon, and upon delivery of such funds the holders of the Class "E" Preferred Shares or Class "F" Preferred Shares, as applicable, whose shares have been redeemed or repurchased shall thereafter have no rights against the Corporation in respect of such shares;
- (i) notwithstanding the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation which are authorized, issued or outstanding, no distribution shall

be made to the holders of any of the other classes of shares in the capital of the Corporation until all Class "E" Preferred Shares and Class "F" Preferred Shares are redeemed, repurchased or otherwise acquired by the Corporation in accordance with the terms hereof. For the purposes of this paragraph 2(i), "distribution" means any declaration, payment or distribution to or to the account of any holders of any other classes of shares in the capital of the Corporation, now or hereafter outstanding by way of:

- i. dividends in cash or specie; or
 - ii. purchase, redemption or other retirement of any outstanding shares;
- (j) notwithstanding the terms and conditions of any other class of shares of the Corporation which are authorized, issued or outstanding, in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class "E" Preferred Shares shall be entitled to receive an amount equal to the Class "E" Redemption Amount per share plus an amount equal to all accrued and unpaid dividends thereon and the holders of Class "F" Preferred Shares shall be entitled to receive an amount equal to the Class "F" Redemption Amount per share plus an amount equal to all accrued and unpaid dividends thereon, pro rata on a per share basis as among all holders of Class "E" Preferred Shares and Class "F" Preferred Shares and prior to any payment or distribution to any holder of any other class of shares of the Corporation. The Class "E" Preferred Shares and the Class "F" Preferred Shares shall not be entitled to share any further in the distribution of the property or assets of the Corporation except to the extent hereinbefore provided;
- (k) the rights, privileges, restrictions and conditions attaching to the Class "E" Preferred Shares and the Class "F" Preferred Shares may only be amended, modified, suspended, altered or repealed if consented to, or approved by, the holders of the Class "E" Preferred Shares and the Class "F" Preferred Shares in the manner hereinafter specified and in accordance with any requirements of applicable law;
- (l) no class of shares may be created ranking as to capital or dividends in priority to or on parity with the Class "E" Preferred Shares or the Class "F" Preferred Shares without the consent or approval of the holders of the Class "E" Preferred Shares and the Class "F" Preferred Shares in the manner hereinafter specified and in accordance with any requirements of applicable law; and
- (m) for the purposes of paragraphs 2(k) and 2(l), any consent or approval thereunder shall be made by the unanimous approval of the holders of the Class "E" Preferred Shares and the Class "F" Preferred Shares each voting separately as a class at a meeting of such holders specially called for that purpose, or by a resolution in writing signed by all the holders of the Class "E" Preferred Shares and the Class "F" Preferred Shares, in addition to any other approval required by the Act.

3. The Class "G" Preferred Shares shall have the following rights, privileges, restrictions and conditions:

- (a) the Class "G" Preferred Shares are hereby created for the purpose of being issued in exchange for:
 - i. property other than a promissory note or a promise to pay; or

- ii. issued shares of the Corporation of a different class;
- (b) the redemption amount with respect to each Class "G" Preferred Share shall be CAD\$1.00 (the "Class "G" Redemption Amount");
 - (c) subject to the provisions of the Act, the Class "G" Preferred Shares shall be non-voting;
 - (d) the holder(s) of the Class "G" Preferred Shares shall be entitled to receive a cumulative dividend at a rate equal to the prime lending rate, as published by the Wall Street Journal, plus 1.25% per annum, calculated monthly, and, for the purposes of calculating such dividend, the Class "G" Preferred Shares shall be deemed to have been issued on December 30, 2016. The holders of the Class "G" Preferred Shares shall be entitled to receive such dividends in priority to any dividends declared in respect of the Class "A" Shares, Class "B" Shares, Class "C" Shares or Class "D" Shares, but subject to the rights, privileges, restrictions and conditions attaching to the Class "E" Preferred Shares and Class "F" Preferred Shares; provided that no dividends shall be declared or paid on or set apart for payment on any of the Class "A" Shares, Class "B" Shares, Class "C" Shares or Class "D" Shares if the realizable value of the Corporation's assets immediately after the payment would be less than the aggregate of its liabilities and the aggregate Class "G" Redemption Price (as defined hereinafter) of all of the Class "G" Preferred Shares issued and outstanding at that time;
 - (e) in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntarily or otherwise, or any other distribution of the assets of the Corporation for the purpose of winding up its affairs, the holders of the Class "G" Preferred Shares shall be entitled to receive for each such share, in priority to the holders of the Class "A" Shares, Class "B" Shares, Class "C" Shares and Class "D" Shares, but subject to the rights, privileges, restrictions and conditions attaching to the Class "E" Preferred Shares and the Class "F" Preferred Shares, the Class "G" Redemption Amount per share together with all declared but unpaid dividends thereon (herein referred to as the Class "G" Redemption Price). After the payment to the holder of the Class "G" Preferred Shares of the Class "G" Redemption Price for each such share as aforesaid, the holders of the Class "G" Preferred Shares shall have no right or claim to any of the remaining assets of the Corporation;
 - (f) subject to the rights, privileges, restrictions and conditions attaching to the Class "E" Preferred Shares and the Class "F" Preferred Shares, the Corporation may, upon giving notice as hereinafter provided in paragraph 3(h), redeem or repurchase the whole or any part of the Class "G" Preferred Shares held by one or more shareholders on payment of the Class "G" Redemption Price for each share to be redeemed or repurchased;
 - (g) subject to the rights, privileges, restrictions and conditions attaching to the Class "E" Preferred Shares and the Class "F" Preferred Shares, upon written notice of any holder of Class "G" Preferred Shares which notice shall contain the information required by paragraph 3(h) and which shall be signed by the holder or its duly authorized attorney (in which case evidence of such authorization satisfactory to the Corporation shall accompany the notice) the Corporation shall, within ten days (or such other period of time as may be set at the time of issuance of the said Class "G" Preferred Shares) following receipt of such notice at the registered office of the Corporation, redeem or repurchase all or such portion of the outstanding Class "G" Preferred Shares included in such notice for an amount equal to the aggregate Class "G" Redemption Price, in the manner provided in paragraph 3(h);

- (h) subject to the rights, privileges, restrictions and conditions attaching to the Class "E" Preferred Shares and the Class "F" Preferred Shares, subject to the provisions of the Act, the Corporation may redeem or repurchase the issued Class "G" Preferred Shares at any time upon five (5) days' notice in writing to the holder thereof, and upon payment of the stated capital of the Class "G" Preferred Shares to be redeemed or repurchased (or such greater amount as the Board determines at the time of redemption or repurchase) together with all declared and unpaid dividends thereon, the holder of the Class "G" Preferred Shares being redeemed or repurchased shall thereupon surrender the share certificate for cancellation and the shares represented thereby shall be deemed to be redeemed or repurchased. If only part of the outstanding Class "G" Preferred Shares are to be redeemed or repurchased at the option of the Corporation, at any one time, the Board may, subject to any contrary rights or restrictions contained in the Act, in its absolute discretion determine the Class "G" Preferred Shares so to be redeemed or repurchased and such redemption or repurchase need not be pro rata to the holding of any member or on any other fixed basis; and
- (i) the preference, rights, privileges, restrictions and conditions attaching to the Class "G" Preferred Shares, may be deleted, varied, modified, amended, or amplified only with the prior approval of the holders of the Class "G" Preferred Shares which may be given in writing by all of the holders of the Class "G" Preferred Shares then outstanding or by resolution duly passed and carried by not less than three quarter (3/4) of the votes cast at a meeting of the holders of the Class "G" Preferred Shares duly called for the purposes of considering the subject matter of such resolution.

TAB 30

Burnet,
Duckworth
& Palmer LLP
Law Firm

Reply to: Michael G. Martin
Direct Phone: (403) 260-5738
Direct Fax: (403) 260-0332
mgm@bdplaw.com

Assistant: Amy Gee
Direct Phone: (403) 260-0366
Our File: 74879-1

Via Courier & Email

July 19, 2017

Commerx Corporation
4428 Manilla Road SE Road
Calgary, AB T2G 4B7
Attention: President
Email: robert.kulhawy@commerx.com

Commerx Corporation
#600, 5920 Macleod Trail S.
Calgary, AB T2H 0K2

Dear Sirs/Mesdames:

**Re: Commerx Corporation – Notice of Redemption from Fortitude Financial Investments Inc.
("Fortitude")**

We are counsel to Fortitude.

Please see the enclosed Notice of Redemption, executed by Fortitude.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



Michael G. Martin

MGM/ag

Copy to: Bennett Jones LLP
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Kristos Iatridis
Email: iatridisk@bennettjones.com

8421045.1

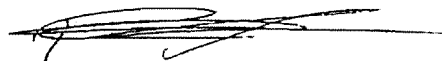
NOTICE OF REDEMPTION

To: Commerx Corporation (the "Corporation")

Pursuant to Section 1(h) of Schedule A to the Articles of Incorporation of the Corporation, the undersigned, being the registered holder of 1,148,381 Class "F" Preferred Shares in the capital of the Corporation (the "**Subject Shares**"), hereby requires the Corporation to redeem all of the Subject Shares. The undersigned requests that the Subject Shares be redeemed on July 21, 2017.

Dated July 19, 2017.

**FORTITUDE FINANCIAL INVESTMENTS
INC.**



Per: _____

Name: Robert C. Follows

Title: Chairman

Burnet,
Duckworth
& Palmer LLP
Law Firm

Reply to: Michael G. Martin
Direct Phone: (403) 260-5739
Direct Fax: (403) 260-0332
mgm@bdplaw.com

Assistant: Amy Gee
Direct Phone: (403) 260-0366
Our File: 74879-1

Via Courier & Email

July 19, 2017

Commerx Corporation
4428 Manilla Road SE Road
Calgary, AB T2G 4B7
Attention: President
Email: robert.kulhawy@commerx.com

Commerx Corporation
#600, 5920 Macleod Trail S.
Calgary, AB T2H 0K2

Dear Sirs/Mesdames:

Re: Settlement Agreement dated as of December 30, 2016 (the "Settlement Agreement") among Robert E. Kulhawy, Commerx Corporation ("Commerx"), Fortitude Financial Investments Inc. ("Fortitude"), STS Capital Partners Inc. and Commerx Holdings LLC

Articles of Incorporation of Commerx (the "Articles")

We are counsel to Fortitude.

Pursuant to section 4 of the Settlement Agreement, and pursuant to section 2(e) of Schedule A to the Articles, Commerx is required, on June 30, 2017, to redeem the Fortitude Class "F" Shares (as defined in the Settlement Agreement) in their entirety by paying to Fortitude the aggregate redemption amount plus all accrued and unpaid dividends payable in connection therewith (collectively, the "**Obligations**"). Without limiting the generality of the Obligations, pursuant to the Articles if Commerx fails to redeem the Fortitude Class "F" Shares on or prior to June 30, 2017, the rate at which the Fortitude Class "F" Shares shall be entitled to receive cumulative dividends shall be 24.0% per annum, calculated and accruing daily and un-compounded.

Commerx has not satisfied the Obligations.

Fortitude hereby demands payment in full of the Obligations from Commerx.

This demand is made without prejudice to Fortitude's rights to make such further and other demands as it may see fit for any other indebtedness or obligations or under any other guarantees or security.

Fortitude expressly reserves its rights and remedies with respect to any defaults that now exist or hereafter arise under the Settlement Agreement, the Articles or otherwise.

8419988.2



Yours truly,

BURNET, DUCKWORTH & PALMER LLP

A handwritten signature in blue ink, appearing to read "Michael G. Martin", is written over a horizontal line.

Michael G. Martin

MGM/ag

Copy to: Bennett Jones LLP
4500, 855 - 2nd Street S.W
Calgary, Alberta T2P 4K7

Attention: Kristos Iatridis
Email: iatridisk@bennettjones.com

Burnet,
Duckworth
& Palmer LLP
Law Firm

Reply to: Michael G. Martin
Direct Phone: (403) 260-5738
Direct Fax: (403) 260-0332
mgm@bdplaw.com

Assistant: Amy Gee
Direct Phone: (403) 260-0366
Our File: 74879-1

Via Courier & Email

July 19, 2017

Commerx Holdings LLC
c/o Lotus Innovations Fund II, L.P.
5151 California Avenue, Suite 250
Irvine, CA 92617
Attention: Christian Mack
Email: christian@lotus-innovations.com

Dear Sirs/Mesdames:

Re: Settlement Agreement dated as of December 30, 2016 (the "Settlement Agreement") among Robert E. Kulhawy, Commerx Corporation ("Commerx"), Fortitude Financial Investments Inc. ("Fortitude"), STS Capital Partners Inc. and Commerx Holdings LLC ("Lotus")

Articles of Incorporation of Commerx (the "Articles")

We are counsel to Fortitude.

Pursuant to section 4 of the Settlement Agreement, Lotus is required, on June 30, 2017, to cause Commerx to redeem the Fortitude Class "F" Shares (as defined in the Settlement Agreement) in their entirety by paying to Fortitude the aggregate redemption amount plus all accrued and unpaid dividends payable in connection therewith (collectively, the "Obligations"). Without limiting the generality of the Obligations, pursuant to the Articles if Commerx fails to redeem the Fortitude Class "F" Shares on or prior to June 30, 2017, the rate at which the Fortitude Class "F" Shares shall be entitled to receive cumulative dividends shall be 24.0% per annum, calculated and accruing daily and un compounded.

Lotus has not satisfied the Obligations.

Fortitude hereby demands payment in full of the Obligations from Lotus.

This demand is made without prejudice to Fortitude's rights to make such further and other demands as it may see fit for any other indebtedness or obligations or under any other guarantees or security.

Fortitude expressly reserves its rights and remedies with respect to any defaults that now exist or hereafter arise under the Settlement Agreement, the Articles or otherwise.

8420292.1

Yours truly,

BURNET, DUCKWORTH & PALMER LLP

A handwritten signature in blue ink, appearing to read "Michael G. Martin", is written over a horizontal line.

Michael G. Martin

MGM/ag

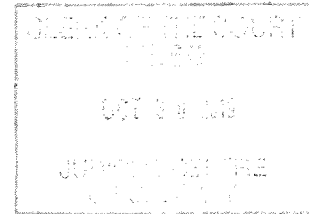
Copy to: Bennett Jones LLP
4500, 855 - 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Kristos Iatridis
Email: iatridiski@bennettjones.com

TAB 31

[Rule 6.3]

Clerk's Stamp



COURT FILE NUMBER 1801-16809
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT ROBERT KULHAWY
RESPONDENT COMMERX HOLDINGS LLC and LOTUS INNOVATIONS PRIVATE EQUITY FUND also known as LOTUS INNOVATIONS LLC and COMMERX CORPORATION

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Burstall LLP
Barristers & Solicitors
1600, 333 – 7 Avenue SW
Calgary, AB T2P 2Z1
Scott Chimuk, counsel for the Applicant, Robert Kulhawy
Telephone: (403) 999-9817
Fax: (403) 266-6016
Email: scottchimuk@burstall.com

File No. 41052

AFFIDAVIT OF ROBERT KULHAWY

Sworn on October 30, 2019

I, Robert Kulhawy, businessman, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am an individual residing in the Province of Alberta and am the founder and Chief Executive Officer and President of Commerx Corporation (the "**Company**") and as such I have personal knowledge of all facts and matters deposed to herein, except where stated to be based on information and belief, in which case I believe same to be true.
2. On January 5, 2016, the Company and Fortitude Financial Investments Inc. ("**Fortitude**") entered into a loan agreement (the "**Loan Agreement**") whereby Fortitude advance a

loan to the Company in the amount of \$1,000,000.00 USD (the "**Fortitude Loan**"). Attached hereto and marked as **Exhibit "A"** is a copy of the Loan Agreement.

3. On December 30, 2016, the Company, Fortitude, and I entered into a settlement agreement wherein all debt was converted into equity, the terms of which are set out in the debt conversion agreement (the "**Debt Conversion Agreement**").
4. Debt Conversion Agreement included the following express or implied terms:
 - (a) Fortitude would accept 1,148,381 Class "F" Preferred Shares in the capital of the Company;
 - (b) The Fortitude Loan would be extinguished;
 - (c) The Company would be released from and against all obligations arising from the Loan Agreement;
 - (d) I would be released from and against all obligations arising from the guarantee I provided in connection with the Loan Agreement; and
 - (e) The Debt Conversion Agreement constituted the entire agreement between the parties.

Attached hereto and marked as **Exhibit "B"** is a copy of the Debt Conversion Agreement.

5. The Debt Conversion Agreement was entered into along with a series of agreements related to a share purchase transaction which was negotiated by STS Capital Partners ("**STS**"). STS was paid \$385,000.00 USD for its services. Moreover, STS was provided 600,000 common shares in the Company or 10.6% of the Company's total common shares as additional compensation. Robert Follows, the Applicant's affiant, is the founding Chairman and Chief Executive Officer of STS.
6. It was the intention of the parties to convert the Debt into equity. This intention was executed by the parties entering into the Debt Conversion Agreement. The intention of

the parties to convert the debt to equity, and the execution of that intention, is confirmed in the Company's financial statements.

7. Attached hereto and marked as **Exhibit "C"** is the Consolidated Financial Statement of the Company for the year ending June 30, 2016. The Fortitude Loan is recorded in Exhibit "C", on page 7 under the heading, note 6 Loans Payable, as:

Loan secured by general security agreements, unlimited guarantees from company and guarantees from co-borrower bearing interest at 18% per annum, maturing at July 5, 2018.

8. Attached hereto and marked as **Exhibit "D"** is the Consolidated Financial Statement of the Company for the year ending June 30, 2017. Page 8 of Exhibit D provides:

Loan secured by general security agreements, unlimited guarantees from company and guarantees from co-borrower bearing interest at 18% per annum, originally maturing at July 5, 2018. *Prior to maturity, the loan was converted to equity in the form of preferred shares. See note 7 (emphasis added).*

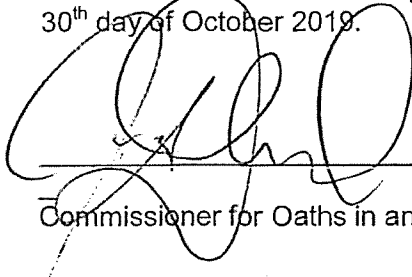
Note 7, which is located at Page 7 of Exhibit D, records the 1,148,381 shares granted to Fortitude by way of the Debt Conversion Agreement as Class F preferred non-voting shares.

9. Attached hereto and marked as **Exhibit "E"** is the Consolidated Financial Statement of the Company for the year ending June 30, 2018. Page 8 of Exhibit "E", which records the Company's Loans Payable, no longer includes the Fortitude Loan as it was converted into equity in the previous year. This is confirmed at page 7 of Exhibit "E" which continues to record the 1,148,381 shares granted to Fortitude by way of the Debt Conversion Agreement as Class F preferred non-voting shares.

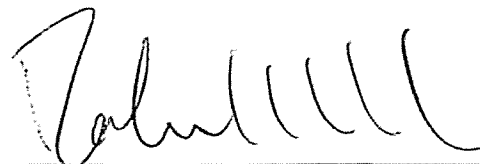
10. Further, Fortitude's counsel confirmed in an email dated August 10, 2017 that Fortitude was an equity shareholder. This correspondence made no indication of Fortitude's allegations today that they are creditors of the Company. Attached hereto and marked as **Exhibit "F"** is a copy of the August 10, 2017 email correspondence.

11. For all of the aforesaid reasons, the Fortitude Loan was extinguished along with Fortitude's position as a creditor of the Company by way of the Debt Conversion Agreement. Concurrently, Fortitude became an equity shareholder of the Company by way of the Debt Conversion Agreement.
12. I make this Affidavit in response to Fortitude's Appeal of Notice of Disallowance filed October 21, 2019 and for no improper purpose.

SWORN BEFORE ME at Calgary, Alberta, this
30th day of October 2019.



Commissioner for Oaths in and for Alberta



ROBERT KULHAWY

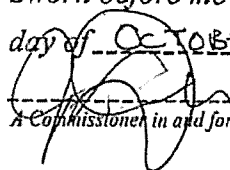
Jasmin Dhaliwal
A Commissioner for Oaths - Notary Public
in and for the Province of Alberta.
Member of the Law Society of Alberta and
My Appointment Expires at the Pleasure of
The Attorney General for the Province of Alberta

TAB 32

Consolidated Financial Statements of

Commerx Corporation

June 30, 2016

THIS IS EXHIBIT " C "
referred to in the Affidavit of
ROBERT KULTAWY
Sworn before me this 30
day of OCTOBER A.D. 2019

A Commissioner in and for the Province of Alberta

Jasmin Dhaliwal
A Commissioner for Oaths - Notary Public
in and for the Province of Alberta.
Member of the Law Society of Alberta and
My Appointment Expires at the Pleasure of
The Attorney General for the Province of Alberta

CALWEST CPA
Chartered Professional Accountants

NOTICE TO READER

To the Directors of
of Commerx Corporation

On the basis of information provided by management, we have compiled the consolidated balance sheet of Commerx Corporation as at June 30, 2016 and the statement of loss and deficit for the year then ended.

We have not performed an audit or a review engagement in respect to these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purpose.

CalWest Chartered Professional Accountants
Calgary, Alberta
August 2, 2019

Commerx Corporation

Consolidated statement of loss and deficit

For the year ending June 30, 2016

(Unaudited - See Notice to Reader)

(Stated in Canadian dollars)

	2016	2015
	\$	\$
Sales	7,582,275	10,986,721
Cost of sales	5,805,705	(8,573,618)
Gross Profit	1,776,570	2,413,103
Expenses		
Advertising and promotion	13,962	51,138
Bad debts	-	9,882
Bank charges and interest	48,642	57,142
Communications	15,688	26,856
Computer support	39,380	73,646
Insurance	64,457	119,781
Memberships	17,117	38,960
Premises costs	154,374	156,917
Professional fees	74,339	218,186
Travel, entertainment and business development	159,559	129,840
Wages and employee benefits	1,263,950	1,565,266
	1,851,467	2,447,614
(Loss) earnings before other items	(74,898)	(34,511)
Other items		
Amortization	(58,298)	(76,376)
Interest and finance charges	(290,618)	(112,085)
Nonrecurring items (see note 8)	(2,615,471)	-
	(2,964,387)	(188,461)
Earnings before income taxes	(3,039,284)	(222,972)
Recovery of (provision for) income taxes	5,179	59,673
Net earnings	(3,034,106)	(163,299)
Deficit, beginning of year	(551,567)	(388,268)
Deficit, end of year	(3,585,673)	(551,567)

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Commerx Corporation

Consolidated balance sheet

as at June 30, 2016

(Unaudited - See Notice to Reader)

(Stated in Canadian dollars)

	2016	2015
	\$	\$
Assets		
Current assets		
Cash	110,540	75,110
Accounts receivable and other	1,499,941	2,096,318
Prepaid expenses and deposit	157,579	57,004
Total Current Assets	1,768,060	2,228,432
Property and equipment (Note 3)	95,804	194,783
Goodwill	-	374,355
Intangible assets	-	406,215
Due from related party	-	401,799
Investments	-	20,620
Development costs	133,435	145,223
Total Assets	1,997,299	3,771,427
Liabilities		
Current liabilities		
Bank indebtedness (Note 4)	637,290	\$ 978,541
Accounts payable, accrued liabilities and statutory obligations	791,827	833,130
Current portion of loans payable (Note 6)	198,533	421,868
Total Current Liabilities	1,627,650	2,233,539
Loans payable (Note 6)	1,855,867	-
Total Liabilities	3,483,517	2,233,539
Commitments (Note 7)		
Shareholders' equity		
Share capital (Note 5)	2,099,455	2,089,455
Deficit	(3,585,673)	(551,567)
Total Liabilities and Shareholders' Equity	1,997,299	3,771,427

Approved by:

 Director

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Commerx Corporation

Notes to consolidated financial statements

as at June 30, 2016

(Unaudited - See Notice to Reader)

(Stated in Canadian dollars)

1 Basis of presentation

These consolidated financial statements include the accounts of Commerx Corporation ("the Company") and its wholly owned subsidiary Commerx US Inc.

Prior year financial statements were prepared by other accountants on a review engagement basis and as such have been reclassified to conform to this year's presentation.

2 Nature of operations

The company is comprised of three operating lines of business:

Digital Technology Solutions division provides digital strategy and technology solutions to North American organizations in both the private and public sectors. **Telecom Services division** provides specialized telecommunications services to the Global telecommunications industry. **Workforce Management division** provides specialized staffing services to the global telecommunications industry.

3 Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE") and reflect the following significant accounting policies:

Basis of consolidation

The consolidated financial statements include the amounts of wholly owned subsidiaries of the company. The company has applied Accounting Guideline 15, Consolidation of Variable Interest Entities, to the corporation. The guideline requires a VIE to be consolidated if a company is at risk of absorbing the VIE's expected losses or is entitled to receive the majority of its expected residual returns, or both.

Foreign currency translation

The company's U.S. subsidiary, Commerx US Inc is classified as integrated foreign operations and, as such, are translated into Canadian dollars using the temporal method, whereby monetary items are translated at the rate of exchange in effect at the consolidated balance sheet date and

non-monetary items are translated at applicable historical rates. Revenue and expense items are translated at the average rates prevailing during the year. All translation gains and losses are included in the net income (loss).

Property and equipment

Property and equipment are recorded at cost and amortized using the declining-balance method at the following rates, which estimate useful lives of the assets:

Computer hardware	30%
Tools	50%
Furniture and fixtures	20%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

Income taxes

The company follows the taxes payable method of accounting for income taxes. Under this method, only current incomes for the period, determined in accordance with the rules established by taxation authorities, are recognized as an expense.

Revenue recognition

The company recognizes revenue when persuasive evidence of an arrangement exists, services have been rendered, the price to the buyer is fixed or determinable and collection is reasonably assured. Revenue is recorded using the percentage of completion method for individual contracts. When the outcome of a contract can be reliably estimated, contract revenue is recognized in proportion to the stage of completion of the contract at the end of the reporting period. The stage of completion is determined by reference to the proportion of costs incurred to date in comparison to the estimated total costs of the contracts. Contract expenses are recognized as incurred unless they create an asset related to future contract activity, in which case they are reported as unexpired expenses on the consolidated balance sheet. If estimates indicate that total contract costs will exceed total contract revenue; the full amount of the expected loss is recognized immediately in the consolidated statement of income (loss) and retained earnings (deficit). Any excess of progress billings over earned revenue on contracts is carried as costs in excess of related billings on the consolidated balance sheet. Any excess of costs and estimated profits over progress billings on contracts is carried as deferred revenue in the consolidated financial statements.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the company becomes party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at the amortized cost except for derivative assets (liabilities)

(see financial derivative instruments policy). Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transactions related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight line method. Any premium or discount related to an instrument measured at amortized cost is amortized net income (loss) over the expected life of the item using the straight-line method and recognized in net profit (loss) as interest income or expense. With respect to financial assets measured at cost or amortized cost, the Company recognizes in net profit (loss) an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. With the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in net profit (loss) in the period the reversal occurs.

Use of estimates

The preparation of the consolidated financial statements in conformity with ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated balance sheet. The valuation for doubtful accounts, the impairment and economic useful lives of property and equipment and intangible assets for purposes of calculating amortization, accrued liabilities, and income tax provisions are the most significant items subject to estimates in these consolidated financial statements. These estimates are reviewed at least annually and, as adjustments become necessary, they are reported in net profit (loss) in the periods in which they become known.

4 Bank indebtedness

The company has a demand line of credit with a maximum available amount of \$1,000,000 bearing interest at the bank's prime rate plus 2% per annum, secured by a general security agreement constituting a first ranking security interest in all personal property of the Company a shareholder guarantee. As at June 30, 2016, \$637,290 (2015 - \$978,541) was drawn on the facility.

5 Share capital

Authorized, unlimited number of
 Class A common shares with no par value
 Class G preferred redeemable retractable non-voting shares

Issued	2016	2015
	\$	\$
5,608,751 (2015 - 5,588,750)	1,013,136	1,003,136
1,086,319 (2015 - 1,086,319)	1,086,319	1,086,319
	2,099,455	2,089,455

6 Loans payable

	2016	2015
	\$	\$
Loan secured by general security agreements, unlimited guarantees from Commerx US Inc., postponement of claims, and subordinated to the lender bearing interest at prime plus 10% per annum, repayable in monthly payments of \$18,202 principal plus interest, maturing March 16, 2018.	246,570	421,868
Loan secured by general security agreements, unlimited guarantees from company and guarantees from co-borrower bearing interest at 18% per annum, maturing at November 30, 2016.	400,000	-
Loan secured by general security agreements, unlimited guarantees from company and guarantees from co-borrower bearing interest at 18% per annum, maturing at July 5, 2018.	1,407,830	-
	2,054,400	421,868
Less: current portion	(198,533)	(421,868)
	1,855,867	-

7 Commitments

The company has entered into premises lease agreements expiring May 31, 2020. The minimum annual lease payments are as follows:

2017	73,200
2018	73,200
2019	73,200
2020	67,100

8 Nonrecurring items

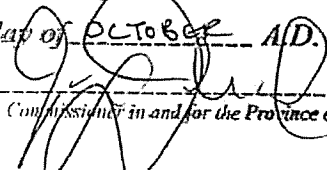
As part of a restructuring plan put in place in 2016 during the execution of a share purchase agreement, during the year the company made adjustments to various assets and liabilities as write downs and write offs that were deemed to have \$NIL value and no expectations to conversion to cash. During the year \$2,615,471 was written off.

TAB 33

Consolidated Financial Statements of

Commerx Corporation

June 30, 2017

THIS IS EXHIBIT " D "
referred to in the Affidavit of
ROBERT KULHAWY
Sworn before me this 30
day of OCTOBER A.D. 2019

A Commissioner in and for the Province of Alberta

Jasmin Dhaliwal
A Commissioner for Oaths - Notary Public
in and for the Province of Alberta.
Member of the Law Society of Alberta and
My Appointment Expires at the Pleasure of
The Attorney General for the Province of Alberta

CALWEST CPA
Chartered Professional Accountants

NOTICE TO READER

To the Directors of
of Commerx Corporation

On the basis of information provided by management, we have compiled the consolidated balance sheet of Commerx Corporation as at June 30, 2017 and the statement of loss and deficit for the year then ended.

We have not performed an audit or a review engagement in respect to these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purpose.

CalWest Chartered Professional Accountants
Calgary, Alberta
August 2, 2019

Commerx Corporation
Consolidated statement of loss and deficit
For the year ending June 30, 2017
(Unaudited - See Notice to Reader)
(Stated in Canadian dollars)

	2017	2016
	\$	\$
Sales	5,319,163	7,582,275
Cost of sales	3,917,967	5,805,705
Gross Profit	1,401,196	1,776,570
Expenses		
Advertising and promotion	3,797	13,962
Bank charges and interest	20,315	48,642
Communications	8,075	15,688
Computer support	29,147	39,380
Insurance	72,934	64,457
Memberships	9,773	17,117
Premises costs	176,113	154,374
Professional fees	140,569	74,339
Travel, entertainment and business development	116,642	159,559
Wages and employee benefits	1,072,449	1,263,950
	1,649,814	1,851,467
(Loss) earnings before other items	(248,618)	(74,898)
Other items		
Monies withdrawn by Lotus	(241,289)	-
Amortization	(31,341)	(58,298)
Interest and finance charges	(132,984)	(290,618)
Nonrecurring items (see note 10)	103,971	(2,615,471)
	(301,643)	(2,964,387)
Earnings before income taxes	(550,261)	(3,039,284)
Recovery of (provision for) income taxes	-	5,179
Net earnings	(550,261)	(3,034,106)
Deficit, beginning of year	(3,585,673)	(551,567)
Deficit, end of year	(4,135,934)	(3,585,673)

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Commerx Corporation

Consolidated balance sheet

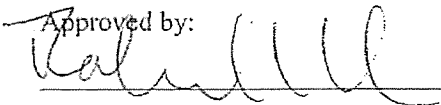
as at June 30, 2017

(Unaudited - See Notice to Reader)

(Stated in Canadian dollars)

	2017	2016
	\$	\$
Assets		
Current assets		
Cash	207,643	110,540
Accounts receivable and other	1,687,897	1,499,941
Prepaid expenses and deposit	134,057	157,579
Total Current Assets	2,029,597	1,768,060
Property and equipment (Note 5)	78,801	95,804
Development costs	118,747	133,435
Total Assets	2,227,145	1,997,299
Liabilities		
Current liabilities		
Bank indebtedness (Note 6)	-	\$ 637,290
Accounts payable, accrued liabilities and statutory obligations	786,086	791,827
Current portion of loans payable (Note 8)	48,037	198,533
Total Current Liabilities	834,123	1,627,650
Long-term liabilities		
Loans payable (Note 8)	-	1,855,867
Total Liabilities	834,123	3,483,517
Commitments (Note 9)		
Shareholders' equity		
Share capital (Note 7)	6,031,585	2,099,455
Deficit	(4,135,934)	(3,585,673)
Total Liabilities and Shareholders' Equity	2,729,774	1,997,299

Approved by:

 Director

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Commerx Corporation

Notes to consolidated financial statements

as at June 30, 2017
(Unaudited - See Notice to Reader)
(Stated in Canadian dollars)

1 Basis of presentation

These consolidated financial statements include the accounts of Commerx Corporation ("the Company") and its wholly owned subsidiary Commerx US Inc.

Prior year financial statements were prepared by other accountants on a review engagement basis and as such have been reclassified to conform to this year's presentation.

2 Nature of operations

The company is comprised of three operating lines of business:

Digital Technology Solutions division provides digital strategy and technology solutions to North American organizations in both the private and public sectors. **Telecom Services division** provides specialized telecommunications services to the Global telecommunications industry. **Workforce Management division** provides specialized staffing services to the global telecommunications industry.

3 Significant events

Sale of shares to private equity group

On December 30, 2016 the company and CEO entered into a share purchase agreement with a private equity group for the sale of 51% of the voting shares of the company and the agreement was duly signed and fully executed. However, not all of the funds for the sale of the voting shares were received by the company or CEO. Certain other financial commitments as outlined in the share purchase agreement were not honoured. In addition, back office support services and business development support were committed by the private equity group but not effectively carried out.

Withdrawal of funds

During the year, the private equity group withdrew \$241,289 from the company's bank accounts and another \$1,248,885 in the subsequent year (2018).

4 Subsequent events

Breach of share purchase agreement

There have been material breaches by the private equity group pursuant to the share purchase agreement. Mainly, failure to pay for the shares, failure to carry out other financial commitments and failure to effectively provide back office support and business development services. As such, the company and CEO have commenced legal action to reclaim the voting shares currently held by the private equity group and to seek remedy for defaults as per the share purchase agreement and damages caused as a result thereof.

5 Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE") and reflect the following significant accounting policies:

Basis of consolidation

The consolidated financial statements include the amounts of wholly owned subsidiaries of the company. The company has applied Accounting Guideline 15, Consolidation of Variable Interest Entities, to the corporation. The guideline requires a VIE to be consolidated if a company is at risk of absorbing the VIE's expected losses or is entitled to receive the majority of its expected residual returns, or both.

Foreign currency translation

The company's U.S. subsidiary, Commerx US Inc is classified as integrated foreign operations and, as such, are translated into Canadian dollars using the temporal method, whereby monetary items are translated at the rate of exchange in effect at the consolidated balance sheet date and non-monetary items are translated at applicable historical rates. Revenue and expense items are translated at the average rates prevailing during the year. All translation gains and losses are included in the net income (loss).

Property and equipment

Property and equipment are recorded at cost and amortized using the declining-balance method at the following rates, which estimate useful lives of the assets:

Computer hardware	30%
Tools	50%
Furniture and fixtures	20%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

Income taxes

The company follows the taxes payable method of accounting for income taxes. Under this method, only current incomes for the period, determined in accordance with the rules established by taxation authorities, are recognized as an expense.

Revenue recognition

The company recognizes revenue when persuasive evidence of an arrangement exists, services have been rendered, the price to the buyer is fixed or determinable and collection is reasonably assured. Revenue is recorded using the percentage of completion method for individual contracts. When the outcome of a contract can be reliably estimated, contract revenue is recognized in proportion to the stage of completion of the contract at the end of the reporting period. The stage of completion is determined by reference to the proportion of costs incurred to date in comparison to the estimated total costs of the contracts. Contract expenses are recognized as incurred unless they create an asset related to future contract activity, in which case they are reported as unexpired expenses on the consolidated balance sheet. If estimates indicate that total contract costs will exceed total contract revenue; the full amount of the expected loss is recognized immediately in the consolidated statement of income (loss) and retained earnings (deficit). Any excess of progress billings over earned revenue on contracts is carried as costs in excess of related billings on the consolidated balance sheet. Any excess of costs and estimated profits over progress billings on contracts is carried as deferred revenue in the consolidated financial statements.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the company becomes party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at the amortized cost except for derivative assets (liabilities) (see financial derivative instruments policy). Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transactions related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight line method. Any premium or discount related to an instrument measured at amortized cost is amortized net income (loss) over the expected life of the item using the straight-line method and recognized in net profit (loss) as interest income or expense. With respect to financial assets measured at cost or amortized cost, the Company recognizes in net profit (loss) an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. With the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in net profit (loss) in the period the reversal occurs.

Use of estimates

The preparation of the consolidated financial statements in conformity with ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated balance sheet. The valuation for doubtful accounts, the impairment and economic useful lives of property and equipment and intangible assets for purposes of calculating amortization, accrued liabilities, and income tax provisions are the most significant items subject to estimates in these consolidated financial statements. These estimates are reviewed at least annually and, as adjustments become necessary, they are reported in net profit (loss) in the periods in which they become known.

6 Bank indebtedness

The company had a demand line of credit with a maximum available amount of \$1,000,000 bearing interest at the bank's prime rate plus 2% per annum, secured by a general security agreement constituting a first ranking security interest in all personal property of the Company a shareholder guarantee. As at June 30, 2017, \$NIL (2016 - \$637,290) was drawn on the facility. During the year, the company paid out and closed the demand line of credit.

7 Share Capital

Authorized, unlimited number of

Class A common shares with no par value

Class E preferred shares redeemable retractable non-voting shares

Class F preferred shares redeemable retractable non-voting shares

Class G preferred shares redeemable retractable non-voting shares

Issued	2017	2016
	\$	\$
5,610,137 (2016 - 5,608,751) Class A common shares	2,091,501	1,013,136
669,154 (2016 - 0) Class E preferred shares	650,000	-
1,148,381 (2016 - 0) Class F preferred shares	1,407,830	-
1,379,625 (2016 - 1,086,319) Class G preferred shares	1,379,625	1,086,319
	<u>5,528,956</u>	<u>2,099,455</u>

8 Loans payable

	2017	2016
	\$	\$
Loan secured by general security agreements, unlimited guarantees from Commerx US Inc., postponement of claims, and subordinated to the lender bearing interest at prime plus 10% per annum, repayable in monthly payments of \$18,202 principal plus interest, maturing March 16, 2018.	48,037	246,570
Loan secured by general security agreements, unlimited guarantees from company and guarantees from co-borrower bearing interest at 18% per annum, maturing at November 30, 2016. Loan was converted to equity in the form of preferred shares. See note 7.	-	400,000
Loan secured by general security agreements, unlimited guarantees from company and guarantees from co-borrower bearing interest at 18% per annum, originally maturing at July 5, 2018. Prior to maturity, the loan was converted to equity in the form of preferred shares. See note 7.	-	1,407,830
	48,037	646,570
Less: current portion	(48,037)	(198,533)
	-	448,037

9 Commitments

The company has entered into premises lease agreements expiring May 31, 2020. The minimum annual lease payments are as follows:

2018	73,200
2019	73,200
2020	67,100

10 Nonrecurring items

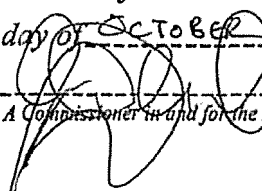
As part of a restructuring plan put in place in 2016 during the execution of a share purchase agreement, during the year the company made adjustments to various assets and liabilities as write downs and write offs that were deemed to have \$NIL value and no expectations of conversion to cash. During the year \$103,971 was recaptured.

TAB 34

Consolidated Financial Statements of

Commerx Corporation

June 30, 2018

THIS IS EXHIBIT " E "
referred to in the Affidavit of
ROBERT KULHAWY
Sworn before me this 30
day of OCTOBER A.D. 2019

A Commissioner in and for the Province of Alberta

Jasmin Dhaliwal
A Commissioner for Oaths - Notary Public
in and for the Province of Alberta
Member of the Law Society of Alberta and
My Appointment Expires at the Pleasure of
The Attorney General for the Province of Alberta

Commerx Corporation

June 30, 2018

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CALWEST CPA
Chartered Professional Accountants

NOTICE TO READER

To the Directors of
of Commerx Corporation

On the basis of information provided by management, we have compiled the consolidated balance sheet of Commerx Corporation as at June 30, 2018 and the statement of loss and deficit for the year then ended.

We have not performed an audit or a review engagement in respect to these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purpose.

CalWest Chartered Professional Accountants
Calgary, Alberta
August 2, 2019

Commerx Corporation

Consolidated statement of earnings (loss) and deficit

For the year ending June 30, 2018

(Unaudited - see Notice to Reader)

(Stated in Canadian dollars)

	2018	2017
	\$	\$
Sales	9,604,076	5,319,163
Cost of sales	5,497,145	3,917,967
Gross Profit	4,106,931	1,401,196
Expenses		
Advertising and promotion	13,278	3,797
Bank charges and interest	21,561	20,315
Communications	14,102	8,075
Computer support	51,888	29,147
Insurance	68,500	72,934
Memberships	22,466	9,773
Premises costs	209,966	176,113
Professional fees	110,831	140,569
Travel, entertainment and business development	186,802	116,642
Wages and employee benefits	1,296,666	1,072,449
	1,996,060	1,649,814
(Loss) earnings before other items	2,110,871	(248,618)
Other items		
Monies withdrawn by Lotus	(1,248,885)	(241,289)
Loss on foreign exchange	(52,283)	-
Amortization	(316,098)	(31,341)
Interest and finance charges	(6,108)	(132,984)
Nonrecurring items (see note 9)	(119,907)	103,971
	(1,743,281)	(301,643)
Earnings before income taxes	367,590	(550,261)
Recovery of (provision for) income taxes	-	-
Net earnings	367,590	(550,261)
Deficit, beginning of year	(4,135,934)	(3,585,673)
Deficit, end of year	(3,768,344)	(4,135,934)

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Commerx Corporation

Consolidated balance sheet

as at June 30, 2018

(Unaudited - see Notice to Reader)

	2018	2017
	\$	\$
Assets		
Current assets		
Cash	373,235	207,643
Accounts receivable and other	1,953,783	1,687,897
Prepaid expenses and deposit	-	134,057
Total Current Assets	2,327,018	2,029,597
Due from Lotus / Halcyon	697,389	-
Property and equipment (Note 5)	179,640	78,801
Development costs	118,747	118,747
Total Assets	3,322,794	2,227,145
Liabilities		
Current liabilities		
Accounts payable, accrued liabilities and statutory obligations	1,059,553	786,086
Current portion of loans payable (Note 6)	-	48,037
Total Current Liabilities	1,059,553	834,123
Loans payable (Note 6)	-	-
Total Liabilities	1,059,553	834,123
Commitments (Note 8)		
Shareholders' equity		
Share capital (Note 7)	6,031,585	5,528,956
Deficit	(3,768,344)	(4,135,934)
Total Liabilities and Shareholders' Equity	3,322,794	2,227,145

Approved by:

 Director

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Commerx Corporation

Notes to consolidated financial statements

as at June 30, 2018

(Unaudited - See Notice to Reader)
(Stated in Canadian dollars)

1 Basis of presentation

These consolidated financial statements include the accounts of Commerx Corporation ("the Company") and its wholly owned subsidiary Commerx US Inc.

Prior year financial statements were prepared by other accountants on a review engagement basis and as such have been reclassified to conform to this year's presentation.

2 Nature of operations

The company is comprised of three operating lines of business:

Digital Technology Solutions division provides digital strategy and technology solutions to North American organizations in both the private and public sectors. **Telecom Services division** provides specialized telecommunications services to the Global telecommunications industry. **Billing and Revenue Management Systems division** provides specialized project management and consulting services in the area of a multi-module stack of billing software systems to the North American telecommunications industry. **Workforce Management division** provides specialized staffing services to the global telecommunications industry.

3 Significant events

Sale of shares to private equity group

On December 30, 2016 the company and CEO entered into a share purchase agreement with a private equity group for the sale of 51% of the voting shares of the company and the agreement was duly signed and fully executed. However, not all of the funds for the sale of the voting shares were received by the company or CEO. Certain other financial commitments as outlined in the share purchase agreement were not honoured. In addition, back office support services and business development support were committed by the private equity group but not effectively carried out.

Withdrawal of funds

During the year, the private equity group withdrew \$1,248,885 from the company's bank accounts and another \$241,289 in the previous year (2017).

4 Subsequent events

Breach of share purchase agreement

There have been material breaches by the private equity group pursuant to the share purchase agreement. Mainly, failure to pay for the shares, failure to carry out other financial commitments and failure to effectively provide back office support and business development services. As such, the company and CEO have commenced legal action to reclaim the voting shares currently held by the private equity group and to seek remedy for defaults as per the share purchase agreement and damages caused as a result thereof.

5 Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE") and reflect the following significant accounting policies:

Basis of consolidation

The consolidated financial statements include the amounts of wholly owned subsidiaries of the company. The company has applied Accounting Guideline 15, Consolidation of Variable Interest Entities, to the corporation. The guideline requires a VIE to be consolidated if a company is at risk of absorbing the VIE's expected losses or is entitled to receive the majority of its expected residual returns, or both.

Foreign currency translation

The company's U.S. subsidiary, Commerx US Inc is classified as integrated foreign operations and, as such, are translated into Canadian dollars using the temporal method, whereby monetary items are translated at the rate of exchange in effect at the consolidated balance sheet date and non-monetary items are translated at applicable historical rates. Revenue and expense items are translated at the average rates prevailing during the year. All translation gains and losses are included in the net income (loss).

Property and equipment

Property and equipment are recorded at cost and amortized using the declining-balance method at the following rates, which estimate useful lives of the assets:

Computer hardware	30%
Tools	50%
Furniture and fixtures	20%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

Income taxes

The company follows the taxes payable method of accounting for income taxes. Under this method, only current incomes for the period, determined in accordance with the rules established by taxation authorities, are recognized as an expense.

Revenue recognition

The company recognizes revenue when persuasive evidence of an arrangement exists, services have been rendered, the price to the buyer is fixed or determinable and collection is reasonably assured. Revenue is recorded using the percentage of completion method for individual contracts. When the outcome of a contract can be reliably estimated, contract revenue is recognized in proportion to the stage of completion of the contract at the end of the reporting period. The stage of completion is determined by reference to the proportion of costs incurred to date in comparison to the estimated total costs of the contracts. Contract expenses are recognized as incurred unless they create an asset related to future contract activity, in which case they are reported as unexpired expenses on the consolidated balance sheet. If estimates indicate that total contract costs will exceed total contract revenue; the full amount of the expected loss is recognized immediately in the consolidated statement of income (loss) and retained earnings (deficit). Any excess of progress billings over earned revenue on contracts is carried as costs in excess of related billings on the consolidated balance sheet. Any excess of costs and estimated profits over progress billings on contracts is carried as deferred revenue in the consolidated financial statements.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the company becomes party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at the amortized cost except for derivative assets (liabilities) (see financial derivative instruments policy). Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transactions related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight

line method. Any premium or discount related to an instrument measured at amortized cost is amortized net income (loss) over the expected life of the item using the straight-line method and recognized in net profit (loss) as interest income or expense. With respect to financial assets measured at cost or amortized cost, the Company recognizes in net profit (loss) an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. With the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in net profit (loss) in the period the reversal occurs.

Use of estimates

The preparation of the consolidated financial statements in conformity with ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated balance sheet. The valuation for doubtful accounts, the impairment and economic useful lives of property and equipment and intangible assets for purposes of calculating amortization, accrued liabilities, and income tax provisions are the most significant items subject to estimates in these consolidated financial statements. These estimates are reviewed at least annually and, as adjustments become necessary, they are reported in net profit (loss) in the periods in which they become known.

6 Share Capital

Authorized, unlimited number of

Class A common shares with no par value
 Class E preferred shares redeemable retractable non-voting shares
 Class F preferred shares redeemable retractable non-voting shares
 Class G preferred shares redeemable retractable non-voting shares

Issued	2017	2016
	\$	\$
5,610,137 (2016 - 5,608,751) Class A common shares	3,244,130	2,091,501
669,154 (2016 - 0) Class E preferred shares	-	650,000
1,148,381 (2016 - 0) Class F preferred shares	1,407,830	1,407,830
1,379,625 (2016 - 1,086,319) Class G preferred shares	1,379,625	1,379,625
	6,031,585	5,528,956

During the year, 669,154 of the Class E preferred shares were redeemed.

7 **Loans payable**

	2018	2017
	\$	\$
Loan secured by general security agreements, unlimited guarantees from Commerx US Inc., postponement of claims, and subordinated to the lender bearing interest at prime plus 10% per annum, repayable in monthly payments of \$18,202 principal plus interest, maturing March 16, 2018.	-	48,037
Less: current portion	-	(48,037)
	-	-

8 **Commitments**

The company has entered into premises lease agreements expiring May 31, 2020. The minimum annual lease payments are as follows:

2019	73,200
2020	67,100

9 **Nonrecurring items**

As part of a restructuring plan put in place in 2016 during the execution of a share purchase agreement, during the year the company made adjustments to various assets and liabilities as write downs and write offs that were deemed to have \$NIL value and no expectations of conversion to cash. During the year \$119,907 was written off.

TAB 35



Robert Kulhawy <robert.kulhawy@commerx.com>

Fwd: Commerx Update and Request

1 message

Robert Kulhawy <robert.kulhawy@gmail.com>
Reply-To: robert.kulhawy@commerx.com
To: Robert Kulhawy <robert.kulhawy@commerx.com>

Tue, Aug 13, 2019 at 12:46 PM

Fyi

----- Forwarded message -----

From: Michael Martin <mgm@bdplaw.com>
Date: Thu, Aug 10, 2017 at 5:02 PM
Subject: RE: Commerx Update and Request
To: Christian Mack <christian@lotus-innovations.com>, Rob Follows <rob@stscapital.com>
Cc: Kristos Iatridis <iatridisk@bennettjones.com>, Robert E. Kulhawy <robert.kulhawy@commerx.com>, Michael Hart <mhart@peerhartlaw.com>, Adlai Coronel <adlai.coronel@lotus-innovations.com>

Christian,

Fortitude is not willing to agree to the arrangements described in your email below and wants its Class F Shares redeemed in accordance with their terms and in accordance with the terms of the Settlement Agreement. We reiterate the demands set forth in our letter of July 19, 2017.

Mike

Michael Martin

BD&P BURNET, DUCKWORTH & PALMER LLP Law Firm

Telephone 403.260.5738 Fax 403.260.0332 Email mgm@bdplaw.com Web BDPLAW.COM Address Suite 2400, 525-8th Ave SW Calgary, AB T2P 1G1

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Jasmin Dhaliwal
A Commissioner for Oaths - Notary Public
in and for the Province of Alberta.
Member of the Law Society of Alberta and
My Appointment Expires at the Pleasure of
The Attorney General for the Province of Alberta

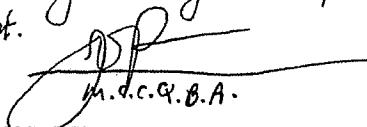
THIS IS EXHIBIT " F " referred to in the Affidavit of ROBERT KULHAWY Sworn before me this 30 day of AUGUST A.D. 2019
[Signature]
A Commissioner in and for the Province of Alberta

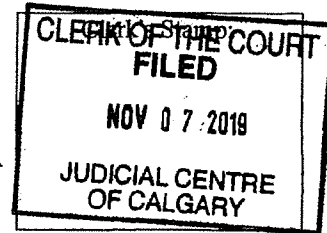
From: Christian Mack [mailto:christian@lotus-innovations.com]
Sent: Friday, July 21, 2017 5:25 PM
To: Michael Martin; Rob Follows
Cc: Kristos Iatridis; Robert E. Kulhawy; Michael Hart; Adlai Coronel
Subject: Commerx Update and Request

TAB 36

First Nov. 7, 2019

Let the within affidavit be filed notwithstanding it is not an original. Original to be filed upon receipt.


M.D.C.Q.B.A.



COURT FILE NUMBER 1801-16809

COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT

AND IN THE MATTER OF THE PROPOSAL OF COMMERX CORPORATION

DOCUMENT AFFIDAVIT

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Burnet, Duckworth & Palmer LLP
2400, 525 - 8 Avenue SW
Calgary, Alberta T2P 1G1
Lawyer: Ryan Algar
Phone Number: (403) 260-0126
Fax Number: (403) 260-0332
Email address: ralgar@bdplaw.com
File no.: 076647-1

SUPPLEMENTAL AFFIDAVIT OF ROB FOLLOWS

SWORN NOVEMBER 6th, 2019

I, ROBERT CHARLES FOLLOWS, businessman, of St. Michael, Barbados MAKE OATH AND SWEAR THAT:

1. I am the Chairman and sole shareholder of Fortitude Financial Investments Inc., formally known as Impact Investments Inc. ("**Fortitude**"). As such, I have personal knowledge of all matters hereinafter deposed to except where otherwise stated, in which case I verily believe the same to be true.
2. Capitalized terms not otherwise defined in this Affidavit have the same meaning ascribed to them in my Affidavit sworn on October 18th, 2019 and filed in these proceedings on October 21, 2019 (the "**Initial Affidavit**").

Correction to Initial Affidavit

3. Paragraph 18 of the Initial Affidavit states "On December 21, 2016, I sent an unsigned letter to Mr. Kulhawy by way of email. Attached hereto and collectively marked as Exhibit "7" are copies of (i) a screenshot evidencing the email and (ii) the letter to Mr. Kulhawy." Upon further review of the Initial Affidavit, only the screen shot was attached as Exhibit "7". Accordingly, attached hereto and marked as **Exhibit "1"** is a copy of the letter referred to in paragraph 18 of my Initial Affidavit.


Kulhawy Affidavit

4. I have also reviewed the Affidavit of Robert Kulhawy, sworn and filed October 30, 2019 in these proceedings (the "**Kulhawy Affidavit**").
5. Exhibit "F" to the Kulhawy Affidavit contains only the first page of a two-page string of emails. I have reviewed Exhibit "F", and have attached as **Exhibit "2"** the originating email from Christian Mack of Lotus in which he requests, among other things:

...a forbearance on Commerx's redemption obligations, whereby Commerx will (a) immediately redeem 1/3 of the preferred stock your company holds (including the outstanding dividends); (b) redeem the remaining preferred stock your company holder over 12 even payments beginning on 8/1/2017 and (c) pay to your company over the same 12-month period an additional aggregate fee of \$50,000. Please keep in mind that unredeemed stock will continue to accrue a dividend at the default rate.

6. I make this Affidavit in in support of Fortitude's application to classify the amounts owed to it by Commerx as a debt claim such that Fortitude is considered a creditor (rather than an equity holder) in Commerx's proposal proceedings and for no improper purpose.

State of Florida)
County of Dade)
Sworn to (or affirmed) and subscribed before me)
this 6th day of November, 2019, by)
Miami Beach)

 Youssef Balli
COMMISSION #00125479
EXPIRES AUGUST 2022
A Notary Public in and for the State of ~~Florida~~
Bonded thru Aaron Rotary Florida


ROBERT CHARLES FOLLOWS

Personally known Robert Charles Follows
OR Produced Identification 6108228054
Type of Identifications Produced Driving licence

THIS IS EXHIBIT "1" REFERRED TO IN
THE AFFIDAVIT OF ROB FOLLOWS.

SWORN BEFORE ME THIS 6th DAY OF
NOVEMBER, 2019.



Youssef Bali
COMMISSION #90138473
EXPIRES: APRIL 17, 2021
~~Bound Thru Aaron Notary~~

December ____, 2016

Private & Confidential

Robert Kulhawy
107 Pump Hill Crescent SW
Calgary, AB T2V 4P4

Re: Personal Commitment of Repayment by Robert Kulhawy

Robert,

We have developed a strong relationship of trust and friendship since our first introduction through YPO and it is on that basis that I would like to clarify the terms under which Fortitude will proceed with the transaction among you, Lotus and Commerx.

As you are aware, Fortitude provided Commerx with a loan in the amount of US\$1,000,000 on January 5, 2016 (original in CDN and, at your request, changed to US). The loan was advanced on the understanding that you would guarantee the obligations of Commerx under the Loan Agreement and such guarantee would be secured by: (i) mortgages over certain properties; and (ii) a direction to Newterra Group Ltd. (acknowledged by Newterra) to pay over to Burnet Duckworth & Palmer LLP any proceeds from the sale of your Newterra shares. Based on your assurances, I recommended to Jenny, as President of Fortitude, that Fortitude make the loan to Commerx. At your request, Fortitude advanced the loan on the understanding that this security would be promptly delivered to Fortitude; however, this security was not provided as promised.

In the interest of moving forward with our relationship with you, Fortitude is willing to agree to a renegotiation of the terms under which Commerx will pay the amounts owing to Fortitude, subject to your personal commitment to deliver on the promises you have made, namely that you will personally undertake to ensure repayment of the Fortitude loan by Commerx (now in the form of the redemption of preferred shares).

If the terms of this letter are acceptable and you are able to commit to the promise enumerated above please indicate your acceptance below.

Yours truly,

Rob Follows

ACCEPTED AND AGREED TO as of the date first written above.

Robert Kulhawy

THIS IS EXHIBIT "2" REFERRED TO IN
THE AFFIDAVIT OF ROB FOLLOWS.

SWORN BEFORE ME THIS 6th DAY OF
NOVEMBER, 2019.



Youssef Bali
COMMISSION #88183473
EXPIRES August 17, 2021
Bonded Thru Aaron Notary

From: Michael Martin

Sent: Thursday, August 10, 2017 5:04 PM

To: 'Christian Mack' <christian@lotus-innovations.com>; 'Rob Follows' <rob@stscapital.com>

Cc: 'Kristos Iatridis' <iatridisk@bennettjones.com>; 'Robert E. Kulhawy' <robert.kulhawy@commerx.com>; 'Michael Hart' <mhart@peerhartlaw.com>; 'Adlai Coronel' <adlai.coronel@lotus-innovations.com>

Subject: RE: Commerx Update and Request

Christian,

Fortitude is not willing to agree to the arrangements described in your email below and wants its Class F Shares redeemed in accordance with their terms and in accordance with the terms of the Settlement Agreement. We reiterate the demands set forth in our letter of July 19, 2017.

Mike

Michael Martin

BD&P BURNET, DUCKWORTH & PALMER LLP Law Firm

Telephone 403.260.5738 Fax 403.260.0332 Email mgm@bdplaw.com Web BDPLAW.COM Address Suite 2400, 525-8th Ave SW Calgary, AB T2P 1G1

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From: Christian Mack [<mailto:christian@lotus-innovations.com>]

Sent: Friday, July 21, 2017 5:25 PM

To: Michael Martin; Rob Follows

Cc: Kristos Iatridis; Robert E. Kulhawy; Michael Hart; Adlai Coronel

Subject: Commerx Update and Request

Dear Rob,

This email is in response to your letter, dated July 19, 2017, which demands that Commerx Corporation redeem its preferred stock from your company, pursuant to the agreements made in connection with Commerx Holdings' acquisition of a majority of Commerx's voting stock. As you know, Commerx has been working hard and expending resources over the last several months to streamline and grow its core business. In addition, Commerx recently spent funds on an unanticipated acquisition, which it believes will provide great opportunities moving forward, including the possibility of additional debt financing, which Commerx could use to settle its obligations to your company.

In order to facilitate Commerx's growth and success, we respectfully request a forbearance on Commerx's redemption obligations, whereby Commerx will: (a) immediately redeem 1/3 of the preferred stock your company holds (including the outstanding dividends); (b) redeem the remaining preferred stock your company holds over 12 even payments beginning on 8/1/2017 and (c) pay to your company over the same 12-month period an additional aggregate fee of \$50,000. Please keep in mind that unredeemed stock will continue to accrue a dividend at the default rate.

I would appreciate it if we could schedule a call to discuss this offer and address any questions you may.

Best Regards, Christian Mack

Managing Director

O: 949-436-6225

M: 630-386-1836

This message contains confidential information and is intended only for the individual named. If you are not the named addressee you may not disseminate, distribute or copy this e-mail. Please notify the sender immediately by e-mail if you have received this e-mail by mistake and delete this e-mail from your system. The sender does not accept liability for any errors or omissions in the contents of this message due to transmission errors.

Please note that any views or opinions presented in this email are solely those of the author and do not necessarily represent those of Lotus Innovations or its affiliated companies and partners.

Lotus Innovations, LLC, 5151 California Ave. Ste. 250, Irvine, CA, 92617, USA