

Clerk's stamp:



1703 12765

COURT FILE NUMBER

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

PLAINTIFF(S)

SERVUS CREDIT UNION LTD.

DEFENDANT(S)

CRELOGIX ACCEPTANCE CORPORATION,
CRELOGIX CREDIT GROUP INC.,
CRELOGIX PORTFOLIO SERVICES
CORPORATION, KARL SIGERIST,
NICHOLAS CARTER, MIKE MCKAY AND
MICHAEL MILLS

DOCUMENT

AFFIDAVIT OF DARCY PEELAR

VOL. 2 OF 2 WITH TABS P - Y

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

MILLER THOMSON LLP
Barristers and Solicitors
2700, Commerce Place
10155-102 Street
Edmonton, AB, Canada T5J 4G8
Phone: 780.429.9719 Fax: 780.424.5866

Lawyer's

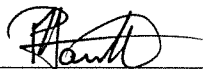
Name: Rick T.G. Reeson, Q.C.

Lawyer's

Email: rreeson@millerthomson.com

File No.: 138667.138

This is **Exhibit “P”** referred to in the Affidavit of Darcy Peelar,
sworn before me this 5th day of July, 2017



A Commissioner for Oaths in and for Alberta

Patrick T. Harnett
Barrister and Solicitor

Harnett, Patrick

From: Gusa, Thomas
Sent: Tuesday, September 13, 2016 1:13 PM
To: JOAN.CHAMBERS@blakes.com
Cc: MICHAEL.BURKE@blakes.com; RIANNA.RITCHIE@blakes.com; Ian Glassford; Darcy Peelar; Jay Hamblin; Chet Williams; Richard Charlton; Reeson, Rick; Osbaldeston, Nora
Subject: Crelogix // Demand for Payment
Attachments: 20042766_1_Demand letter to Borrower (CAC) .PDF; 20042748_1_Demand Letter to Guarantor (CCGI) .PDF; 20042720_1_Demand Letter to Guarantor (CPS) .PDF; 20042690_1_Demand Letter to Guarantor (Sigerist) .PDF; 20042655_1_Demand Letter to Guarantor (Mills) .PDF; 20042641_1_Demand Letter to Guarantor (McKay) .PDF

Joan,

Attached are the demands for payment. Please confirm by reply email that you are accepting service of these documents on behalf of each of:

Crelogix Acceptance Corporation
Crelogix Credit Group Inc.
Crelogix Portfolio Services Corporation
Karl Sigerist
Mike McKay
Michael Mills

Regards,

Thomas L Gusa

Miller Thomson LLP
2700 Commerce Place
10155 - 102 Street
Edmonton, AB, Canada T5J 4G8
Direct Line: 780.429.9767
Fax: 780.424.5866
Email: tgusa@millerthomson.com
www.millerthomson.com

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Harnett, Patrick

From: CHAMBERS, JOAN <JOAN.CHAMBERS@blakes.com>
Sent: Wednesday, September 14, 2016 2:53 AM
To: Gusa, Thomas
Cc: Reeson, Rick; Osbaldeston, Nora
Subject: RE: Crelogix // Demand for Payment

I am seeking instructions to accept and will confirm once I have those instructions

Joan C. Chambers*
Partner
joan.chambers@blakes.com
Direct: 604 631 3391

*Denotes Law Corporation



Blake, Cassels & Graydon LLP
595 Burrard Street, Suite 2600, Vancouver BC V7X 1L3
Tel: 604-631-3300 Fax: 604-631-3309
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From: Gusa, Thomas [mailto:tgusa@millerthomson.com]
Sent: Tuesday, September 13, 2016 12:13 PM
To: CHAMBERS, JOAN
Cc: BURKE, MICHAEL; RITCHIE, RIANNA; Ian Glassford; Darcy Peelar; Jay Hamblin; Chet Williams; Richard Charlton; Reeson, Rick; Osbaldeston, Nora
Subject: Crelogix // Demand for Payment

Joan,

Attached are the demands for payment. Please confirm by reply email that you are accepting service of these documents on behalf of each of:

Crelogix Acceptance Corporation
Crelogix Credit Group Inc.
Crelogix Portfolio Services Corporation
Karl Sigerist
Mike McKay
Michael Mills

Regards,

Thomas L Gusa

Miller Thomson LLP
2700 Commerce Place
10155 - 102 Street
Edmonton, AB, Canada T5J 4G8
Direct Line: 780.429.9767
Fax: 780.424.5866
Email: tgusa@millerthomson.com
www.millerthomson.com

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September 13, 2016

Delivered by Email: joan.chambers@blakes.com

Crelogix Acceptance Corporation
c/o Blake, Cassels & Graydon LLP
595 Burrard Street, Suite 2600
Vancouver BC V7X 1L3

Thomas L. Gusa
Direct Line: 780.429.9767
tgusa@millerthomson.com

File: 138667.138

Attention: Ms. Joan Chambers

Dear Madam:

**Re: Servus Credit Union Ltd.
Loans to Crelogix Acceptance Corporation
Formal Demand for Payment**

We act for Servus Credit Union Ltd. ("Servus"). Servus' loan in connection with the captioned matter is in default. As of the 7th day of September, 2016, the indebtedness owing to Servus is \$1,462,085.45 some particulars of which are:

Overdraft Facility	
Principal	\$ 1,461,077.36
Interest	\$ <u>1,008.09</u>
Total	\$ <u>1,462,085.45</u>
 Total	 \$ 1,462,085.45

As security for repayment of the indebtedness, Servus was granted certain security including those as set out in Schedule "A" hereto (the "Securities").

On behalf of Servus, we hereby demand payment of the sum of \$1,462,085.45 as of September 7, 2016, together with interest which continues to accrue after September 7, 2016, plus any and all costs incurred by Servus, including, without limitation, all professional fees and legal costs on a solicitor and his own client full indemnity basis. The exact amount owing should be confirmed with Servus at the relevant time of payment.

Unless payment in full is received by Servus within **10 days from the date of this letter**, Servus will take whatever action it deems necessary to recover the amounts owing. Such action may include realization on any or all of the Securities Servus holds in respect of the amounts owing.

Servus reserves the right to accelerate the above demand period and to realize on any of the Securities or otherwise take action prior to the date for payment in full specified above, if Servus becomes aware of facts or circumstances which cause it to believe that the prospect for repayment of the above loans or any Securities are in jeopardy.

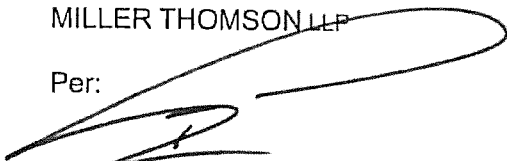
Attached hereto is a Notice of Intention to Enforce Security under Section 244(1) of the *Bankruptcy and Insolvency Act*.

Please govern yourself accordingly.

Regards,

MILLER THOMSON LLP

Per:



Thomas L. Gusa

TLG

c. Chet Williams – Servus Credit Union Ltd. (via email)
enclosure



SCHEDULE A – LIST OF SECURITY

1. Resolutions/Authorities of Crelogix Acceptance Corporation:
March 31, 2008;
April 1, 2008;
2. Offers of Credit of Crelogix Acceptance Corporation:
May 7, 2008; and
May 31, 2013;
3. Overdraft Protection Agreement dated March 31, 2008, in the name of Travelers Acceptance Corporation in the amount of \$2,000,000.00;
4. Account Set-Off Agreement dated March 31, 2008, in the name of Travelers Acceptance Corporation;
5. General Security Agreement in the name of Travelers Acceptance Corporation dated March 31, 2008, registered at the Alberta Personal Property Registry on March 28, 2008, as 08032830685, and registered at the British Columbia Personal Property Registry on March 28, 2008, as 268048E;
6. Letter Agreement dated August 26, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills;
7. Letter Agreement dated September 6, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;
8. Letter Agreement dated September 9, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;

FORM 86
NOTICE OF INTENTION TO ENFORCE A SECURITY
(Rule 124)

To: CRELOGIX ACCEPTANCE CORPORATION, an insolvent corporation

Take notice that:

1. Servus Credit Union Ltd., a secured creditor, intends to enforce its security on the property of the insolvent corporation described below:
 - (a) all present and after acquired personal property;
2. The security that is to be enforced is in the form of the security set out in Schedule "A" attached hereto.
3. The total amount of indebtedness secured by the security as at September 7, 2016, 2016, is \$1,462,085.45.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10 day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

Dated at Edmonton, Alberta this 13TH day of September, 2016.

SERVUS CREDIT UNION LTD.

Per. 

By its authorized agent and legal counsel,
Thomas L. Gusa
Barrister and Solicitor

SCHEDULE "A" – LIST OF SECURITY

1. Resolutions/Authorities of Crelogix Acceptance Corporation:
March 31, 2008;
April 1, 2008;
2. Offers of Credit of Crelogix Acceptance Corporation:
May 7, 2008; and
May 31, 2013;
3. Overdraft Protection Agreement dated March 31, 2008, in the name of Travelers Acceptance Corporation in the amount of \$2,000,000.00;
4. Account Set-Off Agreement dated March 31, 2008, in the name of Travelers Acceptance Corporation;
5. General Security Agreement in the name of Travelers Acceptance Corporation dated March 31, 2008, registered at the Alberta Personal Property Registry on March 28, 2008, as 08032830685, and registered at the British Columbia Personal Property Registry on March 28, 2008, as 268048E;
6. Letter Agreement dated August 26, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills;
7. Letter Agreement dated September 6, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;
8. Letter Agreement dated September 9, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;

September 13, 2016

Delivered by Email: joan.chambers@blakes.com

Crelogix Credit Group Inc.
c/o Blake, Cassels & Graydon LLP
595 Burrard Street, Suite 2600
Vancouver BC V7X 1L3

Attention: Ms. Joan Chambers

Dear Madam:

Re: Outstanding Indebtedness by Crelogix Acceptance Corporation to Servus Credit Union Ltd.

Thomas L. Gusa
Direct Line: 780.429.9767
tgusa@millerthomson.com

File: 138667.0138

You are hereby advised that Servus Credit Union Ltd. ("Servus") has made demand on the principal debtor for repayment of all indebtedness owing to Servus by Crelogix Acceptance Corporation (the "Corporation"). Accordingly, Servus is now making formal demand on all parties who have guaranteed the indebtedness of the Corporation, and, in that regard, we are enclosing a copy of Servus' formal demand letter to the Corporation, together with our Notice of Intention to Enforce Security Pursuant to s. 244(1) of the *Bankruptcy & Insolvency Act*.

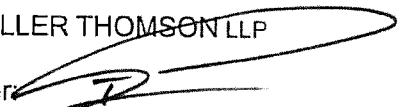
Servus holds from you the security set out in Schedule "A" hereto (the "Security"). You have an obligation under the Security in relation to the amount owing by the Corporation limited to \$2,000,000.00, plus interest at the rate payable by the Corporation, accruing from the date of demand on you together with Servus' costs, charges and expenses in enforcing the Security, including legal costs on a solicitor and its own client full indemnity basis.

Servus has instructed us to advise you that unless the above-mentioned amounts are paid within ten (10) days from service of this letter, we are to take whatever legal proceedings are necessary to collect the outstanding amounts from you, including enforcement of the Security held by Servus to support the loans.

Kindly govern yourself accordingly.

Yours truly,

MILLER THOMSON LLP

Per 
Thomas L. Gusa
c. Chet Williams (via email)

SCHEDULE A – LIST OF SECURITY

1. Resolutions/Authorities of Crelogix Credit Group Inc.:
October 30, 2009;
December 10, 2010;
2. Guarantee and Postponement of Crelogix Credit Group Inc. dated October 30, 2009, in the amount of \$2,000,000.00;
3. Guarantee and Postponement of Crelogix Credit Group Inc. dated December 10, 2010, in the amount of \$2,000,000.00;
4. General Security Agreement in the name of Crelogix Credit Group Inc. dated October 30, 2009, registered at the Alberta Personal Property Registry on November 12, 2009, as 09111226536, and registered at the British Columbia Personal Property Registry on September 7, 2016, as 524187J;
5. Letter Agreement dated August 26, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills;
6. Letter Agreement dated September 6, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;
7. Letter Agreement dated September 9, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;

FORM 86
NOTICE OF INTENTION TO ENFORCE A SECURITY
(Rule 124)

To: CRELOGIX CREDIT GROUP INC., an insolvent corporation

Take notice that:

1. Servus Credit Union Ltd., a secured creditor, intends to enforce its security on the property of the insolvent corporation described below:
 - (a) all present and after acquired personal property;
2. The security that is to be enforced is in the form of the security set out in Schedule "A" attached hereto.
3. The total amount of indebtedness secured by the security as at September 7, 2016, 2016, is \$1,462,085.45.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10 day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

Dated at Edmonton, Alberta this 13TH day of September, 2016.

SERVUS CREDIT UNION LTD.

Per: 

By its authorized agent and legal counsel,
Thomas L. Gusa
Barrister and Solicitor

SCHEDULE "A" – LIST OF SECURITY

1. Resolutions/Authorities of Crelogix Credit Group Inc.:
October 30, 2009;
December 10, 2010;
2. Guarantee and Postponement of Crelogix Credit Group Inc. dated October 30, 2009, in the amount of \$2,000,000.00;
3. Guarantee and Postponement of Crelogix Credit Group Inc. dated December 10, 2010, in the amount of \$2,000,000.00;
4. General Security Agreement in the name of Crelogix Credit Group Inc. dated October 30, 2009, registered at the Alberta Personal Property Registry on November 12, 2009, as 09111226536, and registered at the British Columbia Personal Property Registry on September 7, 2016, as 524187J;
5. Letter Agreement dated August 26, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills;
6. Letter Agreement dated September 6, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;
7. Letter Agreement dated September 9, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;

September 13, 2016

Delivered by Email: joan.chambers@blakes.com

Crelogix Portfolio Services Corporation
c/o Blake, Cassels & Graydon LLP
595 Burrard Street, Suite 2600
Vancouver BC V7X 1L3

Thomas L. Gusa
Direct Line: 780.429.9767
tgusa@millerthomson.com

File: 138667.0138

Attention: Ms. Joan Chambers

Dear Madam:

Re: Outstanding Indebtedness by Crelogix Acceptance Corporation to Servus Credit Union Ltd.

You are hereby advised that Servus Credit Union Ltd. ("Servus") has made demand on the principal debtor for repayment of all indebtedness owing to Servus by Crelogix Acceptance Corporation (the "Corporation"). Accordingly, Servus is now making formal demand on all parties who have guaranteed the indebtedness of the Corporation, and, in that regard, we are enclosing a copy of Servus' formal demand letter to the Corporation, together with our Notice of Intention to Enforce Security Pursuant to s. 244(1) of the *Bankruptcy & Insolvency Act*.

Servus holds from you the security set out in Schedule "A" hereto (the "Security"). You have an obligation under the Security in relation to the amount owing by the Corporation limited to \$2,000,000.00, plus interest at the rate payable by the Corporation, accruing from the date of demand on you together with Servus' costs, charges and expenses in enforcing the Security, including legal costs on a solicitor and its own client full indemnity basis.

Servus has instructed us to advise you that unless the above-mentioned amounts are paid within ten (10) days from service of this letter, we are to take whatever legal proceedings are necessary to collect the outstanding amounts from you, including enforcement of the Security held by Servus to support the loans.

Kindly govern yourself accordingly.

Yours truly,

MILLER THOMSON LLP

Per 

Thomas L. Gusa

c. Chet Williams (via email)

~~enclosure~~ CALGARY EDMONTON SASKATOON REGINA LONDON KITCHENER-WATERLOO GUELPH TORONTO MARKHAM MONTREAL

SCHEDULE A – LIST OF SECURITY

1. Resolutions/Authorities of Crelogix Portfolio Services Corporation:
October 30, 2009;
2. Guarantee and Postponement of Crelogix Portfolio Services Corporation dated October 30, 2009, in the amount of \$2,000,000.00;
3. General Security Agreement in the name of Crelogix Portfolio Services Corporation dated October 30, 2009, registered at the Alberta Personal Property Registry on October 30, 2009, as 09103020468, and registered at the British Columbia Personal Property Registry on September 7, 2016, as 524188J;
4. Letter Agreement dated August 26, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills;
5. Letter Agreement dated September 6, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;
6. Letter Agreement dated September 9, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;

FORM 86
NOTICE OF INTENTION TO ENFORCE A SECURITY
(Rule 124)

To: CRELOGIX PORTFOLIO SERVICES CORPORATION, an insolvent corporation

Take notice that:

1. Servus Credit Union Ltd., a secured creditor, intends to enforce its security on the property of the insolvent corporation described below:
 - (a) all present and after acquired personal property;
2. The security that is to be enforced is in the form of the security set out in Schedule "A" attached hereto.
3. The total amount of indebtedness secured by the security as at September 7, 2016, 2016, is \$1,462,085.45.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10 day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

Dated at Edmonton, Alberta this 13TH day of September, 2016.

SERVUS CREDIT UNION LTD.

Per: 

By its authorized agent and legal counsel,
Thomas L. Gusa
Barrister and Solicitor

SCHEDULE "A" – LIST OF SECURITY

1. Resolutions/Authorities of Crelogix Portfolio Services Corporation:
October 30, 2009;
2. Guarantee and Postponement of Crelogix Portfolio Services Corporation dated October 30, 2009, in the amount of \$2,000,000.00;
3. General Security Agreement in the name of Crelogix Portfolio Services Corporation dated October 30, 2009, registered at the Alberta Personal Property Registry on October 30, 2009, as 09103020468, and registered at the British Columbia Personal Property Registry on September 7, 2016, as 524188J;
4. Letter Agreement dated August 26, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills;
5. Letter Agreement dated September 6, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;
6. Letter Agreement dated September 9, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;

September 13, 2016

Delivered by Email: joan.chambers@blakes.com

Mike McKay
c/o Blake, Cassels & Graydon LLP
595 Burrard Street, Suite 2600
Vancouver BC V7X 1L3

Thomas L. Gusa
Direct Line: 780.429.9767
tgusa@millerthomson.com

File: 138667.0138

Attention: Ms. Joan Chambers

Dear Madam:

Re: Outstanding Indebtedness by Crelogix Acceptance Corporation to Servus Credit Union Ltd.

You are hereby advised that Servus Credit Union Ltd. ("Servus") has made demand on the principal debtor for repayment of all indebtedness owing to Servus by Crelogix Acceptance Corporation (the "Corporation"). Accordingly, Servus is now making formal demand on all parties who have guaranteed the indebtedness of the Corporation, and, in that regard, we are enclosing a copy of Servus' formal demand letter to the Corporation, together with our Notice of Intention to Enforce Security Pursuant to s. 244(1) of the *Bankruptcy & Insolvency Act*.

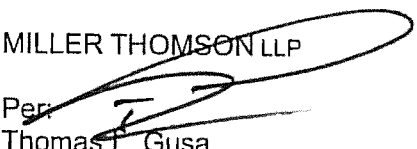
Servus holds from you the security set out in Schedule "A" hereto (the "Security"). You have an obligation under the Security in relation to the amount owing by the Corporation limited to \$250,200.00, plus interest at the rate payable by the Corporation, accruing from the date of demand on you together with Servus' costs, charges and expenses in enforcing the Security, including legal costs on a solicitor and its own client full indemnity basis.

Servus has instructed us to advise you that unless the above-mentioned amounts are paid within ten (10) days from service of this letter, we are to take whatever legal proceedings are necessary to collect the outstanding amounts from you, including enforcement of the Security held by Servus to support the loans.

Kindly govern yourself accordingly.

Yours truly,

MILLER THOMSON LLP

Per: 
Thomas L. Gusa
c. Chet Williams (via email)

SCHEDULE A – LIST OF SECURITY

1. Guarantee and Postponement of Mike McKay dated December 10, 2010, in the amount of \$250,200.00;
2. Letter Agreement dated August 26, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills;
3. Letter Agreement dated September 6, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;
4. Letter Agreement dated September 9, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;

September 13, 2016

Delivered by Email: joan.chambers@blakes.com

Michael Mills
c/o Blake, Cassels & Graydon LLP
595 Burrard Street, Suite 2600
Vancouver BC V7X 1L3

Thomas L. Gusa
Direct Line: 780.429.9767
tgusa@millerthomson.com

File: 138667.0138

Attention: Ms. Joan Chambers

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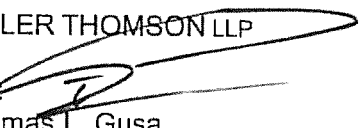
Servus holds from you the security set out in Schedule "A" hereto (the "Security"). You have an obligation under the Security in relation to the amount owing by the Corporation limited to \$250,200.00, plus interest at the rate payable by the Corporation, accruing from the date of demand on you together with Servus' costs, charges and expenses in enforcing the Security, including legal costs on a solicitor and its own client full indemnity basis.

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Kindly govern yourself accordingly.

Yours truly,

MILLER THOMSON LLP

Per: 
Thomas L. Gusa
c. Chet Williams (via email)

SCHEDULE A – LIST OF SECURITY

1. Guarantee and Postponement of Mike McKay dated December 10, 2010, in the amount of \$250,200.00;
2. Letter Agreement dated August 26, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills;
3. Letter Agreement dated September 6, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;
4. Letter Agreement dated September 9, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;

September 13, 2016

Delivered by Email: joan.chambers@blakes.com

Karl Sigerist
c/o Blake, Cassels & Graydon LLP
595 Burrard Street, Suite 2600
Vancouver BC V7X 1L3

Thomas L. Gusa
Direct Line: 780.429.9767
tgusa@millerthomson.com

File: 138667.0138

Attention: Ms. Joan Chambers

Dear Madam:

Re: Outstanding Indebtedness by Crelogix Acceptance Corporation to Servus Credit Union Ltd.

You are hereby advised that Servus Credit Union Ltd. ("Servus") has made demand on the principal debtor for repayment of all indebtedness owing to Servus by Crelogix Acceptance Corporation (the "Corporation"). Accordingly, Servus is now making formal demand on all parties who have guaranteed the indebtedness of the Corporation, and, in that regard, we are enclosing a copy of Servus' formal demand letter to the Corporation, together with our Notice of Intention to Enforce Security Pursuant to s. 244(1) of the *Bankruptcy & Insolvency Act*.

Servus holds from you the security set out in Schedule "A" hereto (the "Security"). You have an obligation under the Security in relation to the amount owing by the Corporation limited to \$530,400.00, plus interest at the rate payable by the Corporation, accruing from the date of demand on you together with Servus' costs, charges and expenses in enforcing the Security, including legal costs on a solicitor and its own client full indemnity basis.

Servus has instructed us to advise you that unless the above-mentioned amounts are paid within ten (10) days from service of this letter, we are to take whatever legal proceedings are necessary to collect the outstanding amounts from you, including enforcement of the Security held by Servus to support the loans.

Kindly govern yourself accordingly.

Yours truly,

MILLER THOMSON LLP

Per: 

Thomas L. Gusa
c. Chet Williams (via email)

~~enclosure~~ CALGARY EDMONTON SASKATOON REGINA LONDON KITCHENER-WATERLOO GUELPH TORONTO MARKHAM MONTRÉAL

SCHEDULE A – LIST OF SECURITY

1. Guarantee and Postponement of Karl Sigerist dated December 10, 2010, in the amount of \$530,400.00;
2. Letter Agreement dated August 26, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills;
3. Letter Agreement dated September 6, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;
4. Letter Agreement dated September 9, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;

This is **Exhibit “Q”** referred to in the Affidavit of Darcy Peelar,
sworn before me this 5th day of July, 2017



A Commissioner for Oaths in and for Alberta

Patrick T. Harnett
Barrister and Solicitor

August 26, 2016

Crelogix Acceptance Corporation
900, 4445 Lougheed Hwy
Burnaby BC V5C 0E4

Thomas L. Gusa
Direct Line: 780.429.9767
tgusa@millerthomson.com

File: 138667.138

Dear Sirs:

**Re: Loans by Servus Credit Union Ltd. ("Servus") to Crelogix Acceptance Corporation ("CAC")
Guarantees of Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills (the "Guarantors")**

We act for Servus. Servus' loan in connection with the captioned matter is in default. As of the 26th day of August, 2016, the indebtedness owing to Servus is \$1,538,718.11 (the "Indebtedness"). As security for repayment of the Indebtedness, Servus was granted certain security including those as set out in Schedule "A" hereto (the "Securities").

Notwithstanding the existence of an event of default by CAC under the terms of the Securities, Servus will provide further credit to CAC with respect to the above noted facility on the following conditions:

1. CAC and the Guarantors each acknowledge that CAC has committed an event of default under the terms of the Securities (the "Event of Default").
2. CAC and the Guarantors each acknowledge that Servus is not waiving the Event of Default.
3. CAC and the Guarantors each acknowledge that Servus is not waiving any rights or entitlements which Servus may now enforce under the terms of the Securities given the occurrence of the Event of Default.
4. CAC and the Guarantors each acknowledge and confirm that the various Securities granted or to be granted by them in favour of Servus, as set out in Schedule "A" are valid, subsisting and enforceable in accordance with their respective terms, and CAC and the Guarantors will not contest the validity and enforceability of the Securities in any court process. CAC and the Guarantors absolutely and unconditionally release and discharge Servus and each of its directors, officers, employees, representatives and agents, from and against all claims, set-offs, counterclaims, damages and demands that CAC and the Guarantors may have against Servus and/or such

directors, officers, employees, representatives and agents arising as of the date of this letter agreement out of any action or omission of Servus or such parties for any other reason or on any other basis whatsoever.

5. CAC and the Guarantors each acknowledge and agree that this letter agreement in no way operates to renew any maturity date or loan expiration or due date as related to either the Indebtedness or the Securities and that all existing maturity dates or loan expirations or due dates with regard to the Securities and the Indebtedness at the time of executing this letter agreement continue to apply to the Securities and the Indebtedness.
6. CAC shall immediately provide to Servus:
 - (a) a detailed list of CAC's vendors to be paid (the "Merchant Payables") which will include itemized details with respect to the value of any new chattel paper or loan agreements purchased by CAC (the "Contracts") and the securitization amount for each respective Contract;
 - (b) a list of CAC's critical accounts payable (the "A/P"); and
 - (c) a detailed list of CAC's payroll obligations for CAC's next employee payroll period (the "Payroll").
7. Servus shall review the information provided by CAC in respect of the Merchant Payables, the A/P and the Payroll and may, in its sole discretion, advance further credit to CAC to satisfy the Merchant Payables, the A/P and the Payroll to an extent to be determined by Servus in its sole discretion (the "Additional Credit").
8. CAC expressly acknowledges that it shall use the Additional Credit solely for the purposes of making payments for new Merchant Payables, the A/P and the Payroll.
9. Upon receiving the Additional Credit from Servus in respect of the Merchant Payables and purchasing the Contracts as agreed to by Servus (the "Purchased Contracts"), CAC shall then immediately convey all of its right, title and interest to the Purchased Contracts to Prospera Credit Union for the agreed upon amount of \$2,919,176.00 (the "Purchase Price").
10. CAC and the Guarantors hereby acknowledge and agree that in consideration for the further extension of credit on the terms and conditions of this agreement:
 - (a) CAC and the Guarantors shall pay to Servus from the Purchase Price a forbearance fee in the amount of \$75,000.00, which amount shall be deemed to be earned upon receipt (the "Fee");
 - (b) All amounts received by Servus in respect of the Purchase Price, less the Fee, shall applied by Servus to the Indebtedness in its sole discretion; and
 - (c) CAC and the Guarantors jointly and severally agree to be liable for and to pay to Servus all legal fees and disbursements (as between a solicitor and his own client on a full indemnity basis) incurred in the preparation of and



client on a full indemnity basis) incurred in the preparation of and implementation of this letter agreement and any documents, Securities or assurances required hereby.

- 11. CAC and the Guarantors acknowledge that it is a condition precedent of this agreement that CAC shall execute and provide to Servus the Irrevocable Assignment and Direction to Pay set out herein at Schedule "B", which shall provide for the entirety of the Purchase Price to be paid to Servus by Prospera Credit Union in respect of the Purchased Contracts.
- 12. CAC and the Guarantors hereby consent to the appointment of a monitor by Servus to to review, report and make recommendations to Servus on the CAC's business, operations, assets and liabilities (the "Monitor"). CAC consents to providing Servus unrestricted access to any and all of the Monitor's reporting. CAC and the Guarantors expressly agree that they will be liable for the reasonable professional fees and expenses incurred during the course of the Monitor's engagement.

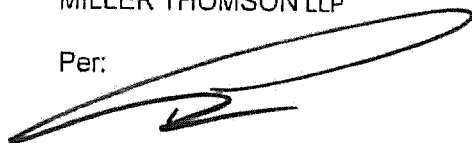
All other terms and conditions of the Securities shall remain the same. Specifically, interest will continue to accrue on a daily basis, CAC and the Guarantors will be jointly and severally liable for all legal fees and charges as between a solicitor and his client on a full indemnity basis, and time shall continue to be of the essence.

If you are agreeable to the terms and conditions stated above, would you please return to our office a signed copy of this letter duly executed by each of the parties set out below.

Yours truly,

MILLER THOMSON LLP

Per:



Thomas L. Gusa
TLG/

Enclosure

- c. Jay Hamblin - Servus Credit Union (via email)
- Rick Reeson - Miller Thomson LLP (via email)

19798525-4

This Letter Agreement is hereby agreed to this 26th day of August, 2016:

CRELOGIX ACCEPTANCE CORPORATION

Per:



Name:
Title:

CRELOGIX CREDIT GROUP INC.

Per:

Name: *Karl Sigerist*

Title: *President & CEO*

CRELOGIX PORTFOLIO SERVICES CORPORATION

Per:

Name: *Karl Sigerist*

Title: *President & CEO*

[Handwritten signature]

WITNESS

[Handwritten signature]

WITNESS

[Handwritten signature]

WITNESS

[Handwritten signature]

WITNESS

[Handwritten signature]

KARL SIGERIST

[Handwritten signature]

NICHOLAS CARTER

[Handwritten signature]

MIKE MCKAY

[Handwritten signature]

MICHAEL MILLS

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY

I, KARL SIBERT, of Coquitlam in the Province of BC,
make oath and say:

1. I am an officer or director of Crelogix Acceptance Corporation named in the within or annexed instrument.
2. I am authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN before me at the City of
BURNABY in the Province of
B.C., this 26 day of August,
2016.

[Signature]
A Commissioner for Oaths in and for the
Province of BC

[Signature]

AMIN SAVJI
NOTARY PUBLIC
328 GILMORE AVENUE
BURNABY, BC, CANADA V5C 4R1
604-294-3155
PERMANENT COMMISSION

AFFIDAVIT OF EXECUTION

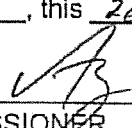
CANADA
PROVINCE OF B.C.
TO WIT:

I, Michael Mills
of Vancouver, BC
in the Province of BC

MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see Karl Siberist, on behalf of Crelogix Acceptance Corporation, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City of Burnaby in the Province of BC, and that I am the subscribing witness thereto.
3. I KNOW the said person and he is, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of
BURNABY in the Province of
B.C., this 26 day of August,
2016.


A COMMISSIONER FOR OATHS
in and for the Province of
B.C.

)
)
)
)
)
)


AMIN SAVJI
NOTARY PUBLIC
328 GILMORE AVENUE
BURNABY, BC, CANADA V5C 4R1
604-294-3155
PERMANENT COMMISSION

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY

I, KARLSIBERIST of COQUITLAM, in the Province of B.C.,
make oath and say:

I am an officer or director of Crelogix Acceptance Corporation named in the within or
annexed instrument.

I am authorized by the corporation to execute the instrument without affixing a
corporate seal.

SWORN before me at the City/Town of
BURNABY, in the Province of
B.C. this 26 day of August,
2016.



KARLSIBERIST

A Commissioner for Oaths in and for the
Province of B.C.

Name:

AMIN SAVJI
NOTARY PUBLIC
328 GILMORE AVENUE
BURNABY, BC, CANADA V5C 4R1
604-294-3155
PERMANENT COMMISSION

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY

I, KARL SIBERIST of COQUITLAM, in the Province of BC,
make oath and say:

I am an officer or director of Crelogix Credit Group Inc. named in the within or annexed instrument.

I am authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN before me at the City/Town of BURNABY, in the Province of BC this 26 day of August, 2016.



AS
A Commissioner for Oaths in and for the Province of B.C.

Name: KARL SIBERIST

AMIN SAVJI
NOTARY PUBLIC
328 GILMORE AVENUE
BURNABY, BC, CANADA V5C 4R1
604-294-3155
PERMANENT COMMISSION

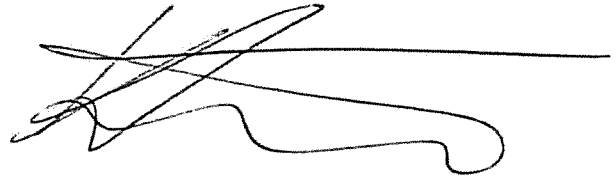
AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY

I, KARL SIGBERT, of COQUITLAC, in the Province of BC,
make oath and say:

I am an officer or director of Crelogix Portfolio Services Corporation named in the
within or annexed instrument.

I am authorized by the corporation to execute the instrument without affixing a
corporate seal.

SWORN before me at the City/Town of)
BURNABY, in the Province of)
BC this 26 day of August,)
2016.



AS
A Commissioner for Oaths in and for the
Province of BC

Name: KARL SIGBERT

AMIN SAVJI
NOTARY PUBLIC
328 GILMORE AVENUE
BURNABY, BC, CANADA V5C 4R1
604-294-3155
PERMANENT COMMISSION

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF B.C.
TO WIT:

I, Michael Mills
of the City/Town of Vancouver
in the Province of B.C.

MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Karl Siggrist, on behalf of Crelogix Acceptance Corporation, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of Burnaby, in the Province of B.C., and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of BURNABY, in the Province of B.C., this 26 day of August, 2016

[Signature]
A Commissioner for Oaths in and for the Province of B.C.

[Signature]
Name:

AMIN SAVJI
NOTARY PUBLIC
328 GILMORE AVENUE
BURNABY, BC, CANADA V5C 4R1
604-294-3155
PERMANENT COMMISSION

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF B.C.
TO WIT:

I, Michael Mills
of the City/Town of Burnaby
in the Province of BC
MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Karel Sigerist, on behalf of Crelogix Credit Group Inc., named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of Burnaby, in the Province of BC, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of BURNABY, in the Province of BC, this 26 day of August, 2016

AS
A Commissioner for Oaths in and for the Province of B.C.

[Signature]
Name:

AMIN SAVJI
NOTARY PUBLIC
328 GILMORE AVENUE
BURNABY, BC, CANADA V5C 4R1
604-294-3155
PERMANENT COMMISSION

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF B.C.
TO WIT:

I, Michael Mills
of the City/Town of Vancouver
in the Province of BC
MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Karl Sigerist, on behalf of Crelogix Portfolio Services Corporation, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of Burnaby, in the Province of BC, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of BURNABY, in the Province of B.C., this 26 day of August, 2016.

[Signature]
A Commissioner for Oaths in and for the Province of B.C.

[Signature]
Name:

AMIN SAVJI
NOTARY PUBLIC
328 GILMORE AVENUE
BURNABY, BC, CANADA V5C 4R1
604-294-3155
PERMANENT COMMISSION

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF B.C.
TO WIT:

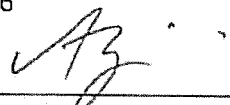
I, Michael Mills
of the City/Town of Vancouver
in the Province of Bc
MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Karl Sigerist, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

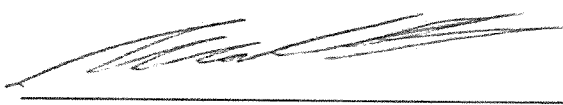
THE SAME was executed at the City/Town of Burnaby, in the Province of BC, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of BURNABY, in the Province of B.C., this 26 day of August, 2016



A Commissioner for Oaths in and for the Province of B.C.



Name:

AMIN SAVJI
NOTARY PUBLIC
328 GILMORE AVENUE
BURNABY, BC, CANADA V5C 4R1
604-294-3155
PERMANENT COMMISSION

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF BC
TO WIT:

I, ~~Nicholas~~ Michael Mills
of the City/Town of Vancouver
in the Province of BC
MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Nicholas Carter, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of Burnaby, in the Province of BC, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of BURNABY, in the Province of B.C., this 26 day of August, 2016

[Signature]
A Commissioner for Oaths in and for the Province of B.C.

[Signature]
Name: Michael Mills

AMIN SAVJI
NOTARY PUBLIC
328 GILMORE AVENUE
BURNABY, BC, CANADA V5C 4R1
604-294-3155
PERMANENT COMMISSION

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF B. C.
TO WIT:

I, Michael Milk
of the City/Town of Vancouver
in the Province of BC
MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Mike McKay, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of Burnaby, in the Province of BC, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of BURNABY, in the Province of B. C., this 26 day of August, 2016

[Signature]
A Commissioner for Oaths in and for the Province of B. C.

[Signature]
Name:

AMIN SAVJI
NOTARY PUBLIC
328 GILMORE AVENUE
BURNABY, BC, CANADA V5C 4R1
804-294-3155
PERMANENT COMMISSION

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF B.C.
TO WIT:

I, Nicholas A. CARTER
of the City/Town of
VANCOUVER
in the Province of British Columbia
MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Michael Mills, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of Burnaby B.C., in the Province of BC, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of
BURNABY, in the
Province of B.C., this 26
day of August, 2016

[Signature]
A Commissioner for Oaths in and for the
Province of B.C.

[Signature]
Name: Nicholas A. CARTER

AMIN SAVJI
NOTARY PUBLIC
328 GILMORE AVENUE
BURNABY, BC, CANADA V5C 4R1
604-294-3155
PERMANENT COMMISSION

SCHEDULE "A"
LIST OF SECURITIES

1. Offers of Credit:
 - (a) May 7, 2008; and
 - (b) May 31, 2013
2. Overdraft Protection Agreement in the amount of \$2,000,000.00;
3. General Security Agreement in the name of Travelers Acceptance Corporation dated March 31, 2008;
4. General Security Agreement in the name of Crelogix Credit Group Inc. dated October 30, 2009;
5. General Security Agreement in the name of Crelogix Portfolio Services Corporation dated October 30, 2009;
6. Guarantee and Postponement of Karl Sigerist in the amount of \$530,400.00;
7. Guarantee and Postponement of Nicholas Carter in the amount of \$250,200.00;
8. Guarantee and Postponement of Mike McKay in the amount of \$250,200.00;
9. Guarantee and Postponement of Michael Mills in the amount of \$250,200.00;
10. Guarantee and Postponement of Crelogix Portfolio Services Corporation in the amount of \$2,000,000.00;
11. Guarantee and Postponement of Crelogix Credit Group Inc. in the amount of \$2,000,000.00

SCHEDULE "B"
IRREVOCABLE ASSIGNMENT AND DIRECTION TO PAY



MILLER THOMSON LLP
MILLERTHOMSON.COM

COMMERCE PLACE + 10155 102 STREET, SUITE 2700
EDMONTON, AB + T5J 4G8 + CANADA

T 780 429.1751
F 780 424.5856

September 6, 2016

Delivered by Email: peter.rubin@blakes.com

Blake, Cassels & Graydon LLP
595 Burrard Street, Suite 2600
Vancouver BC V7X 1L3

Attention: Mr. Peter Rubin

Dear Sir:

**Re: Loans by Servus Credit Union Ltd. ("Servus") to Crelogix Acceptance Corporation ("CAC")
Guarantees of Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills (the "Guarantors")**

Thomas L. Gusa
Direct Line: 780.429.9767
lgusa@millerthomson.com

File: 138667.138

WITHOUT PREJUDICE

This letter is further to the letter agreement executed by the above parties dated August 26, 2016, a copy of which is attached hereto. Servus' loan in connection with the captioned matter remains in default. As of the 6th day of September, 2016, the indebtedness owing to Servus is \$1,461,077.36 (the "Indebtedness"). As security for repayment of the Indebtedness, Servus was granted certain security including those as set out in Schedule "A" hereto (the "Securities").

Notwithstanding the continuing existence of an event of default by CAC under the terms of the Securities, Servus will provide further credit to CAC with respect to the above noted facility, and shall agree to forbear from enforcing the Securities until 1:00 P.M. (Edmonton time) on September 9, 2016, on the following terms and conditions:

1. In the event that Nicholas Carter, a Guarantor, does not execute this letter agreement, CAC and the remaining Guarantors (the "Other Guarantors") each acknowledge that, notwithstanding the failure of Nicholas Carter to execute this letter agreement, this letter agreement is binding upon CAC and the Other Guarantors.
2. CAC and the Other Guarantors each acknowledge that CAC has committed events of default under the terms of the Securities and those events of default are continuing (the "Events of Default").
3. CAC and the Other Guarantors each acknowledge that Servus is not, by the terms and conditions of this letter agreement, waiving any of the Events of Default.

4. CAC and the Other Guarantors each acknowledge that Servus is not waiving any rights or entitlements which Servus may now or in the future have under the terms of the Securities, or otherwise at law, given the occurrence of the Events of Default.
5. CAC and the Other Guarantors each acknowledge and confirm that the various Securities granted or to be granted by them in favour of Servus, as set out in Schedule "A" are valid, subsisting and enforceable in accordance with their respective terms, and CAC and the Other Guarantors will not contest the validity and enforceability of the Securities in any court process. CAC and the Other Guarantors absolutely and unconditionally release and discharge Servus and each of its directors, officers, employees, representatives and agents, from and against all claims, set-offs, counterclaims, damages and demands that CAC and the Other Guarantors may have against Servus and/or such directors, officers, employees, representatives and agents arising as of the date of this letter agreement out of any action or omission of Servus or such parties for any other reason or on any other basis whatsoever.
6. CAC and the Other Guarantors each acknowledge and agree that this letter agreement in no way operates to renew any maturity date or loan expiration or due date as related to either the Indebtedness or the Securities and that all existing maturity dates or loan expirations or due dates with regard to the Securities and the Indebtedness at the time of executing this letter agreement continue to apply to the Securities and the Indebtedness.
7. CAC shall provide to Servus no later than 9:00 A.M. (Edmonton time) on Wednesday, September 7, 2016:
 - (a) a detailed list of CAC's vendors to be paid (the "Merchant Payables") which will include itemized details with respect to the value of any new chattel paper or new loan agreements purchased by CAC (the "Contracts") and the securitization amount for each respective Contract;
 - (b) a list of CAC's critical accounts payable (the "A/P"); and
 - (c) a detailed list of CAC's payroll obligations for CAC's next employee payroll period (the "Payroll").
8. Servus shall review the information provided by CAC in respect of the Merchant Payables, the A/P and the Payroll and may, in its sole discretion, advance further credit to CAC to satisfy the Merchant Payables, the A/P and the Payroll to an extent to be determined by Servus in its sole discretion (the "Additional Credit").
9. CAC expressly acknowledges that it shall use the Additional Credit solely for the purposes of making payments for new Merchant Payables, the A/P and the Payroll.
10. Upon receiving the Additional Credit from Servus in respect of the Merchant Payables and purchasing the Contracts as agreed to by Servus (the "Purchased Contracts"), CAC shall then immediately convey all of its right, title and interest to the Purchased Contracts to:



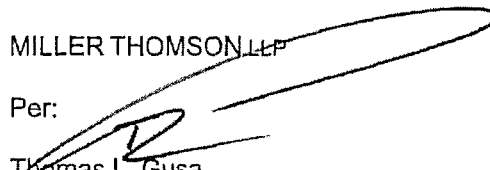
- (a) Prospera Credit Union ("PCU") for the agreed upon amount of \$186,390.04 (the "PCU Purchase Price"); and
 - (b) Prospera Holdings Ltd. ("PH Ltd.") for the agreed upon amount of \$1,845,390.04 (the "PH Purchase Price") (the PCU Purchase Price and the PH Purchase Price are collectively referred to as the "Purchase Price").
11. CAC and the Other Guarantors acknowledge that it is a condition precedent of this agreement that CAC shall execute and provide to Servus the Irrevocable Assignment and Direction to Pay set out herein at Schedule "B", which shall provide for the entirety of the Purchase Price to be paid to Servus by PCU and PH Ltd. in respect of the Purchased Contracts.
12. CAC and the Other Guarantors hereby acknowledge and agree that in consideration for the further extension of credit on the terms and conditions of this agreement:
- (a) CAC and the Other Guarantors shall pay to Servus from the Purchase Price a forbearance fee in the amount of \$7,500.00, which amount shall be deemed to be earned upon receipt (the "Fee");
 - (b) All amounts received by Servus in respect of the Purchase Price, less the Fee, shall applied by Servus to the Indebtedness in its sole discretion; and
 - (c) Subject to the applicable guarantees listed in Schedule "A", CAC and the Other Guarantors jointly and severally agree to be liable for and to pay to Servus all legal fees and disbursements (as between a solicitor and his own client on a full indemnity basis) incurred in the preparation of and implementation of this letter agreement and any documents, Securities or assurances required hereby.

All other terms and conditions of the Securities shall remain the same. Specifically, interest will continue to accrue on a daily basis, and subject to the applicable guarantees listed in Schedule "A", CAC and the Guarantors will be jointly and severally liable for all legal fees and charges as between a solicitor and his client on a full indemnity basis, and time shall continue to be of the essence. If your clients are agreeable to the terms and conditions stated above, would you please return to our office today a signed copy of this letter duly executed by each of the parties set out below prior to 5:00 P.M. (Edmonton time).

Yours truly,

MILLER THOMSON LLP

Per:


Thomas L. Gusa
TLG/

Enclosure


- c. Darcy Peelar – Servus Credit Union Ltd. (via email)
- Ian Glassford – Servus Credit Union Ltd. (via email)
- Chet Williams - Servus Credit Union Ltd. (via email)



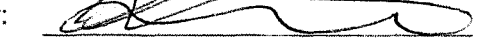
Richard Charlton – Servus Credit Union Ltd. (via email)
Rick Reeson - Miller Thomson LLP (via email)
Joan Chambers – Blake, Cassels & Graydon LLP (via email)

This Letter Agreement is hereby agreed to this 6 day of September, 2016:


CRELOGIX ACCEPTANCE CORPORATION

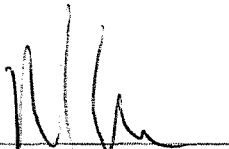
Per: 
Name: Karl Sigerist
Title: Director


CRELOGIX CREDIT GROUP INC.


Per: 
Name: Karl Sigerist
Title: Director

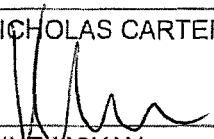
CRELOGIX PORTFOLIO SERVICES CORPORATION

Per: 
Name: Karl Sigerist
Title: Director


WITNESS


KARL SIGERIST

WITNESS

WITNESS

NICHOLAS CARTER

MIKE MCKAY

WITNESS

MICHAEL MILLS



Richard Charlton – Servus Credit Union Ltd. (via email)
Rick Reeson - Miller Thomson LLP (via email)
Joan Chambers – Blake, Cassels & Graydon LLP (via email)

This Letter Agreement is hereby agreed to this ____ day of September, 2016:

CRELOGIX ACCEPTANCE CORPORATION

Per: _____
Name: Karl Sigerist
Title: Director

CRELOGIX CREDIT GROUP INC.

Per: _____
Name: Karl Sigerist
Title: Director

CRELOGIX PORTFOLIO SERVICES CORPORATION

Per: _____
Name: Karl Sigerist
Title: Director

WITNESS

KARL SIGERIST

WITNESS

NICHOLAS CARTER

WITNESS

MIKE MCKAY

Signed with Agreement Express B9AD8815-5657-9461-5599-1CEBF04D0A71
mike mills
06-Sep-16

WITNESS

MICHAEL MILLS



AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia
TO WIT:

I, Michael McKay
~~FINA BARREGAZO~~
of the City/Town of
BURNABY COQUITLAN
in the Province of British Columbia
MAKE OATH AND SAY THAT:

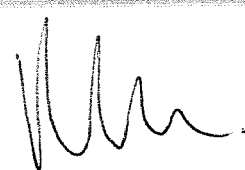
I WAS PERSONALLY present and did see Karl Sigerist, on behalf of Crelogix Acceptance Corporation, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of BURNABY, in the Province of B.C., and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of
BURNABY, in the
Province of British Columbia, this 6
day of September, 2016

A Commissioner for Oaths in and for the
Province of British Columbia



Name: Michael McKay

AMIN SAVJI
NOTARY PUBLIC
328 Gilmore Ave.
BURNABY, BC, V5C 4R1
604-294-3155



AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia
TO WIT:

I, Michael McKay
of the City/Town of
Coquitlam
in the Province of British Columbia
MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Karl Sigerist, on behalf of Crelogix Credit Group Inc., named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

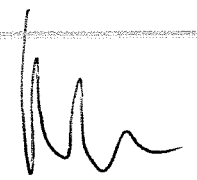
THE SAME was executed at the City/Town of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of
BURNABY, in the
Province of British Columbia, this 6
day of September, 2016

A Commissioner for Oaths in and for the
Province of British Columbia

AMIN SAVJI
NOTARY PUBLIC
328 Gilmore Ave.
BURNABY, BC, V5C 4R1
604-294-3155



Name: Michael McKay



AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia
TO WIT:

I, Michael McKay
of the City/Town of Coquitlam
in the Province of British Columbia

MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Karl Sigerist, on behalf of Crelogix Portfolio Services Corporation, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of BURNABY, in the Province of British Columbia, this 6 day of September, 2016

A Commissioner for Oaths in and for the Province of British Columbia

[Signature]
Name: Michael McKay

AMIN SAVJI
NOTARY PUBLIC
328 Gilmore Ave.
BURNABY, BC, V5C 4R1
604-294-3155



AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia
TO WIT:

I, Michael McKay
of the City/Town of
Coquitlam
in the Province of British Columbia
MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Karl Sigerist, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

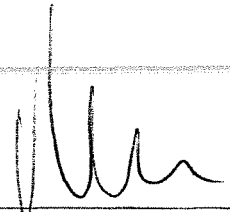
THE SAME was executed at the City/Town of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of
BURNABY, in the
Province of British Columbia, this 6
day of September, 2016

A Commissioner for Oaths in and for the
Province of British Columbia

AMIN SAVJI
NOTARY PUBLIC
328 Gilmore Ave.
BURNABY, BC, V5C 4R1
604-294-3155


Name: Michael McKay

M+

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia
TO WIT:

I, _____
of the City /Town of _____
in the Province of British Columbia
MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Nicholas Carter, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of _____, in the Province of _____, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of _____, in the Province of British Columbia, this _____ day of September, 2016

A Commissioner for Oaths in and for the Province of British Columbia

Name:



AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia
TO WIT:

I, KARL SIGBERT
of the City/Town of
COQUITLA
in the Province of British Columbia


MAKE OATH AND SAY THAT:


I WAS PERSONALLY present and did see Mike McKay, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of
BURNABY, in the
Province of British Columbia, this 6
day of September, 2016


A Commissioner for Oaths in and for the
Province of British Columbia
AMIN SAVJI
NOTARY PUBLIC
328 Gilmore Ave.
BURNABY, BC, V5C 4R1
604-294-3155


Name: KARL SIGBERT

M+

SCHEDULE "A"
LIST OF SECURITIES

1. Resolutions/Authorities of Crelogix Acceptance Corporation:
 - (a) March 31, 2008;
 - (b) April 1, 2008;
2. Offers of Credit of Crelogix Acceptance Corporation:
 - (a) May 7, 2008; and
 - (b) May 31, 2013;
3. Overdraft Protection Agreement dated March 31, 2008, in the name of Travelers Acceptance Corporation in the amount of \$2,000,000.00;
4. General Security Agreement in the name of Travelers Acceptance Corporation dated March 31, 2008;
5. Resolutions/Authorities of Crelogix Credit Group Inc.:
 - (a) October 30, 2009;
 - (b) December 10, 2010;
6. Guarantee and Postponement of Crelogix Credit Group Inc. dated October 30, 2009, in the amount of \$2,000,000.00;
7. General Security Agreement in the name of Crelogix Credit Group Inc. dated October 30, 2009;
8. Resolutions/Authorities of Crelogix Portfolio Services Corporation:
 - (a) October 30, 2009;
 - (b) December 10, 2010;
9. Guarantee and Postponement of Crelogix Portfolio Services Corporation dated October 30, 2009, in the amount of \$2,000,000.00;
10. General Security Agreement in the name of Crelogix Portfolio Services Corporation dated October 30, 2009;
11. Guarantee and Postponement of Karl Sigerist dated December 10, 2010, in the amount of \$530,400.00;



12. Guarantee and Postponement of Nicholas Carter dated December 10, 2010, in the amount of \$250,200.00;
13. Guarantee and Postponement of Mike McKay dated December 10, 2010, in the amount of \$250,200.00;
14. Guarantee and Postponement of Michael Mills dated December 10, 2010, in the amount of \$250,200.00;
15. Letter Agreement dated August 26, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills.



SCHEDULE "B"
IRREVOCABLE ASSIGNMENT AND DIRECTION TO PAY

M_T

IRREVOCABLE ASSIGNMENT AND DIRECTION TO PAY

TO: Servus Credit Union Ltd.
151 Karl Clark Road NW
Edmonton, AB T6N 1H5

RE: ASSIGNMENT OF SALE PROCEEDS

In consideration for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Crelogix Acceptance Corporation ("CAC") hereby irrevocably, unconditionally and absolutely assigns and transfers to Servus Credit Union Ltd. all payments to be made by:

1. Prospera Credit Union ("PCU") to CAC to the extent of \$186,390.04 for the purchase of any chattel paper or loan agreements by PCU from CAC, and PCU is hereby irrevocably authorized and directed by the undersigned to pay to Servus Credit Union Ltd., on behalf of the undersigned, the sum of \$186,390.04 (CDN), and this shall be your full and sufficient authority to do so; and
2. Prospera Holdings Ltd. ("PH Ltd.") to CAC to the extent of \$1,845,390.04 for the purchase of any chattel paper or loan agreements by PH Ltd. from CAC, and PH Ltd. is hereby irrevocably authorized and directed by the undersigned to pay to Servus Credit Union Ltd., on behalf of the undersigned, the sum of \$1,845,390.04 (CDN), and this shall be your full and sufficient authority to do so.

DATED at the City of Burnaby in the Province of British Columbia this 6 day of September, 2016.

**CRELOGIX ACCEPTANCE
CORPORATION**

By: 

Name: Karl Sigerist
Title: Director

AFFIDAVIT OF EXECUTION

CANADA)
PROVINCE OF British Columbia)

I, Michael McKay
of Capitlan

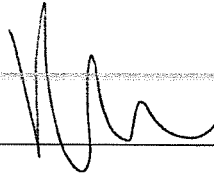
TO WIT:)

in the Province of British Columbia)

MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see Karl Sigerist, on behalf of Crelogix Acceptance Corporation, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City of BURNABY in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and he is, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of)
BURNABY in the Province of)
British Columbia, this 6 day of)
September, 2016.)




A COMMISSIONER FOR OATHS
in and for the Province of British Columbia

AMIN SAVJI
NOTARY PUBLIC
328 Gilmore Ave.
BURNABY, BC, V5C 4R1
604-294-3155



MILLER THOMSON LLP
MILLERTHOMSON.COM

COMMERCE PLACE + 10155 102 STREET, SUITE 2700
EDMONTON, AB + T5J 4G8 + CANADA

T 780.429.1751
F 780.424.5856

September 9, 2016

Delivered by Email: joan.chambers@blakes.com

Blake, Cassels & Graydon LLP
595 Burrard Street, Suite 2600
Vancouver BC V7X 1L3

Attention: Ms. Joan Chambers

Thomas L. Gusa
Direct Line: 780.429.9767
tgusa@millerthomson.com

File: 138667.138

WITHOUT PREJUDICE

Dear Madam:

**Re: Loans by Servus Credit Union Ltd. ("Servus") to Crelogix Acceptance Corporation ("CAC")
Guarantees of Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills (the "Guarantors")**

This letter is further to the letter agreements executed by the above parties dated August 26, 2016, and September 6, 2016, copies of which are attached hereto. Servus' loan in connection with the captioned matter remains in default. As of the 9th day of September, 2016, the indebtedness owing to Servus is \$1,061,696.91 (the "Indebtedness"). As security for repayment of the Indebtedness, Servus was granted certain security including those as set out in Schedule "A" hereto (the "Securities").

Notwithstanding the continuing existence of an event of default by CAC under the terms of the Securities, Servus will provide further credit to CAC with respect to the above noted facility, and shall agree to forbear from enforcing the Securities until 1:00 P.M. (Edmonton time) on September 12, 2016, on the following terms and conditions:

1. In the event that Nicholas Carter, a Guarantor, does not execute this letter agreement, CAC and the remaining Guarantors (the "Other Guarantors") each acknowledge that, notwithstanding the failure of Nicholas Carter to execute this letter agreement, this letter agreement is binding upon CAC and the Other Guarantors.
2. CAC and the Other Guarantors each acknowledge that CAC has committed events of default under the terms of the Securities and those events of default are continuing (the "Events of Default").
3. CAC and the Other Guarantors each acknowledge that Servus is not, by the terms and conditions of this letter agreement, waiving any of the Events of Default.

4. CAC and the Other Guarantors each acknowledge that Servus is not waiving any rights or entitlements which Servus may now or in the future have under the terms of the Securities, or otherwise at law, given the occurrence of the Events of Default.
5. CAC and the Other Guarantors each acknowledge and confirm that the various Securities granted or to be granted by them in favour of Servus, as set out in Schedule "A" are valid, subsisting and enforceable in accordance with their respective terms, and CAC and the Other Guarantors will not contest the validity and enforceability of the Securities in any court process. CAC and the Other Guarantors absolutely and unconditionally release and discharge Servus and each of its directors, officers, employees, representatives and agents, from and against all claims, set-offs, counterclaims, damages and demands that CAC and the Other Guarantors may have against Servus and/or such directors, officers, employees, representatives and agents arising as of the date of this letter agreement out of any action or omission of Servus or such parties for any other reason or on any other basis whatsoever.
6. CAC and the Other Guarantors each acknowledge and agree that this letter agreement in no way operates to renew any maturity date or loan expiration or due date as related to either the Indebtedness or the Securities and that all existing maturity dates or loan expirations or due dates with regard to the Securities and the Indebtedness at the time of executing this letter agreement continue to apply to the Securities and the Indebtedness.
7. CAC shall provide to Servus no later than 5:00 P.M. (Edmonton time) on Friday, September 9, 2016:
 - (a) a detailed list of CAC's vendors to be paid (the "Merchant Payables") which will include itemized details with respect to the value of any new chattel paper or new loan agreements purchased by CAC (the "Contracts") and the securitization amount for each respective Contract;
 - (b) a list of CAC's critical accounts payable (the "A/P"); and
 - (c) a detailed list of CAC's payroll obligations for CAC's next employee payroll period (the "Payroll").
8. Servus shall review the information provided by CAC in respect of the Merchant Payables, the A/P and the Payroll and may, in its sole discretion, advance further credit to CAC to satisfy the Merchant Payables, the A/P and the Payroll to an extent to be determined by Servus in its sole discretion (the "Additional Credit").
9. CAC expressly acknowledges that it shall use the Additional Credit solely for the purposes of making payments for new Merchant Payables, the A/P and the Payroll.
10. Upon receiving the Additional Credit from Servus in respect of the Merchant Payables and purchasing the Contracts as agreed to by Servus (the "Purchased Contracts"), CAC shall then immediately convey all of its right, title and interest to the Purchased Contracts to:



- (a) Prospera Credit Union ("PCU") for the agreed upon amount of \$150,205.05 (the "PCU Purchase Price"); and
 - (b) Prospera Holdings Ltd. ("PH Ltd.") for the agreed upon amount of \$1,246,167.53 (the "PH Purchase Price") (the PCU Purchase Price and the PH Purchase Price are collectively referred to as the "Purchase Price").
11. CAC and the Other Guarantors acknowledge that it is a condition precedent of this agreement that CAC shall execute and provide to Servus the Irrevocable Assignment and Direction to Pay set out herein at Schedule "B", which shall provide for the entirety of the Purchase Price to be paid to Servus by PCU and PH Ltd. in respect of the Purchased Contracts.
12. CAC and the Other Guarantors hereby acknowledge and agree that in consideration for the further extension of credit on the terms and conditions of this agreement:
- (a) CAC and the Other Guarantors shall pay to Servus from the Purchase Price a forbearance fee in the amount of \$5,000.00, which amount shall be deemed to be earned upon receipt (the "Fee");
 - (b) All amounts received by Servus in respect of the Purchase Price, less the Fee, shall applied by Servus to the Indebtedness in its sole discretion; and
 - (c) Subject to the applicable guarantees listed in Schedule "A", CAC and the Other Guarantors jointly and severally agree to be liable for and to pay to Servus all legal fees and disbursements (as between a solicitor and his own client on a full indemnity basis) incurred in the preparation of and implementation of this letter agreement and any documents, Securities or assurances required hereby.

All other terms and conditions of the Securities shall remain the same. Specifically, interest will continue to accrue on a daily basis, and subject to the applicable guarantees listed in Schedule "A", CAC and the Guarantors will be jointly and severally liable for all legal fees and charges as between a solicitor and his client on a full indemnity basis, and time shall continue to be of the essence. If your clients are agreeable to the terms and conditions stated above, would you please return to our office today a signed copy of this letter duly executed by each of the parties set out below prior to 5:00 P.M. (Edmonton time).

Yours truly,

MILLER THOMSON LLP

Per: 

Thomas L. Gusa
TLG/

Enclosure

- c. Darcy Peelar - Servus Credit Union Ltd. (via email)
- Ian Glassford - Servus Credit Union Ltd. (via email)
- Chet Williams - Servus Credit Union Ltd. (via email)



Richard Charlton – Servus Credit Union Ltd. (via email)
Rick Reason - Miller Thomson LLP (via email)

This Letter Agreement is hereby agreed to this 9 day of September, 2016:


CRELOGIX ACCEPTANCE CORPORATION


Per: 
Name: Karl Sigerist
Title: Director

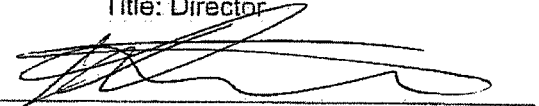
CRELOGIX CREDIT GROUP INC.

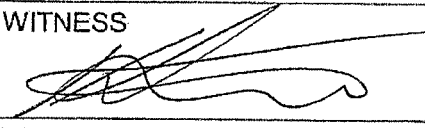
Per: 
Name: Karl Sigerist
Title: Director

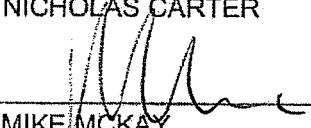
CRELOGIX PORTFOLIO SERVICES CORPORATION

Per: 
Name: Karl Sigerist
Title: Director


WITNESS


KARL SIGERIST

WITNESS

WITNESS

NICHOLAS CARTER

MIKE MCKAY

WITNESS

MICHAEL MILLS



Richard Charlton – Servus Credit Union Ltd. (via email)
Rick Reeson - Miller Thomson LLP (via email)

This Letter Agreement is hereby agreed to this ____ day of September, 2016:

CRELOGIX ACCEPTANCE CORPORATION

Per: _____
Name: Karl Sigerist
Title: Director

CRELOGIX CREDIT GROUP INC.

Per: _____
Name: Karl Sigerist
Title: Director

CRELOGIX PORTFOLIO SERVICES CORPORATION

Per: _____
Name: Karl Sigerist
Title: Director

WITNESS

KARL SIGERIST

WITNESS

NICHOLAS CARTER

WITNESS

MIKE MCKAY

Signed with Agreement Express	516E4C65-AE48-FD60-F508-385240D4A30A mike mills 09-Sep-16
-------------------------------	---

WITNESS

MICHAEL MILLS



AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia
TO WIT:

I, Michael McKay
of the City/Town of Coquitlam,
in the Province of British Columbia
MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Karl Sigerist, on behalf of Crelogix Acceptance Corporation, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of Burnaby, in the Province of British Columbia, and that I am the subscribing witness thereto.

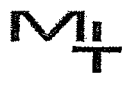
I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of Burnaby, in the Province of British Columbia, this 9 day of September, 2016

[Signature]
A Commissioner for Oaths in and for the Province of British Columbia

[Signature]
Name: Michael McKay

AMIN SAVJI
NOTARY PUBLIC
328 Gilmore Ave.
BURNABY, BC, V5C 4R1
604-294-3155



AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia
TO WIT:

I, Michael McKay
of the City/Town of
Coquitlam
in the Province of British Columbia
MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Karl Sigerist, on behalf of Crelogix Credit Group Inc., named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of Burnaby, in the Province of British Columbia, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of
BURNABY, in the
Province of British Columbia, this 9
day of September, 2016

Amin Savji
A Commissioner for Oaths in and for the
Province of British Columbia

Michael McKay
Name: Michael McKay

AMIN SAVJI
NOTARY PUBLIC
328 Gilmore Ave.
BURNABY, BC, V5C 4R1
604-294-3155



AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia
TO WIT:

I, Michael McKay
of the City/Town of Coquitlam
in the Province of British Columbia
MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Karl Sigerist, on behalf of Crelogix Portfolio Services Corporation, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of Burnaby, in the Province of British Columbia, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of BURNABY, in the Province of British Columbia, this 9 day of September, 2016

[Signature]
A Commissioner for Oaths in and for the Province of British Columbia

[Signature]
Name: Michael McKay

AMIN SAVJI
NOTARY PUBLIC
328 Gilmore Ave.
BURNABY, BC, V5C 4R1
604-294-3155



AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia
TO WIT:

I, Michael McKay
of the City /Town of
Coquitlam
in the Province of British Columbia
MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Karl Sigerist, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.


THE SAME was executed at the City/Town of Burnaby, in the Province of British Columbia, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of
BURNABY, in the
Province of British Columbia, this 9
day of September, 2016

A Commissioner for Oaths in and for the
Province of British Columbia

AMIN SAVJI
NOTARY PUBLIC
328 Gilmore Ave.
BURNABY, BC, V5C 4R1
604-294-3155


Name: Michael McKay



AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia

TO WIT:

} I, _____
of the City /Town of _____
in the Province of British Columbia

MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Nicholas Carter, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of _____, in the Province of British Columbia, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of _____, in the Province of British Columbia, this _____ day of September, 2016

A Commissioner for Oaths in and for the Province of British Columbia

Name:



AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia
TO WIT:

I, HAUL SILVERSTEIN
of the City/Town of
COQUITLAM
in the Province of British Columbia
MAKE OATH AND SAY THAT:

I WAS PERSONALLY present and did see Mike McKay, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

THE SAME was executed at the City/Town of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.

I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of
BURNABY, in the
Province of British Columbia, this 9
day of September, 2016

AS
A Commissioner for Oaths in and for the
Province of British Columbia

[Signature]
Name:

AMIN SAVJI
NOTARY PUBLIC
328 Gilmore Ave.
BURNABY, BC, V5C 4R1
604-294-3155

M+

SCHEDULE "A"
LIST OF SECURITIES

1. Resolutions/Authorities of Crelogix Acceptance Corporation:
 - (a) March 31, 2008;
 - (b) April 1, 2008;
2. Offers of Credit of Crelogix Acceptance Corporation:
 - (a) May 7, 2008; and
 - (b) May 31, 2013;
3. Overdraft Protection Agreement dated March 31, 2008, in the name of Travelers Acceptance Corporation in the amount of \$2,000,000.00;
4. Account Set-Off Agreement dated March 31, 2008, in the name of Travelers Acceptance Corporation;
5. General Security Agreement in the name of Travelers Acceptance Corporation dated March 31, 2008, registered at the Alberta Personal Property Registry on March 28, 2008, as 08032830685, and registered at the British Columbia Personal Property Registry on March 28, 2008, as 268048E;
6. Resolutions/Authorities of Crelogix Credit Group Inc.:
 - (a) October 30, 2009;
 - (b) December 10, 2010;
7. Guarantee and Postponement of Crelogix Credit Group Inc. dated October 30, 2009, in the amount of \$2,000,000.00;
8. Guarantee and Postponement of Crelogix Credit Group Inc. dated December 10, 2010, in the amount of \$2,000,000.00;
9. General Security Agreement in the name of Crelogix Credit Group Inc. dated October 30, 2009, registered at the Alberta Personal Property Registry on November 12, 2009, as 09111226536, and registered at the British Columbia Personal Property Registry on September 7, 2016, as 524187J;
10. Resolutions/Authorities of Crelogix Portfolio Services Corporation:
 - (a) October 30, 2009;
11. Guarantee and Postponement of Crelogix Portfolio Services Corporation dated October 30, 2009, in the amount of \$2,000,000.00;



12. General Security Agreement in the name of Crelogix Portfolio Services Corporation dated October 30, 2009, registered at the Alberta Personal Property Registry on October 30, 2009, as 09103020468, and registered at the British Columbia Personal Property Registry on September 7, 2016, as 524188J;
13. Guarantee and Postponement of Karl Sigerist dated December 10, 2010, in the amount of \$530,400.00;
14. Guarantee and Postponement of Nicholas Carter dated December 10, 2010, in the amount of \$250,200.00;
15. Guarantee and Postponement of Mike McKay dated December 10, 2010, in the amount of \$250,200.00;
16. Guarantee and Postponement of Michael Mills dated December 10, 2010, in the amount of \$250,200.00;
17. Letter Agreement dated August 26, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills;
18. Letter Agreement dated September 6, 2016, executed by Crelogix Acceptance Corporation, Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Mike McKay and Michael Mills;



SCHEDULE "B"
IRREVOCABLE ASSIGNMENT AND DIRECTION TO PAY



IRREVOCABLE ASSIGNMENT AND DIRECTION TO PAY

TO: Servus Credit Union Ltd.
151 Karl Clark Road NW
Edmonton, AB T6N 1H5

RE: ASSIGNMENT OF SALE PROCEEDS

In consideration for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Crelogix Acceptance Corporation ("CAC") hereby irrevocably, unconditionally and absolutely assigns and transfers to Servus Credit Union Ltd. all payments to be made by:

1. Prospera Credit Union ("PCU") to CAC to the extent of \$150,205.05 (CDN) for the purchase of any chattel paper or loan agreements by PCU from CAC, and PCU is hereby irrevocably authorized and directed by the undersigned to pay to Servus Credit Union Ltd., on behalf of the undersigned, the sum of \$150,205.05 (CDN), and this shall be your full and sufficient authority to do so; and
2. Prospera Holdings Ltd. ("PH Ltd.") to CAC to the extent of \$1,246,167.53 (CDN) for the purchase of any chattel paper or loan agreements by PH Ltd. from CAC, and PH Ltd. is hereby irrevocably authorized and directed by the undersigned to pay to Servus Credit Union Ltd., on behalf of the undersigned, the sum of \$1,246,167.53 (CDN), and this shall be your full and sufficient authority to do so.

DATED at the City of Burnaby in the Province of British Columbia this 9TH day of September, 2016.

**CRELOGIX ACCEPTANCE
CORPORATION**

By: 

Name: Karl Sigerist
Title: Director

AFFIDAVIT OF EXECUTION

CANADA)
)
PROVINCE OF British Columbia)
)
TO WIT:)
)


I, Michael McKay
of Coquitlam

in the Province of British Columbia

MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see Karl Sigerist, on behalf of Crelogix Acceptance Corporation, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City of BURNABY in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and he is, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of
BURNABY in the Province of
British Columbia, this 9 day of
September, 2016.




A COMMISSIONER FOR OATHS
in and for the Province of British Columbia

AMIN SAVJI
NOTARY PUBLIC
328 Gilmore Ave.
BURNABY, BC, V5C 4R1
604-294-3155

FORBEARANCE AGREEMENT

THIS AGREEMENT made this 14th day of September, 2016.

BETWEEN:

SERVUS CREDIT UNION LTD.

OF THE FIRST PART

- and -

**CRELOGIX ACCEPTANCE CORPORATION, CRELOGIX CREDIT GROUP INC., CRELOGIX
PORTFOLIO SERVICES CORPORATION, KARL SIGERIST,
MIKE MCKAY AND MICHAEL MILLS**

OF THE SECOND PART

RECITALS

- A. WHEREAS the Borrower is currently indebted to Servus in the amount of the Indebtedness as hereinafter set out;
- B. AND WHEREAS as security for the due repayment of the Indebtedness the Borrower granted to Servus the Securities;
- C. AND WHEREAS the Guarantors have guaranteed the due repayment by the Borrower to Servus of a portion of the Indebtedness, and have granted to Servus the Securities set out in Schedule "A" hereto;
- D. AND WHEREAS Servus has demanded payment of the Indebtedness and the Borrower and the Guarantors have failed to pay the Indebtedness, and the Borrower and the Guarantors have requested that Servus refrain from taking any further steps in relation thereto;
- E. AND WHEREAS the Borrower and the Guarantors are desirous of resolving their differences and settling the Indebtedness in accordance with the terms and conditions hereinafter contained.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual promises, covenants and agreements herein contained, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties hereto agree each with the other as follows:

1. In this Agreement including the foregoing Recital unless the context otherwise requires, the following words shall have the following meanings:
 - (a) **"Additional Security"** shall mean the additional security documents set out in paragraph 5(b) hereof;

- (b) **"August 26 Letter"** shall mean the letter agreement dated August 26, 2016 between the Borrower, the Guarantors and Nicholas Carter, an executed copy of which is attached hereto as Schedule "H";
- (c) **"Borrower"** shall mean Crelogix Acceptance Corporation, together with its successors and assigns;
- (d) **"Consent Documents"** shall mean the consent documents listed in Schedule "B" hereto, substantially in the form attached as Schedule "C" hereto, together with such further consent documents as Servus may require;
- (e) **"Costs"** shall mean all costs, charges and expenses, including without limitation all legal fees and disbursements on a solicitor and its own client full indemnity basis;
- (f) **"Credit Facilities Letters"** shall mean collectively the Offers of Credit set out in Schedule "A" hereto;
- (g) **"Forbearance Period"** shall mean the period of time from and including the date of this Agreement, to and including the earlier of:
 - (i) 2:00 p.m. (Edmonton time) on December 15, 2016;
 - (ii) the payment to Servus of all Indebtedness, and other debts, liabilities and obligations owing to Servus by the Borrower; or
 - (iii) an Event of Default under paragraph 10 hereof.
- (h) **"Guarantors"** shall mean collectively Crelogix Credit Group Inc., Crelogix Portfolio Services Corporation, Karl Sigerist, Nicholas Carter, Mike McKay and Michael Mills, together with their respective heirs, executors, successors and assigns;
- (i) **"Indebtedness"** shall mean all monies due and owing to Servus by the Borrower from time to time pursuant to the various loans and advances made to the Borrower by Servus, including all principal, interest at the rates and calculated in the manner set out in the Securities and all Costs, which indebtedness as at September 7, 2016 is \$1,462,085.45, some particulars of which are:

Principal Balance	\$1,461,077.36
Accrued Interest	<u>\$ 1,008.09</u>
Total Balance	<u>\$1,462,085.45</u>

together with all other loans, advances, interest, Costs, debts, liabilities and obligations of the Borrower to Servus.

- (j) "Securities" shall mean all security granted by the Borrower and the Guarantors to Servus to secure the Indebtedness, as set out in Schedule "A" hereto, and the Additional Security;
 - (k) "Servus" shall mean Servus Credit Union Ltd. and its successors and assigns;
2. The Borrower and the Guarantors each acknowledge and confirm that as of September 7, 2016, they are indebted to Servus in the following amounts:
- (a) The Borrower, the Indebtedness, plus all accrued interest plus Costs; and
 - (b) The Guarantors, the following maximum principal amounts, plus all accrued interest from the date of demand, plus Costs:

Crelogix Credit Group Inc.	\$2,000,000.00
Crelogix Portfolio Services Corporation	\$2,000,000.00
Karl Sigerist	\$530,400.00
Mike McKay	\$250,200.00
Michael Mills	\$250,200.00
3. The Borrower and each of the Guarantors acknowledge and confirm that the Securities are valid, subsisting and enforceable in accordance with their respective terms.
4. The Borrower and each of the Guarantors hereby acknowledge that:
- (a) They are in default under the Securities, and the Indebtedness is currently due and payable;
 - (b) They have received from Servus, in a proper form and manner:
 - (i) any demands and notices required to be delivered by Servus;
 - (ii) Notices of Intention to Enforce Security pursuant to Section 244(1) of the Bankruptcy and Insolvency Act;
 - (c) No further demands, or notices will be required to permit Servus to enforce the Securities and collect the Indebtedness;
 - (d) To the extent it is legally permissible to do so, each of the Borrower and the Guarantors hereby waive Servus having to give or make any further demand for payment or to take any further steps or to satisfy any further conditions to allow Servus to immediately enforce the Securities and collect the Indebtedness;
 - (e) Notwithstanding that Nicholas Carter who is also a guarantor of the Indebtedness, and is by his own choice not a party to this Agreement, this Agreement shall be binding and enforceable against the Borrower and each of the Guarantors, and the omission of Nicholas Carter from this Agreement shall not in any manner whatsoever release or otherwise limit the liability of the Borrower or any of the Guarantors from the Securities and the Indebtedness and

their respective obligations and liabilities thereunder, and shall not be raised as a defence, objection, right, cause of action, or right of set-off (whether contractual, legal or equitable) in any manner whatsoever in any legal proceedings that may be commenced by any party to this Agreement. In addition, Servus may, in its absolute discretion, seek immediate enforcement against Nicholas Carter of any rights and remedies Servus may now or in the future have against him, either under the Securities (including his personal Guarantee dated December 10, 2010), or otherwise; and

- (f) Notwithstanding any term or condition of this Agreement, the terms and conditions of the August 26 Letter, except to the extent they are inconsistent with or conflict with any term or condition of this Agreement, shall remain in full force and effect against each of the parties thereto, including without limitation Nicholas Carter, and shall not merge with the terms and conditions of this Agreement.

5. On or before September 14, 2016, the Borrower and the Guarantors shall:

- (a) Execute and deliver to the legal counsel for Servus one original of this Agreement, and one original of each of the Consent Documents set out in Schedule "B" hereto substantially in the forms provided in Schedule "C" hereto. Servus and its legal counsel are authorized to complete any missing information in the Consent Documents, including without limiting the generality of the foregoing the following information:
 - (i) In the Consent Receivership Order, the details of the name of the Justice, date of the Order, the name of the Receiver, and particulars of the affidavits in the preamble to the Order, and the missing information in paragraphs 2, 3(i), 20 and 32.

Servus shall be entitled to issue a Statement of Claim against the Borrower and the Guarantors claiming appointment of a Receiver, and judgment for the indebtedness. The Borrower and the Guarantors, through their legal counsel, shall file a demand of notice in relation to the statement of claim; and

- (b) Execute and deliver to legal counsel for Servus the following Additional Securities:
 - (i) the additional security and documentation required by the Evergreen Facility Offer;
 - (ii) the additional security and documentation required by the Note Agreement; and
 - (iii) the additional security and documentation required by the Consultant Facility Offer.

together with such authorizations and resolutions as may be reasonably required by Servus or its legal counsel.

This Additional Security will continue to secure all Indebtedness.

6. During the Forbearance Period, the Borrower shall:
 - (a) Continue to carry on the business of the Borrower in a commercially reasonable and financial prudent manner;
 - (b) Pay all required principal and interest payments on the Evergreen Facility Loan as required by the Evergreen Facility Loan Offer;
 - (c) Pay, in the ordinary course of its business, all amounts owing for:
 - (i) wages, salary, entitlements and benefits for employees;
 - (ii) source deductions and GST payments to Canada Revenue Agency; and
 - (iii) suppliers, landlords, and other service providers.
 - (d) Deposit in its current account with Servus all revenue and income generated from business operations; and
 - (e) Use its best commercial efforts to effect a sale of either all of its shares or all of its assets, with a view to paying out in full the Indebtedness and all other debts, liabilities and obligations owing by the Borrower to Servus.
7.
 - (a) Servus will engage a consultant, Alvarez & Marsal Canada Inc. (the "Consultant") to act as its consultant/monitor during the Forbearance Period. Each of Servus, the consultant, the Borrower and the Guarantors have entered into a Consultant Agreement to effect this dated September 6, 2016, a true copy of which is attached as Schedule "D hereto (the "Consultant Agreement"). All costs, charges and expenses incurred by Servus in relation to the appointment of the Consultant will be paid by the Borrower and/or the Guarantors in accordance with the Consultant Agreement. Notwithstanding paragraph 8 of the Consultant Agreement, the Borrower shall not terminate the Consultant Agreement during the Forbearance Period without the express prior written consent of Servus;
 - (b) Effective the date of this Agreement, all existing authorized overdraft loan accounts of the Borrower shall be "frozen" and no further advances will be made, or permitted from those accounts. Servus will create a new Evergreen Facility Loan in accordance with paragraph 8 of this Agreement.
8. Provided all of the terms and conditions of this Agreement are complied with by the Borrower and the Guarantors, Servus will establish to the Borrower the following loan facilities:

- (a) Up to \$1.25 million for the purpose of facilitating the ongoing business operations of the Borrower (the "Evergreen Loan Facility") on the terms and conditions set out in the Supplemental Credit Facility Letter dated September 8, 2016 attached as Schedule "E" hereto (the "Evergreen Facility Offer"). The Borrower shall only use the advances for the purposes set out in the Evergreen Facility Offer. Prior to releasing any cheques to any third party payee, the Borrower shall provide copies and details thereof to each of Servus and the Consultant, for their review. Servus shall not be required to advance any funds, unless it is satisfied that the cheques are payable for the purposes set out in the Evergreen Facility Offer, and in no event shall Servus be under any obligation to advance more than the authorized limit;
 - (b) A convertible note loan in the principal sum of \$2 million (the "Convertible Note Facility"), on the terms and conditions set out in the Unsecured Convertible Note Agreement dated September 14, 2016 attached as Schedule "F" hereto (the "Note Agreement"). The Borrower shall only use the advances for the purposes set out in the Note Agreement. Prior to releasing any cheques to any third party payee, the Borrower shall provide copies and details thereof to each of Servus and the Consultant, for their review. Servus shall not be required to advance any funds, unless it is satisfied that the cheques are payable for the purpose of the ongoing business of the Borrower, and in no event shall Servus be under any obligation to advance more than the authorized limit; and
 - (c) A credit facility of up to \$100,000.00 to be used to assist in paying the professional fees and disbursements of the consultant (the "Consultant Facility"), in accordance with the Supplemental Credit Facility Letter dated September 8, 2016 attached as Schedule "G" hereto (the "Consultant Facility Offer"). The Borrower shall only use the advances for the purposes set out in the Consultant Facility Offer. Prior to releasing any cheques to any third party payee, the Borrower shall provide copies and details thereof to each of Servus and the Consultant, for their review. Servus shall not be required to advance any funds, unless it is satisfied that the cheques are payable for the purpose of paying the professional fees and disbursements of the Consultant, and in no event shall Servus be under any obligation to advance more than the authorized limit.
9. The Borrower shall from time to time as requested by Servus provide to Servus and the Consultant, such written financial reports concerning the business operations of the Borrower as Servus may reasonably request, including without limitation, in-house income statements, in-house balance sheet, monthly cash flow projections, aged list of accounts receivables, and aged list of accounts payables.
10. If:
- (a) The documents and reports required by paragraphs 5 and 9 hereof are not provided as required;
 - (b) The payments required by paragraph 6 and 12 hereof are not paid when due;

- (c) Servus, in its discretion acting reasonably, is not satisfied with the information provided or the contents of the documents and reports which are required to be provided under paragraphs 5 and 9 hereof, and the Consultant Agreement;
- (d) Some other person or corporation takes legal proceedings or legal action against any of the Borrower or the Guarantors or any of their assets, and in the opinion of Servus acting reasonably, such proceedings or actions will or are likely to prejudice the legal position or security position of Servus;
- (e) There is, in the opinion of Servus acting reasonably, any adverse change in either the legal position or security position of Servus or the financial condition of the Borrower;
- (f) The Borrower or the Guarantors are in breach of any term or condition of this Agreement, the Consulting Agreement, the Credit Facilities Letters, the Evergreen Facility Offer, the Note Agreement, the Consultant Facility Offer, or the Securities, except for defaults which exist as of the date of this Agreement;
- (g) There are any NSF cheques, or Servus returns any cheques drawn on the Borrower' account for any reason, including insufficient funds in the account;
- (h) Canada Revenue Agency , Workers' Compensation Board, or any other government authority issues a requirement to pay or implements any other statutory procedure to enforce payment of any outstanding amounts for unpaid statutory payables, and Servus in its absolute discretion is of the view that this imperils or has a negative affect on the legal position or security position of Servus; or
- (i) Either of the Borrower borrow or acquire additional debt from any third party financial institution or lender, without first obtaining the prior written consent of Servus, which Servus may withhold in its absolute discretion,

then in any such event, Servus will be entitled but not obligated to take immediate legal action or legal proceedings against the Borrower and the Guarantors to enforce the Securities, recover the Indebtedness and will be entitled in such event to utilize the Consent Documents as Servus deems advisable. Without limiting the generality of the foregoing, Servus will be entitled but will not be obligated to:

- (a) Apply for and obtain the Consent Receivership Order;
- (b) Seize and sell any of the personal property subject to the Securities; and
- (c) Proceed with whatever legal remedies are available to Servus against the Borrower and the Guarantors, or any of them, either under the Securities or otherwise at law.

Notwithstanding the foregoing, unless in the opinion of Servus acting reasonably to do so would prejudice in a material adverse manner the legal position or security position of

Servus, then prior to enforcing the Securities or relying on the Consent Documents, Servus shall give to the Borrower and the Guarantors, in accordance with paragraph 17 hereof, a written notice specifying the event(s) of default Servus intends to rely upon.

If the Borrower or the Guarantors fail to rectify the default within Three (3) business days of the notice being given, then Servus shall be entitled but not obligated to enforce the Securities, recover the Indebtedness and to utilize the Consent Documents in accordance with paragraphs 10 and 11 hereof.

11. If at any time Servus should become entitled to take legal action or proceedings or to utilize the Consent Documents or the Securities, then the Borrower and the Guarantors undertake to co-operate with Servus in relation thereto and agree not to interfere with, obstruct, prohibit or otherwise prevent Servus from exercising the legal remedies available to it pursuant to the Consent Documents. In particular, no legal proceedings or actions shall be taken by either the Borrower or the Guarantors to prevent or prohibit Servus from exercising its rights and remedies pursuant to the Consent Documents, and the Borrower and the Guarantors undertake not to appeal or otherwise contest the Consent Documents, or any other legal proceedings that Servus may lawfully institute.
12. The Borrower and the Guarantors jointly and severally agree to be liable for and to pay to Servus all Costs in the preparation of, implementation of, and enforcement of this Agreement and any documents, Securities or assurances required hereby. Further, the Borrower shall pay to Servus a forbearance fee of \$50,000.00, payable within 30 days of the date of this Agreement. The Borrower and the Guarantors irrevocably authorize and consent to Servus debiting any account of the Borrower with Servus for the payment of any amounts payable to Servus pursuant to this Agreement.
13. The parties hereto undertake and agree to execute such further and other documents and to give such further assurances as may be reasonably required to carry out the full intent and effect of this Agreement.
14. In consideration of the covenants of Servus herein contained, each of the Borrower and the Guarantors hereby remise, release and forever discharge Servus, its employees and agents of and from all manner of debts, liability, obligations, actions or causes or action, and all costs, charges and expenses which against Servus, its employees and agents any of the Borrower or the Guarantors now have or will in the future have for or by reason of any matter or thing arising out of or created by the Securities, the Indebtedness or any actions of Servus in relation thereto, up to and including the date of execution of this Agreement.
15. This Agreement, and the covenants and conditions to be performed on the part of Servus, are subject to the following conditions precedent, which conditions are for the sole benefit of Servus and may be waived by it:
 - (a) The delivery to Servus and its legal counsel of this Agreement, the documents and Additional Securities required by paragraph 5 hereof duly executed and in a form and content satisfactory to Servus and its legal counsel, and the due and proper registration, perfection and implementation of same (as may be required);

- (b) The payment to Servus and its legal counsel of all Costs incurred by Servus and its legal counsel up to and including the implementation of this Agreement, which shall be added to the balance owing on the Indebtedness; and
 - (c) The Borrower and the Guarantors not being in default under the Securities or in otherwise complying with the terms and conditions of this Agreement, the Consulting Agreement or the Commitment Letter, except for any existing defaults which exist as of the date of this Agreement.
16. (a) In reliance upon the acknowledgements, representations, warranties and covenants of the Borrower and the Guarantors contained in this Agreement, and subject to the terms and conditions of this Agreement and any documents or instruments executed in connection herewith, Servus agrees to forebear from exercising its rights and remedies under the Credit Facility Letters, the Securities, and applicable law in respect of or arising out of events of default, until the earlier of:
- (i) Any circumstances described in Sections 10 (a) through (i) hereof;
 - (ii) Any other material default or breach of this Agreement, the Credit Facilities Letters, the Evergreen Facility Offer, the Note Agreement, the Consultant Facility Offer, or the Securities by either the Borrower or the Guarantors, except for any defaults which exist as of the date of this Agreement; or
 - (iii) 2:00 p.m. (Edmonton time) on December 15, 2016.
- (b) Subject to subparagraph 16(a) hereof, should the Indebtedness, and all other debts, liabilities and obligations owing to Servus by the Borrower not be paid to Servus on or before 2:00 p.m. (Edmonton time) on December 15, 2016, Servus shall be entitled, but not obligated to enforce the Securities in accordance with paragraph 10 hereof.
17. Any notice required or permitted to be given by Servus to the Borrower and by the Borrower to Servus under this Agreement may be effectively given by sending the same by facsimile transmission or delivering the same by delivery as follows:
- (a) For the Borrower and the Guarantors at:

c/o Blake, Cassels & Graydon LLP
595 Burrard St
Vancouver, BC V7X 1L3
Attention: Ms. Joan Chambers

E-mail: joan.chambers@blakes.com
Fax: (604) 631-3309

(b) and to Servus:

c/o Miller Thomson LLP
2700, 10155 – 102 Street
Edmonton, AB T5J 4G8
Attention: Mr. Rick T. G. Reeson, Q.C.

E-mail: rreeson@millert Thomson.com
Fax: (780) 424-5866

and service in this manner will be deemed to have been given on the date and time of either confirmation of receipt of the facsimile transmission or delivery, as the case may be.

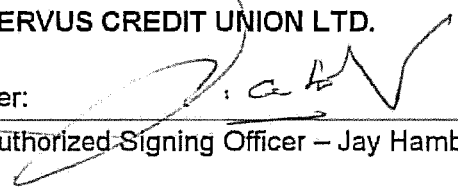
18. Each of the Borrower and the Guarantors acknowledge that they have received independent legal advice in relation to the execution of this Agreement and the provision of any documents required by this Agreement, and that they are doing so of their own free will and without compulsion or pressure or undue influence by Servus or any employee or agent of Servus.
19. Pursuant to Section 7 of the *Limitations Act* (Alberta), each of the Borrower and the Guarantors extend the applicable limitation periods in respect of the Indebtedness, the Securities, and the Scheduled documents, acknowledgements, representations and covenants in connection with this Agreement, and any enforcement actions in connection herewith, to a date that is two (2) years from the date of this Agreement.
20. Time is and shall be of the essence of this Agreement and every part thereof.
21. This Agreement and every part hereof shall be interpreted, governed and construed in accordance with the laws of the Province of Alberta.
22. This Agreement shall enure to the benefit of the parties hereto together with their respective successors and assigns.
23. This Agreement may be executed in counterparts and such counterparts together shall be deemed to be an original and shall constitute a single instrument. Notwithstanding the date of execution, such counterparts shall be deemed to bear a date as of the date of this Agreement. Delivery of an executed counterpart of this Agreement by electronic means, including, without limitation, by facsimile transmission or by electronic delivery in portable document format (".pdf") or tagged image file format (".tif"), shall be equally effective as delivery of a manually executed counterpart hereof. Any party delivering an executed counterpart of this Agreement by electronic means shall also deliver a manually executed counterpart hereof by mail or courier upon demand.

IN WITNESS WHEREOF each of the Borrower, Servus and the corporate Guarantors have executed these presents through their authorized representatives and the individual Guarantors have executed these presents under their personal seal, all of the date and year first above written.



Witness

SERVUS CREDIT UNION LTD.

Per: 

Authorized Signing Officer – Jay Hamblin

CRELOGIX ACCEPTANCE CORPORATION

Per:: _____

Witness

Per: _____

CRELOGIX CREDIT GROUP INC.

Per:: _____

Witness

Per: _____

CRELOGIX PORTFOLIO SERVICES CORPORATION

Per:: _____

Witness

Per: _____

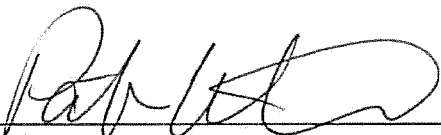
IN WITNESS WHEREOF each of the Borrower, Servus and the corporate Guarantors have executed these presents through their authorized representatives and the individual Guarantors have executed these presents under their personal seal, all of the date and year first above written.

SERVUS CREDIT UNION LTD.

Witness

Per: _____
Authorized Signing Officer – Jay Hamblin

CRELOGIX ACCEPTANCE CORPORATION




Witness

Per: 

Per: _____

CRELOGIX CREDIT GROUP INC.




Witness

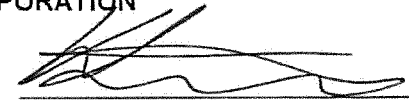
Per: 

Per: _____

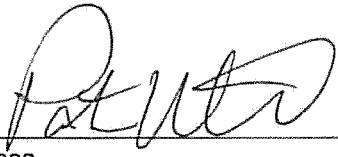
CRELOGIX PORTFOLIO SERVICES CORPORATION



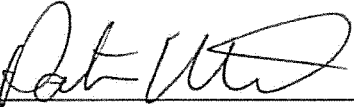
Witness

Per: 

Per: _____




Witness

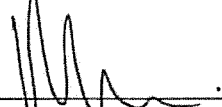


Witness

Witness



KARL SIGERIST

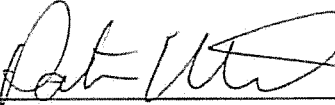


MIKE MCKAY

MICHAEL MILLS




Witness



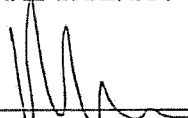
Witness



Witness



KARL SIGERIST



MIKE MCKAY



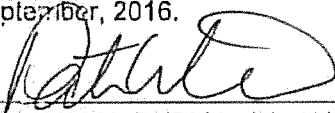
MICHAEL MILLS

AFFIDAVIT OF CORPORATE SIGNING AUTHORITY

I, **KARL SIGERIST**, of the City of COQUITLAM, in the Province of British Columbia, MAKE OATH AND SAY THAT:

1. I am an authorized signing Officer of **CRELOGIX ACCEPTANCE CORPORATION** named in the within or annexed instrument.
2. I am authorized by the Corporation to execute the within or annexed document on behalf of the Corporation without a corporate seal.
3. The within or annexed instrument was executed at the City of BURNABY, in the Province of British Columbia.

SWORN BEFORE ME at the City of BURNABY, in the Province of British Columbia, this 15th day of September, 2016.



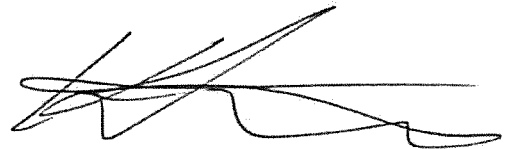
A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA

PATRICK J. WHITEHILL

Barrister & Solicitor

BLAKE, CASSELS & GRAYDON LLP

Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-3381



KARL SIGERIST

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF ALBERTA
TO WIT:

I, PATRICK WHITEHILL
of the City of VANCOUVER
in the Province of BRITISH COLUMBIA
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **KARL SIGERIST**, on behalf of **CRELOGIX ACCEPTANCE CORPORATION**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said individual and they are in my belief of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of
VANCOUVER, in the Province of
British Columbia, this 15th day of
September, 2016.


A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA

JOAN C. CHAMBERS
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2800, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, BC V7X 1L3
(804) 631-3391


PATRICK WHITEHILL

AFFIDAVIT OF CORPORATE SIGNING AUTHORITY

I, KARL SIGERIST, of the City of Cogitlan in the Province of British Columbia, MAKE OATH AND SAY THAT:

1. I am an authorized signing Officer of **CRELOGIX CREDIT GROUP INC.** named in the within or annexed instrument.
2. I am authorized by the Corporation to execute the within or annexed document on behalf of the Corporation without a corporate seal.
3. The within or annexed instrument was executed at the City of BURNABY, in the Province of British Columbia.

SWORN BEFORE ME at the City of BURNABY, in the Province of British Columbia, this 15th day of September, 2016.


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA


KARL SIGERIST

PATRICK J. WHITEHILL
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-3381

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF ALBERTA
TO WIT:

I, PATRICK WHITEHILL
of the City of VANCOUVER
in the Province of BRITISH COLUMBIA
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **KARL SIGERIST**, on behalf of **CRELOGIX CREDIT GROUP INC.**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said individual and they are in my belief of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of
VANCOUVER, in the Province of
British Columbia, this 15th day of
September, 2016.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA


JOAN C. CHAMBERS
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2800, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, BC V7X 1L3
(604) 631-3391


PATRICK WHITEHILL

AFFIDAVIT OF CORPORATE SIGNING AUTHORITY

I, **KARL SIGERIST**, of the City of COQUITLA in the Province of British Columbia, MAKE OATH AND SAY THAT:

1. I am an authorized signing Officer of **CRELOGIX PORTFOLIO SERVICES CORPORATION** named in the thin or annexed instrument.
2. I am authorized by the Corporation to execute the within or annexed document on behalf of the Corporation without a corporate seal.
3. The within or annexed instrument was executed at the City of BURNABY, in the Province of British Columbia.

SWORN BEFORE ME at the City of BURNABY, in the Province of British Columbia, this 15th day of September, 2016.


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA



KARL SIGERIST

PATRICK J. WHITEHILL
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-3381

AFFIDAVIT OF EXECUTION


CANADA
PROVINCE OF ALBERTA
TO WIT:

I, PATRICK WHITEHILL
of the City of VANCOUVER
in the Province of BRITISH COLUMBIA
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see KARL SIGERIST, on behalf of CRELOGIX ACCEPTANCE CORPORATION, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said individual and they are in my belief of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of
VANCOUVER, in the Province of
British Columbia, this 15th day of
September, 2016.


A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA


PATRICK WHITEHILL

JOAN C. CHAMBERS
Barrister & Solicitor
C, CASSELS & GRAYDON LLP
Suite 2800, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, BC V7X 1L3
(804) 631-3391

AFFIDAVIT OF EXECUTION

CANADA

PROVINCE OF ALBERTA

TO WIT:

I, PATRICK WHITEHILL

of the City of VANCOUVER

in the Province of BRITISH COLUMBIA

MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **KARL SIGERIST**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
1. THE SAME was executed at the City of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.
2. I KNOW the said person and she is, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of VANCOUVER, in the Province of British Columbia, this 15th day of September, 2016.

Joan C. Chambers
A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA

Patrick Whitehill
PATRICK WHITEHILL

JOAN C. CHAMBERS
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, BC V7X 1L3
(604) 631-3391

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF ALBERTA
TO WIT:

I, PATRICK WHITEHILL
of the City of VANCOUVER
in the Province of BRITISH COLUMBIA
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see MIKE MCKAY, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and she is, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of
VANCOUVER, in the Province of
British Columbia, this 15th day of
September, 2016.

Joan Chambers
A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA

Patrick Whitehill
PATRICK WHITEHILL

JOAN C. CHAMBERS
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, BC V7X 1L3
(804) 631-3391

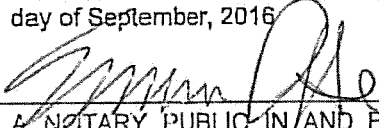
AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia
TO WIT:

I, Rianna Ritchie
of the City/Town of Vancouver
in the Province of British Columbia
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see Michael Mills, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City/Town of Vancouver, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of Vancouver, in the Province of British Columbia, this 23rd day of September, 2016


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA


Name: RIANNA RITCHIE

EMMA COSTANTE
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-3332

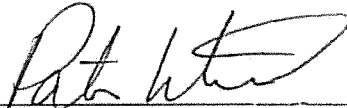
**Guarantees Acknowledgment Act
Certificate of Notary Public**

I HEREBY CERTIFY THAT:

1. Karl Sigerist, of the City of CANVITAM, in the Province of British Columbia, the Guarantor in the Forbearance Agreement dated the 14th day of September, 2016, made between Servus Credit Union Ltd. and Karl Sigerist which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he had executed the Forbearance Agreement.
2. I satisfied myself by examination of him that he is aware of the contents of the Forbearance Agreement and understands it.


GIVEN at the City of BURNABY, in the Province of British Columbia, this 15th day of September, 2016, under my hand and seal of office.

PATRICK J. WHITEHILL
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-3381


A NOTARY PUBLIC IN AND
FOR THE PROVINCE OF
BRITISH COLUMBIA

Statement of Guarantor

I am the person named in this certificate.


Karl Sigerist

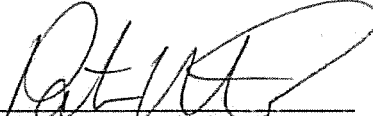
**Guarantees Acknowledgment Act
Certificate of Notary Public**

I HEREBY CERTIFY THAT:

1. Mike McKay, of the City of Coquitlam, in the Province of British Columbia, the Guarantor in the Forbearance Agreement dated the 14th day of September, 2016, made between Servus Credit Union Ltd. and Mike McKay which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he had executed the Forbearance Agreement.
2. I satisfied myself by examination of him that he is aware of the contents of the Forbearance Agreement and understands it.

GIVEN at the City of BURNABY, in the Province of British Columbia, this 15th day of September, 2016, under my hand and seal of office.

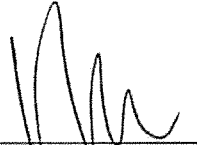
PATRICK J. WHITEHILL
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-3381



A NOTARY PUBLIC IN AND
FOR THE PROVINCE OF
BRITISH COLUMBIA

Statement of Guarantor

I am the person named in this certificate.



Mike McKay

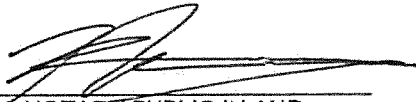
**Guarantees Acknowledgment Act
Certificate of Notary Public**

I HEREBY CERTIFY THAT:

1. Michael Mills, of the City of Vancouver, in the Province of British Columbia, the Guarantor in the Forbearance Agreement dated the 23rd day of September, 2016, made between Servus Credit Union Ltd. and Michael Mills which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he had executed the Forbearance Agreement.
2. I satisfied myself by examination of him that he is aware of the contents of the Forbearance Agreement and understands it.

GIVEN at the City of Vancouver, in the Province of British Columbia, this 23rd day of September, 2016, under my hand and seal of office.

RIANNA K. RITCHIE
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-5253

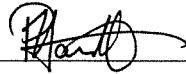

A NOTARY PUBLIC IN AND
FOR THE PROVINCE OF
BRITISH COLUMBIA

Statement of Guarantor

I am the person named in this certificate.


Michael Mills

This is **Exhibit “R”** referred to in the Affidavit of Darcy Peelar,
sworn before me this 5th day of July, 2017



A Commissioner for Oaths in and for Alberta

Patrick T. Harnett
Barrister and Solicitor

SCHEDULE "C"

CONSENT TO EARLY ENFORCEMENT OF SECURITY

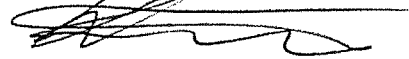
CRELOGIX ACCEPTANCE CORPORATION hereby confirms that:

1. It has received the Notice of Intention to Enforce Security under Subsection 244(1) of the *Bankruptcy and Insolvency Act* (the "Notice"); and
2. Notwithstanding the Notice, it hereby consents to the immediate enforcement by Servus Credit Union Ltd. or its agent(s) of the security set out in the Notice.

Dated at the City of BURNABY in the Province of British Columbia this 15th day of September, 2016.

CRELOGIX ACCEPTANCE CORPORATION

Per:



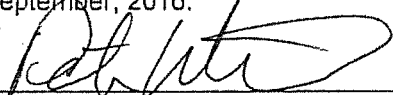
Name: Karl Sigerist - Director


AFFIDAVIT OF CORPORATE SIGNING AUTHORITY

I, **KARL SIGERIST**, of the City of COQUITLA, in the Province of British Columbia, MAKE OATH AND SAY THAT:

1. I am an authorized signing Officer of **CRELOGIX ACCEPTANCE CORPORATION** named in the within or annexed instrument.
2. I am authorized by the Corporation to execute the within or annexed document on behalf of the Corporation without a corporate seal.
3. The within or annexed instrument was executed at the City of BURNABY, in the Province of British Columbia.

SWORN BEFORE ME at the City of BURNABY, in the Province of British Columbia, this 15th day of September, 2016.


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA


KARL SIGERIST

PATRICK J. WHITEHILL
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-3381

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF BRITISH COLUMBIA
TO WIT:

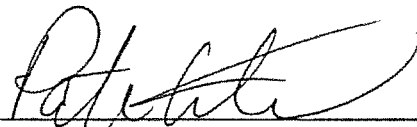
I, PATRICK WHITEHILL
of the City /Town of
VANCOUVER
in the Province of BRITISH COLUMBIA
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **KARL SIGERIST**, on behalf of **CRELOGIX ACCEPTANCE CORPORATION**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City/Town of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of
VANCOUVER, in the
Province of British Columbia, this 15th
day of September, 2016


A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA

JOAN C. CHAMBERS
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2800, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, BC V7X 1L3
(604) 631-3391


Name: PATRICK WHITEHILL

CONSENT TO EARLY ENFORCEMENT OF SECURITY

CRELOGIX CREDIT GROUP INC. hereby confirms that:

1. It has received the Notice of Intention to Enforce Security under Subsection 244(1) of the *Bankruptcy and Insolvency Act* (the "Notice"); and
2. Notwithstanding the Notice, it hereby consents to the immediate enforcement by Servus Credit Union Ltd. or its agent(s) of the security set out in the Notice.

Dated at the City of BURNABY in the Province of British Columbia this 15th day of September, 2016.

CRELOGIX CREDIT GROUP INC.

Per: 

Name: Karl Sigerist - Director

AFFIDAVIT OF CORPORATE SIGNING AUTHORITY

I, **KARL SIGERIST**, of the City of Coquitlam in the Province of British Columbia, MAKE OATH AND SAY THAT:

1. I am an authorized signing Officer of **CRELOGIX CREDIT GROUP INC.** named in the within or annexed instrument.
2. I am authorized by the Corporation to execute the within or annexed document on behalf of the Corporation without a corporate seal.
3. The within or annexed instrument was executed at the City of BURNABY, in the Province of British Columbia.

SWORN BEFORE ME at the City of BURNABY, in the Province of British Columbia, this 15th day of September, 2016.


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA



KARL SIGERIST

PATRICK J. WHITEHILL
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-3381

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF BRITISH COLUMBIA
TO WIT:


I, PATRICK WHITEHILL
of the City /Town of
VANCOUVER
in the Province of BRITISH COLUMBIA
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **KARL SIGERIST**, on behalf of **CRELOGIX CREDIT GROUP INC.**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City/Town of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of
VANCOUVER, in the
Province of British Columbia, this 15th
day of September, 2016

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA

JOAN C. CHAMBERS
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, BC V7X 1L3
(604) 631-3391


Name: PATRICK WHITEHILL

CONSENT TO EARLY ENFORCEMENT OF SECURITY

CRELOGIX PORTFOLIO SERVICES CORPORATION hereby confirms that:

1. It has received the Notice of Intention to Enforce Security under Subsection 244(1) of the *Bankruptcy and Insolvency Act* (the "Notice"); and
2. Notwithstanding the Notice, it hereby consents to the immediate enforcement by Servus Credit Union Ltd. or its agent(s) of the security set out in the Notice.

Dated at the City of BURNABY in the Province of British Columbia this 15th day of September, 2016.

**CRELOGIX PORTFOLIO SERVICES
CORPORATION**

Per: 

Name: Karl Sigerist - Director


AFFIDAVIT OF CORPORATE SIGNING AUTHORITY

I, KARL SIGERIST, of the City of COQUITLAN, in the Province of British Columbia, MAKE OATH AND SAY THAT:

1. I am an authorized signing Officer of CRELOGIX PORTFOLIO SERVICES CORPORATION named in the thin or annexed instrument.
2. I am authorized by the Corporation to execute the within or annexed document on behalf of the Corporation without a corporate seal.
3. The within or annexed instrument was executed at the City of BURNABY, in the Province of British Columbia.

SWORN BEFORE ME at the City of
BURNABY, in the Province of
British Columbia, this 15th day of
September, 2016.


A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA


KARL SIGERIST

PATRICK J. WHITEHILL
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-3381

AFFIDAVIT OF EXECUTION


CANADA
PROVINCE OF BRITISH COLUMBIA
TO WIT:

I, PATRICK WHITEHILL
of the City /Town of
VANCOUVER
in the Province of BRITISH COLUMBIA
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **KARL SIGERIST**, on behalf of **CRELOGIX PORTFOLIO SERVICES CORPORATION**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City/Town of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

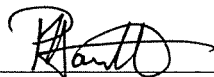
SWORN BEFORE ME at the City/Town of
VANCOUVER, in the
Province of British Columbia, this 15th
day of September, 2016


A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA


Name: PATRICK WHITEHILL

JOAN C. CHAMBERS
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, BC V7X 1L3
(604) 631-3391

This is **Exhibit “S”** referred to in the Affidavit of Darcy Peelar,
sworn before me this 5th day of July, 2017



A Commissioner for Oaths in and for Alberta

Patrick T. Harnett
Barrister and Solicitor

Clerk's stamp:

COURT FILE NUMBER:

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE OF EDMONTON

APPLICANT:

SERVUS CREDIT UNION LTD.

RESPONDENT(S):

CRELOGIX ACCEPTANCE CORPORATION, CRELOGIX CREDIT GROUP INC., CRELOGIX PORTFOLIO SERVICES CORPORATION, KARL SIGERIST, NICHOLAS CARTER, MIKE MCKAY AND MICHAEL MILLS

DOCUMENT:

CONSENT RECEIVERSHIP ORDER

MILLER THOMSON LLP
2700 Commerce Place
10155 – 102 Street
Solicitor: Rick T.G. Reeson, Q.C.
Telephone: 780.429.9767
Facsimile: 780.424.5866
Email: rreeson@millerthomson.com
File Number: 138667.138

DATE ON WHICH ORDER WAS PRONOUNCED:

NAME OF JUDGE WHO MADE THIS ORDER:

LOCATION OF HEARING:

EDMONTON, ALBERTA

UPON the without notice application of SERVUS CREDIT UNION LTD. ("Servus") in respect of CRELOGIX ACCEPTANCE CORPORATION, CRELOGIX CREDIT GROUP INC. and CRELOGIX PORTFOLIO SERVICES CORPORATION (collectively "the "Debtor"); AND UPON having read the Affidavit of _____, filed; AND UPON reading the consent of _____ to act as Receiver of the Debtor (the "Receiver"), filed; AND UPON hearing counsel for Servus; AND UPON noting the consent of the Defendants; IT IS HEREBY ORDERED AND DECLARED THAT

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.

APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("BIA"), and sections 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7 _____ is hereby appointed Receiver, without security, of the Debtor and all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court.
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$_____ provided that the aggregate consideration for all such transactions does not exceed \$_____; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 shall not be required.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (s) assign the Debtor into bankruptcy; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECIEVER

4. (i) The Debtor, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental

bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.

5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8; and (ii) affect a Regulatory Body's investigation in respect of the Debtor or an action, suit or proceeding that is taken in respect of the Debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "Regulatory Body" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a province.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" (as defined in the BIA), and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and this Court directs that the Receiver shall be entitled to the continued use of the Debtor' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("WEPPA").

14. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION OF ENVIRONMENTAL LIABILITIES

15. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
 - (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.

- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
 - (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
 - A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
 - (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
 - (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE RECEIVER'S LIABILITY

16. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.

RECEIVER'S ACCOUNTS

17. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, incurred both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) and 88 of the BIA.
18. The Receiver and its legal counsel shall pass their accounts from time to time.
19. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$_____ (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim

expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) and 88 of the BIA.

21. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
22. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
23. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

24. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

25. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
26. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.
27. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

28. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
29. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
30. The Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor' estate with such priority and at such time as this Court may determine.
31. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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32. The Receiver shall establish and maintain a website in respect of these proceedings at _____ and shall post there as soon as practicable:

- (a) all materials prescribed by statute or regulation to be made publically available; and
- (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

Justice of the Court of Queen's Bench of Alberta

CONSENTED TO BY:

CRELOGIX ACCEPTANCE CORPORATION

Per: _____

Name: Karl Sigerist
Title: Director

CRELOGIX CREDIT GROUP INC.

Per: _____

Name: Karl Sigerist
Title: Director

CRELOGIX PORTFOLIO SERVICES CORPORATION

Per: _____

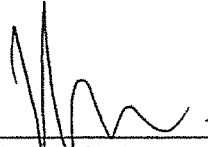
Name: Karl Sigerist
Title: Director

WITNESS

KARL SIGERIST



WITNESS



MIKE MICKAY

WITNESS

MICHAEL MILLS

WITNESS

MIKE MCKAY

Signed with Agreement Express	B975F81B-A9ED-4C79-BA4C-E679C7FB6397 mike mills 15-Sep-16
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WITNESS

MICHAEL MILLS

AFFIDAVIT OF CORPORATE SIGNING AUTHORITY

I, KARL SIGERIST, of the City of COQUITLADE, in the Province of British Columbia, MAKE OATH AND SAY THAT:

1. I am an authorized signing Officer of CRELOGIX ACCEPTANCE CORPORATION named in the within or annexed instrument.
2. I am authorized by the Corporation to execute the within or annexed document on behalf of the Corporation without a corporate seal.
3. The within or annexed instrument was executed at the City of BURNABY, in the Province of British Columbia.

SWORN BEFORE ME at the City of BURNABY, in the Province of British Columbia, this 15th day of September, 2016.



A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA



KARL SIGERIST

PATRICK J. WHITEHILL
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-3381

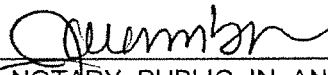
AFFIDAVIT OF EXECUTION

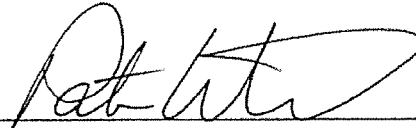
CANADA
PROVINCE OF British Columbia
TO WIT:

I, PATRICK WHITEHILL
of the City /Town of
VANCOUVER
in the Province of British Columbia
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see KARL SIGERIST, on behalf of CRELOGIX ACCEPTANCE CORPORATION, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City/Town of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of
VANCOUVER, in the
Province of British Columbia, this 15th
day of September, 2016


A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA


Name: PATRICK WHITEHILL

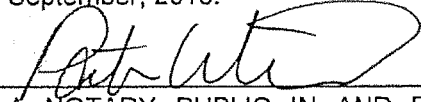
JOAN C. CHAMBERS
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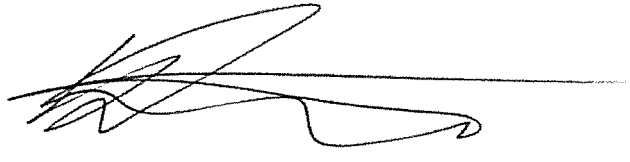
I, KARL SIGERIST, of the City of Coquitlam, in the Province of British Columbia, MAKE OATH AND SAY THAT:

1. I am an authorized signing Officer of CRELOGIX CREDIT GROUP INC. named in the within or annexed instrument.
2. I am authorized by the Corporation to execute the within or annexed document on behalf of the Corporation without a corporate seal.
3. The within or annexed instrument was executed at the City of BURNABY, in the Province of British Columbia.

SWORN BEFORE ME at the City of BURNABY, in the Province of British Columbia, this 15th day of September, 2016.



A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA



KARL SIGERIST

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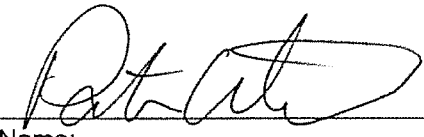
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2. THE SAME was executed at the City/Town of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

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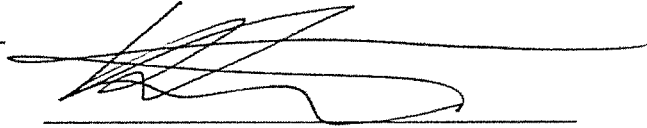
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I, KARL SIGERIST, of the City of Cogitator, in the Province of British Columbia, MAKE OATH AND SAY THAT:

1. I am an authorized signing Officer of CRELOGIX PORTFOLIO SERVICES CORPORATION named in the thin or annexed instrument.
2. I am authorized by the Corporation to execute the within or annexed document on behalf of the Corporation without a corporate seal.
3. The within or annexed instrument was executed at the City of BURNABY, in the Province of British Columbia.

SWORN BEFORE ME at the City of BURNABY, in the Province of British Columbia, this 15th day of September, 2016.


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA



KARL SIGERIST

PATRICK J. WHITEHILL
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-3381

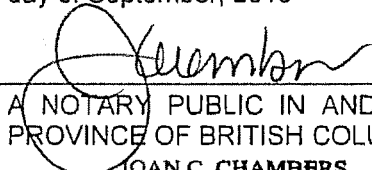
AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia
TO WIT:

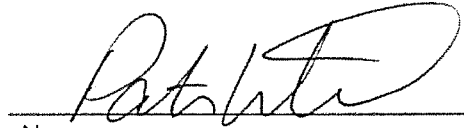
I, PATRICK WHITEHILL
of the City /Town of
VANCOUVER
in the Province of British Columbia
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **KARL SIGERIST**, on behalf of **CRELOGIX PORTFOLIO SERVICES CORPORATION**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City/Town of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of ~~BC~~ VANCOUVER, in the Province of British Columbia, this 15th day of September, 2016


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA

JOAN C. CHAMBERS
Barrister & Solicitor
KE CASSELS & GRAYDON LLP
Suite 2800, Three Bentall Centre
695 Burrard St., P.O. Box 49314
Vancouver, BC V7X 1L3
(604) 631-3391


Name: PATRICK WHITEHILL

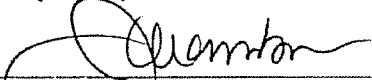
AFFIDAVIT OF EXECUTION

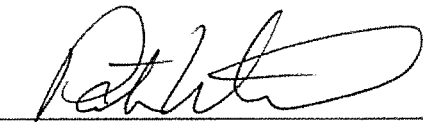
CANADA
PROVINCE OF British Columbia
TO WIT:

I, PATRICK WHITEHILL
of the City /Town of
VANCOUVER
in the Province of British Columbia
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **KARL SIGERIST**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City/Town of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of
VANCOUVER, in the
Province of British Columbia, this 15th
day of September, 2016


A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA


Name: PATRICK WHITEHILL

JOAN C. CHAMBERS
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2800, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, BC V7X 1L2
(604) 691-3391

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF British Columbia
TO WIT:

I, PATRICK WHITEHILL
of the City/Town of
VANCOUVER
in the Province of British Columbia
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see Mike McKay, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City/Town of BURNABY, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and they are, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City/Town of
VANCOUVER, in the
Province of British Columbia, this 15th
day of September, 2016

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA

Joan C. Chamberlain
JOAN C. CHAMBERLAIN
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 48314
Vancouver, BC V7X 1L3
(604) 631-3391

Patrick Whitehill
Name: PATRICK WHITEHILL

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF ALBERTA
TO WIT:

I, _____
of the City of _____
in the Province of BRITISH COLUMBIA
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **MICHAEL MILLS**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City of _____, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and she is, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of _____, in the Province of British Columbia, this _____ day of September, 2016.

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that _____, the receiver (the "Receiver") of all of the assets, undertakings and properties of CRELOGIX ACCEPTANCE CORPORATION, CRELOGIX CREDIT GROUP INC. and CRELOGIX PORTFOLIO SERVICES CORPORATION appointed by Order of the Court of Queen's Bench of Alberta (the "Court") dated the ____ day of _____, _____ (the "Order") made in action number _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the ____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at _____.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property) as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

_____, solely in its capacity
as Receiver of the Property (as defined in the
Order), and not in its personal capacity

Per: _____
Name:
Title:

This is **Exhibit “T”** referred to in the Affidavit of Darcy Peelar,
sworn before me this 5th day of July, 2017



A Commissioner for Oaths in and for Alberta

Patrick T. Harnett
Barrister and Solicitor

**FORBEARANCE
AMENDING AGREEMENT NO. 13**

THIS AGREEMENT made effective the 28th day of ~~May~~ ^{June}, 2017.

BETWEEN:

SERVUS CREDIT UNION LTD.

OF THE FIRST PART

- and -

**CRELOGIX ACCEPTANCE CORPORATION, CRELOGIX CREDIT GROUP INC., CRELOGIX
PORTFOLIO SERVICES CORPORATION, KARL SIGERIST,
MIKE MCKAY, AND MICHAEL MILLS**

OF THE SECOND PART

WHEREAS:

- A. By a Forbearance Agreement made effective the 14th day of September, 2016, and by a Forbearance Amending Agreement No. 1 made effective the 15th day of November, 2016, and by a Forbearance Amending Agreement No. 2 made effective the 15th day of December, 2016, and by a Forbearance Amending Agreement No. 3 made effective the 22nd day of December, 2016, and by a Forbearance Amending Agreement No. 4 made effective the 10th day of January, 2017, and by a Forbearance Amending Agreement No. 5 made effective the 30th day of January, 2017, and by a Forbearance Amending Agreement No. 6 made effective the 15th day of February, 2017, and by a Forbearance Amending Agreement No. 7 made effective the 28th day of February, 2017, and by a Forbearance Amending Agreement No. 8 made effective the 17th day of March, 2017, and by a Forbearance Amending Agreement No. 9 made effective the 11th day of April, 2017, and by a Forbearance Amending Agreement No. 10 made effective the 21st day of April, 2017, and by a Forbearance Amending Agreement No. 11 effective the 1st day of May, 2017, and by a Forbearance Amending Agreement No. 12 effective the 16th day of May, 2017 (collectively, the "Forbearance Agreement"), the Borrower, the Guarantors and Servus, agreed to a forbearance arrangement, the terms and conditions of which are set out in the Forbearance Agreement.
- B. The Borrower and the Guarantors acknowledge and agree that they have committed a material event of default under the terms of the Forbearance Agreement, including but not limited to, failing to repay the Indebtedness in accordance with the terms of the Forbearance Agreement.

- C. The Borrower and the Guarantors and Servus are desirous of amending the Forbearance Agreement and have agreed to enter into this Amending Agreement (the "Amending Agreement").
- D. Without waiving any event of default committed by the Borrower and the Guarantors under the terms of the Forbearance Agreement, Servus has agreed to extend the forbearance period in accordance with the terms of this Amending Agreement to July 7, 2017.
- E. Servus preserves its rights to enforce the Securities and rely upon and enter the Consent Documents for any future failure by the Borrower and the Guarantors to comply with the terms of this Amending Agreement.

NOW THEREFORE, in consideration of the mutual promises, covenants and agreements contained in the Forbearance Agreement and herein contained, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties hereto agree each as follows:

- 1. Each of the capitalized terms used in this Amending Agreement, except where specifically otherwise defined in this Amending Agreement, shall have the same meaning as set out in the Forbearance Agreement.
- 2. Paragraph 1(g)(i) of the Forbearance Agreement shall be amended to read as follows:
 - "Forbearance Period" shall mean the period of time from and including the 2nd day of June, 2017, to and including the earlier of:**
 - (i) **2:00 p.m. (Edmonton time) on July 7, 2017;**
 - (ii) **the payment to Servus of all Indebtedness, and other debts, liabilities and obligations owing to Servus by the Borrower; or**
 - (iii) **an Event of Default under paragraph 10 hereof.**
- 3. Paragraph 16 of the Forbearance Agreement shall be amended to read as follows:
 - (a) **In reliance upon the acknowledgements, representations, warranties and covenants of the Borrower and the Guarantors contained in this Agreement, and subject to the terms and conditions of this Agreement and any documents or instruments executed in connection herewith, Servus agrees to forebear from exercising its rights and remedies under the Credit Facility Letters, the Securities, and applicable law in respect of or arising out of events of default, until the earlier of:**
 - (i) **any circumstances described in Sections 10 (a) through (i) hereof;**
 - (ii) **any other material default or breach of this Agreement, the Credit Facilities Letters, the Evergreen Facility Offer, the Note Agreement,**

the Consultant Facility Offer, or the Securities by either the Borrower or the Guarantors, except for any defaults which exist as of the date of this Agreement; and

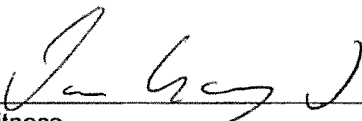
(iii) 2:00 p.m. (Edmonton time) on July 7, 2017;

(b) Subject to subparagraph 16(a) hereof, should the Indebtedness, and all other debts, liabilities and obligations owing to Servus by the Borrower not be paid to Servus on or before 2:00 p.m. (Edmonton time) on July 7, 2017, Servus shall be entitled, but not obligated to enforce the Securities in accordance with paragraph 10 hereof.

4. The Borrower and the Guarantors hereby acknowledge and agree that the terms of the Forbearance Agreement, the Evergreen Loan Facility, the Evergreen Facility Offer, the Consultant Loan Facility and the Consult Facility Offer shall be amended as follows:
 - (a) The terms of the Evergreen Loan Facility shall be amended for a period not to exceed July 7, 2017, in accordance with the terms of the Amending Evergreen Facility Offer attached hereto as Schedule "A" (the "Thirteenth Amending Evergreen Facility Offer");
 - (b) Schedule "E" of the Forbearance Agreement shall be amended to include the Thirteenth Amending Evergreen Facility Offer;
 - (c) The terms of the Consultant Loan Facility shall be amended for a period not to exceed July 7, 2017, in accordance with the terms of the Amending Consultant Facility Offer attached hereto as Schedule "B" (the "Tenth Amending Consultant Facility Offer"); and
 - (d) Schedule "G" of the Forbearance Agreement shall be amended to include the Tenth Amending Consultant Facility Offer.
5. This Amending Agreement, and the covenants and conditions to be performed on the part of Servus, are subject to the following conditions precedent, which conditions are for the sole benefit of Servus and may be waived by it, and are to be satisfied on or before June 28, 2017:
 - (a) The delivery to Servus and its legal counsel of this Amending Agreement, duly executed by the Borrower and the Guarantors.
6. In all other respects, the terms and conditions of the Forbearance Agreement shall remain unamended and in full force and effect.
7. This Agreement may be executed in counterparts and such counterparts together shall be deemed to be an original and shall constitute a single instrument. Notwithstanding the date of execution, such counterparts shall be deemed to bear a date as of the date of this Agreement. Delivery of an executed counterpart of this Agreement by electronic means, including, without limitation, by facsimile transmission or by electronic delivery in

portable document format (".pdf") or tagged image file format (".tif"), shall be equally effective as delivery of a manually executed counterpart hereof. Any party delivering an executed counterpart of this Agreement by electronic means shall also deliver a manually executed counterpart hereof by mail or courier upon demand.

IN WITNESS WHEREOF each of the Borrower, the Guarantors and Servus have executed this Amending Agreement through their authorized representatives, all as of the date and year first above written.



Witness

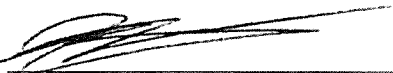
SERVUS CREDIT UNION LTD.

Per: 


Authorized Signing Officer -


Darcy Peelar
Chief Credit, Compliance and Operational Support Officer

CRELOGIX ACCEPTANCE CORPORATION




Witness


Per: 

Per: 

CRELOGIX CREDIT GROUP INC.




Witness

Per: 

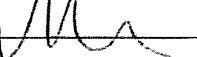
Per: 

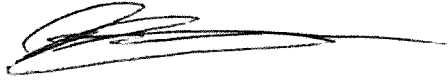
CRELOGIX PORTFOLIO SERVICES CORPORATION



Witness

Per: 

Per: 



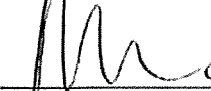
Witness



KARL SIGERIST



Witness



MIKE MCKAY



Witness



MICHAEL MILLS

SCHEDULE "A"

Thirteenth Amending Evergreen Facility Offer



Servus Credit Union Ltd.
151 Karl Clark Road NW
Edmonton AB T6N 1H5
servus.ca

June 27, 2017

Crelogix Acceptance Corporation
4445 Lougheed Highway #900
Burnaby, BC
V5C 0E4

Private & Confidential

Attention: Karl Sigerist

Dear Mr. Sigerist,

RE: Amending Credit Facility Letter to Letter dated September 8, 2016, Amending letter dated November 15, 2016, Amending letter dated December 14, 2016, Amending letter dated December 22, 2016, Amending letter dated January 9, 2017, Amending letter dated January 30, 2017, Amending letter dated February 14, 2017, Amending letter dated February 28, 2017, Amending letter dated March 17, 2017, Amending letter dated April 10, 2017, Amending letter dated April 19, 2017, Amending letter dated April 21, 2017, Amending letter dated May 1, 2017 and Amending letter dated May 15, 2017

Servus Credit Union Ltd. (the "Credit Union") advises that the following amendment(s) to your credit facilities has been approved on the terms and conditions below. **All other terms and conditions of the Letters stated above including all security and guarantees provided therein remain unchanged except as amended by this Letter.**

In consideration of the Credit Union providing or continuing to provide credit facilities and if you agree with these terms please sign this letter in the space provided below under the heading "Acceptance" and return it to the Credit Union, Attention: Richard Charlton.

FEES:

- 1) An Amendment fee of \$5,000 is considered earned by the Credit Union and is payable by the Borrower upon acceptance of this Amendment Letter.
- 2) All fees due and payable, as outlined in this Amendment Letter, if not paid forthwith by the Borrower may be charged to the Borrower's account(s) or may be added to the Borrower's loans, at the discretion of the Credit Union, and shall be secured by all of the security taken in support of all loans by the Credit Union to the Borrower.

REVISED TERMS AND CONDITIONS:

Evergreen Revolving Facility 9771221 sub #1

A temporary increase of \$1,749,000 (the "Excess Amount") to the existing \$1,250,000 facility i) to pay payroll in the amount of ~\$209,000, ii) to pay for merchant contracts up to the amount of \$2,500,000 (the "Merchant Payables") (a list of the merchant contracts to be purchased with the Excess Amount shall be provided to the Credit Union by Crelogix Acceptance Corporation ("Crelogix") on June 27, 2017 (the "Merchant List"), and iii) continuation of current excess of ~\$290,000. All merchant contracts purchased by Crelogix by way of the Merchant Payables shall be the first contracts to be securitized by Crelogix in July 2017. All amounts utilized by Crelogix of the Excess

Amount for Merchant Payables shall be repaid by a securitization tranche to Prospera Credit Union on or before July 7, 2017. It is further expressly acknowledged by Crelogix that the Excess Amount shall be repaid by 100% of all amounts received by Crelogix in respect of future securitization net proceeds/debt sales/refunds and any cash received by Crelogix, which amounts received shall be applied to this facility as a permanent reduction. All amounts utilized by Crelogix of the Excess Amount shall be used solely for the purpose of i) paying payroll in an amount not exceeding \$209,000, and ii) purchase of the merchant contracts set out in the Merchant List.

Condition of Credit:

Servus shall advance to Crelogix from the Excess Amount an amount not exceeding \$209,000 immediately upon being provided with a fully executed version of i) this agreement, and ii) the Forbearance Amending Agreement No. 13 (the "Payroll Advance"). Crelogix acknowledges and agrees that any amounts advanced to Crelogix by way of the Payroll Advance shall be used solely for the purposes of fulfilling Crelogix's current payroll obligations. Servus shall not advance any amounts to Crelogix from the Excess Amount that exceed the Payroll Advance until such time as Prospera Credit Union has agreed in writing to purchase, on or before July 7, 2017, all merchant contracts purchased by Crelogix by way of the Merchant Payables.

Expiry Date:

Delete: Expiry date is the earlier of i) the closing the transaction set forth in the Confidential Non-Binding Term Sheet dated April 18, 2017 (the "Dealnet Term Sheet"), entered into as between the Credit Union, Crelogix Credit Group Inc. ("CCGI") and Dealnet Capital Corp. ("Dealnet") ii) either of the Credit Union, CCGI or Dealnet electing not to proceed with the transaction set forth in the Dealnet Term Sheet and iii) June 2, 2017.

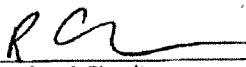
Insert: Expiry date is July 7, 2017.

Your acceptance of this letter will constitute authority for the Credit Union to instruct its solicitors to prepare any necessary security or other documentation required. This amendment commitment is not assignable without the prior written consent of the Credit Union.

This amendment to the Credit Facility Letter shall expire if not accepted by June 28, 2017.

Yours truly,

Servus Credit Union Ltd.

per: 
Richard Charlton
Director Commercial Credit

ACCEPTANCE

Acceptance of this Amendment to the Credit Facility Letter provides full and sufficient acknowledgement that the Credit Union has no obligation to advance any funds under this agreement and if, in the opinion of the Credit Union, any material adverse change in risk occurs, the approved credit facility may be withdrawn or cancelled at the sole discretion of the Credit Union.

This Amendment to the Credit Facility Letter may be signed by the Credit Union and the Borrower and Guarantors in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same document.

In the discretion of the Credit Union, this Amendment to the Credit Facility Letter may also be transmitted by facsimile or by other electronic means and if so signed and transmitted, this Agreement shall be for all purposes as if the Credit Union and the Borrower and Guarantors had delivered an executed original Amendment to the Credit Facility Letter.

We hereby acknowledge and accept the credit facilities based on the terms and conditions outlined in the Letter(s) stated above and this Amendment Letter.

Accepted this 28th day of June, 2017

BORROWER(S):

Crelogix Acceptance Corporation

per: _____

per: _____

GUARANTOR(S):

Crelogix Portfolio Service Corporation

per: _____

Crelogix Credit Group Inc.

per: _____

Karl Sigerist

Mike Mills

Mike McKay

SCHEDULE "B"

Tenth Amending Consultant Facility Offer



Servus Credit Union Ltd.
151 Karl Clark Road NW
Edmonton AB T6N 1H5
servus.ca

June 27, 2017

Crelogix Acceptance Corporation
4445 Lougheed Highway #900
Burnaby, BC
V5C 0E4

Private & Confidential

Attention: Karl Sigerist

Dear Mr. Sigerist,

RE: Amending Credit Facility Letter to Letter dated September 8, 2016, Amending letter dated December 14, 2016, Amending letter dated December 22, 2016, Amending letter dated January 9, 2017, Amending letter dated January 30, 2017, Amending letter dated February 28, 2017, Amending letter dated March 17, 2017, Amending letter dated April 19, 2017, Amending letter dated May 1, 2017 and Amending letter dated May 15, 2017

Servus Credit Union Ltd. (the "Credit Union") advises that the following amendment(s) to your credit facilities has been approved on the terms and conditions below. **All other terms and conditions of the Letters stated above including all security and guarantees provided therein remain unchanged except as amended by this Letter.**

In consideration of the Credit Union providing or continuing to provide credit facilities and if you agree with these terms please sign this letter in the space provided below under the heading "Acceptance" and return it to the Credit Union, Attention: Richard Charlton.

FEES:

- 1) An Amendment Fee of \$250 is considered earned by the Credit Union and is payable by the Borrower upon acceptance of this Amendment Letter.
- 2) All fees due and payable, as outlined in this Amendment Letter, if not paid forthwith by the Borrower may be charged to the Borrower's account(s) or may be added to the Borrower's loans, at the discretion of the Credit Union, and shall be secured by all of the security taken in support of all loans by the Credit Union to the Borrower.

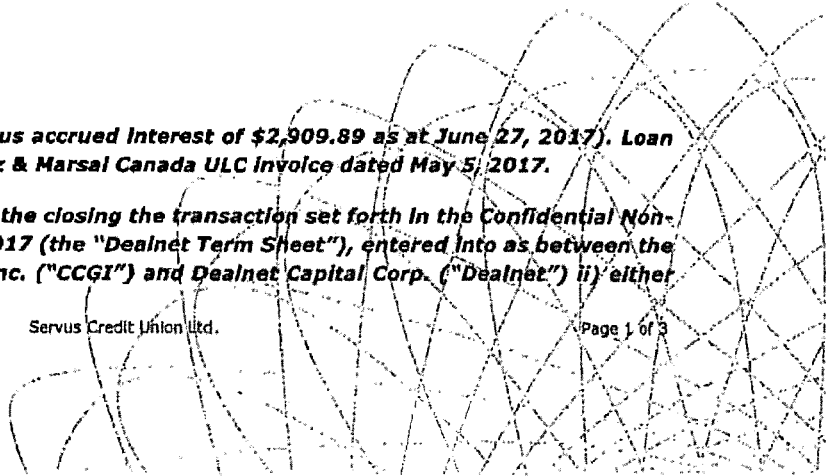
REVISED TERMS AND CONDITIONS:

Demand Loan to pay Monitor's fees

Delete: Loan amount \$150,000.00

Insert: Loan amount \$179,652.02 (plus accrued interest of \$2,909.89 as at June 27, 2017). Loan debited \$35,070.00 to pay the Alvarez & Marsal Canada ULC invoice dated May 5, 2017.

Delete: Expiry date is the earlier of i) the closing the transaction set forth in the Confidential Non-Binding Term Sheet dated April 18, 2017 (the "Dealnet Term Sheet"), entered into as between the Credit Union, Crelogix Credit Group Inc. ("CCGI") and Dealnet Capital Corp. ("Dealnet") ii) either



of the Credit Union, CCGI or Dealnet electing not to proceed with the transaction set forth in the Dealnet Term Sheet and ill) June 2, 2017.


Insert: July 7, 2017

Your acceptance of this letter will constitute authority for the Credit Union to instruct its solicitors to prepare any necessary security or other documentation required. This amendment commitment is not assignable without the prior written consent of the Credit Union.

This amendment to the Credit Facility Letter shall expire if not accepted by June 28, 2017.

Yours truly,

Servus Credit Union Ltd.

per: 
Richard Charlton
Director Commercial Credit


ACCEPTANCE

Acceptance of this Amendment to the Credit Facility Letter provides full and sufficient acknowledgement that the Credit Union has no obligation to advance any funds under this agreement and if, in the opinion of the Credit Union, any material adverse change in risk occurs, the approved credit facility may be withdrawn or cancelled at the sole discretion of the Credit Union.

This Amendment to the Credit Facility Letter may be signed by the Credit Union and the Borrower and Guarantors in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same document.

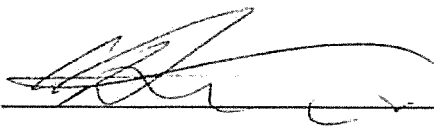
In the discretion of the Credit Union, this Amendment to the Credit Facility Letter may also be transmitted by facsimile or by other electronic means and if so signed and transmitted, this Agreement shall be for all purposes as if the Credit Union and the Borrower and Guarantors had delivered an executed original Amendment to the Credit Facility Letter.

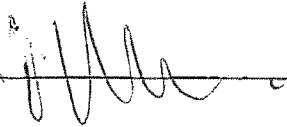
We hereby acknowledge and accept the credit facilities based on the terms and conditions outlined in the Letter(s) stated above and this Amendment Letter.

Accepted this  day of June, 2017

BORROWER(S):

Crelogix Acceptance Corporation

per: 


per: 

GUARANTOR(S):

Crelogix Portfolio Service Corporation

per: 

Crelogix Credit Group Inc.


per: 

**Guarantees Acknowledgment Act
Certificate of Notary Public**

I HEREBY CERTIFY THAT:

1. Michael Mills, of the City of Vancouver, in the Province of British Columbia, the Guarantor in the Forbearance Agreement dated the 21st day of June, 2017, made between Servus Credit Union Ltd. and Michael Mills which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he had executed the Forbearance Agreement.
2. I satisfied myself by examination of him that he is aware of the contents of the Forbearance Agreement and understands it.

GIVEN at the City of Vancouver, in the Province of British Columbia, this 28th day of June, 2017, under my hand and seal of office.



A NOTARY PUBLIC IN AND
FOR THE PROVINCE OF
BRITISH COLUMBIA

Statement of Guarantor

I am the person named in this certificate.



Michael Mills

RIANNA K. RITCHIE
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2800, Three Bentall Centre
595 Burrard St., P.O. Box 48314
Vancouver, B.C. V7X 1L3
(604) 631-5253

**Guarantees Acknowledgment Act
Certificate of Notary Public**

I HEREBY CERTIFY THAT:

1. Mike McKay, of the City of Cowichan, in the Province of British Columbia, the Guarantor in the Forbearance Agreement dated the 28th day of June, 2017, made between Servus Credit Union Ltd. and Mike McKay which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he had executed the Forbearance Agreement.
2. I satisfied myself by examination of him that he is aware of the contents of the Forbearance Agreement and understands it.

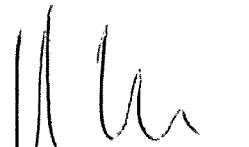
GIVEN at the City of Vancouver, in the Province of British Columbia, this 28th day of June, 2017, under my hand and seal of office.



A NOTARY PUBLIC IN AND
FOR THE PROVINCE OF
BRITISH COLUMBIA

Statement of Guarantor

I am the person named in this certificate.



Mike McKay

RIANNA K. RITCHIE
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-5253

**Guarantees Acknowledgment Act
Certificate of Notary Public**

I HEREBY CERTIFY THAT:

1. Karl Sigerist, of the City of Coquitlam, in the Province of British Columbia, the Guarantor in the Forbearance Agreement dated the 28th day of June, 2017, made between Servus Credit Union Ltd. and Karl Sigerist which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he had executed the Forbearance Agreement.
2. I satisfied myself by examination of him that he is aware of the contents of the Forbearance Agreement and understands it.

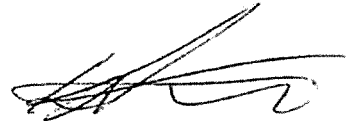
GIVEN at the City of Vancouver, in the Province of British Columbia, this 28th day of June, 2017, under my hand and seal of office.



A NOTARY PUBLIC IN AND
FOR THE PROVINCE OF
BRITISH COLUMBIA

Statement of Guarantor

I am the person named in this certificate.



Karl Sigerist

RIANNA K. RITCHIE
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
695 Burrard St., P.O. Box 48314
Vancouver, B.C. V7X 1L3
(604) 631-5253

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF BRITISH COLUMBIA
TO WIT:

I, Rianna Ritchie
of the City of Vancouver
in the Province of BRITISH COLUMBIA
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **MICHAEL MILLS**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City of Vancouver, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and she is, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of Vancouver, in the Province of British Columbia, this 25th day of June, 2017.


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA

JOAN C. CHAMBERS
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2800, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, BC V7X 1L3
(604) 631-3391

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF BRITISH COLUMBIA
TO WIT:

I, Rianna Ritchie
of the City of Vancouver
in the Province of BRITISH COLUMBIA
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **MIKE MCKAY**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City of Vancouver, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and she is, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of Vancouver, in the Province of British Columbia, this 28th day of June, 2017.


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA



JOAN C. CHAMBERS
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, BC V7X 1L3
(604) 531-3391

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF BRITISH COLUMBIA
TO WIT:

I, Rianna Ritchie
of the City of Vancouver
in the Province of BRITISH COLUMBIA
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **KARL SIGERIST**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City of Vancouver, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said person and she is, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of Vancouver, in the Province of British Columbia, this 25th day of June, 2017.

Joan Chambers
A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA



JOAN C. CHAMBERS
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
695 Burrard St., P.O. Box 40314
Vancouver, BC V7X 1L3
(604) 681-0881

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF BRITISH COLUMBIA
TO WIT:

I, Rianna Ritchie
of the City of Vancouver
in the Province of BRITISH COLUMBIA
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **KARL SIGERIST**, on behalf of **CRELOGIX PORTFOLIO SERVICES CORPORATION**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City of Vancouver, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said individual and they are in my belief of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of
Vancouver, in the Province of
British Columbia, this 7th day of June,
2017.


A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA



JOAN C. CHAMBERS
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, BC V7X 1L3
(604) 631-3391

AFFIDAVIT OF CORPORATE SIGNING AUTHORITY

I, **KARL SIGERIST**, of the City of Coquitlam, in the Province of British Columbia, MAKE OATH AND SAY THAT:

1. I am an authorized signing Officer of **CRELOGIX PORTFOLIO SERVICES CORPORATION** named in the within or annexed instrument.
2. I am authorized by the Corporation to execute the within or annexed document on behalf of the Corporation without a corporate seal.
3. The within or annexed instrument was executed at the City of Vancouver, in the Province of British Columbia.

SWORN BEFORE ME at the City of Vancouver, in the Province of British Columbia, this 28th day of June, 2017.


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA


KARL SIGERIST

RIANNA K. RITCHIE
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 48314
Vancouver, B.C. V7X 1L8
(604) 631-5253

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF BRITISH COLUMBIA
TO WIT:

I, Rianna Ritchie
of the City of Vancouver
in the Province of BRITISH COLUMBIA
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **KARL SIGERIST**, on behalf of **CRELOGIX CREDIT GROUP INC.**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City of Vancouver, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said individual and they are in my belief of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of Vancouver, in the Province of British Columbia, this 28th day of June, 2017.


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA

JOAN C. CHAMBERS
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
685 Burrard St., P.O. Box 48314
Vancouver, BC V7X 1L3
(604) 631-3381

AFFIDAVIT OF CORPORATE SIGNING AUTHORITY

I, **KARL SIGERIST**, of the City of Coquitlam, in the Province of British Columbia, MAKE OATH AND SAY THAT:

1. I am an authorized signing Officer of **CRELOGIX CREDIT GROUP INC.** named in the within or annexed instrument.
2. I am authorized by the Corporation to execute the within or annexed document on behalf of the Corporation without a corporate seal.
3. The within or annexed instrument was executed at the City of Vancouver, in the Province of British Columbia.

SWORN BEFORE ME at the City of Vancouver, in the Province of British Columbia, this 28th day of June, 2017.


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA


KARL SIGERIST

RIANNA K. RITCHIE
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2800, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L8
(604) 631-6253

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF BRITISH COLUMBIA

TO WIT:

I, Rianna Ritchie
of the City of Vancouver
in the Province of BRITISH COLUMBIA
MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see **KARL SIGERIST**, on behalf of **CRELOGIX ACCEPTANCE CORPORATION**, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.
2. THE SAME was executed at the City of Vancouver, in the Province of British Columbia, and that I am the subscribing witness thereto.
3. I KNOW the said individual and they are in my belief of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of
Vancouver, in the Province of
British Columbia, this 28th day of June,
2017.


A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA

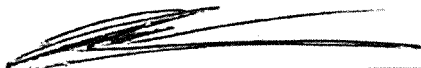
JOAN C. CHAMBERS
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, BC V7X 1L3
(604) 631-3391

AFFIDAVIT OF CORPORATE SIGNING AUTHORITY

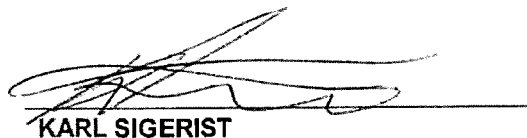
I, **KARL SIGERIST**, of the City of Coquitlam, in the Province of British Columbia, MAKE OATH AND SAY THAT:

1. I am an authorized signing Officer of **CRELOGIX ACCEPTANCE CORPORATION** named in the within or annexed instrument.
2. I am authorized by the Corporation to execute the within or annexed document on behalf of the Corporation without a corporate seal.
3. The within or annexed instrument was executed at the City of Vancouver, in the Province of British Columbia.

SWORN BEFORE ME at the City of Vancouver, in the Province of British Columbia, this 28th day of June, 2017.



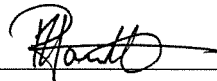
A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA



KARL SIGERIST

RIANNA K. RITCHIE
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
685 Burrard St., P.O. Box 48314
Vancouver, B.C. V7X 1L3
(604) 681-5258

This is **Exhibit “U”** referred to in the Affidavit of Darcy Peelar,
sworn before me this 5th day of July, 2017



A Commissioner for Oaths in and for Alberta

Patrick T. Harnett
Barrister and Solicitor

CONSULTANT AGREEMENT

AGREEMENT DATED THE 6 DAY OF SEPTEMBER, 2016.

BETWEEN:

SERVUS CREDIT UNION LTD.

(hereinafter called the "Servus")

OF THE FIRST PART

- and -

ALVAREZ & MARSAL CANADA ULC

a body corporate

(hereinafter called the "Consultant" and/or "A&M")

OF THE SECOND PART

- and -

CRELOGIX ACCEPTANCE CORPORATION

(hereinafter called the "Corporation")

OF THE THIRD PART

- and -

KARL SIGERIST, NICHOLAS CARTER, MIKE MCKAY, MICHAEL MILLS, CRELOGIX
PORTFOLIO SERVICES CORP., CRELOGIX CREDIT GROUP INC. and CRELOGIX
ACCEPTANCE CORP.

(hereinafter collectively called the "Guarantors" and
individually by their proper names)

WHEREAS:

- A. The Corporation and the Guarantors entered into commitment letters for financing with Servus as set out in Schedule "A" hereto (the "Commitment Letters");
- B. As security for the due repayment of the indebtedness owing to Servus and the compliance with the terms of the Commitment Letters, the Corporation and the Guarantors executed and delivered to Servus the Security set out in Schedule "A" hereto;
- C. The Corporation is in breach of their financial covenants to Servus under the Commitment Letters and the Securities and the Corporation, together with the Guarantors, have agreed to enter into this Agreement;

AND WHEREAS the Corporation, the Guarantors and Servus are desirous that Servus appoint the Consultant as its agent to provide the Financial Services. Upon execution of this letter by all

of the parties below, this letter will constitute an agreement between Servus, A&M and the Corporation (the "Agreement").

1. **DEFINITIONS**

In this Agreement the following words shall have the following meanings, namely:

- (a) **"Financial Services"** or "Services" means the financial and accounting advice and services to be provided by the Consultant to Servus as more specifically set out in paragraph 3 herein;
- (b) **"Security"** shall mean the Security set out in Schedule "A" hereto and any other additional security provided by the Corporation to Servus;
- (c) **"Term of the Agreement"** means the period from the 30th day of August, 2016, until terminated in writing by Servus or Consultant as set forth in paragraph 8.

2. **CONSENT AND INDEMNITY OF THE CONSULTANT; LIMITATION OF LIABILITY**

- (a) Servus agrees to employ the Consultant to perform the Financial Services during the Term of the Agreement and the Consultant agrees to provide the Financial Services during the Term of the Agreement in accordance with the powers given to and the duties and obligations imposed upon the Consultant by this Agreement.
- (b) The Consultant, in the provision of the Financial Services and in accordance with the powers given to and the duties and obligations imposed upon it in this Agreement, is only acting as agent for Servus and is not acting on its own behalf or on behalf of anyone else.
- (c) Servus shall be liable to the Consultant for all losses, costs, damages and expenses whatsoever which the Consultant may sustain, pay or incur as a result of or in connection with the Consultant providing the Financial Services in accordance with the powers given to and the duties and obligations imposed upon it by this Agreement, except such losses, costs, damages and expenses that are finally determined to have arisen due to the fraud, gross negligence or willful misconduct of the Consultant.
- (d) As to the services Servus has requested and A&M has agreed to provide as set forth in this Agreement, the total aggregate liability of A&M under this Agreement to Servus and its successors and assigns, shall be limited to the actual damages incurred by Servus or its successors or assigns, respectively. In no event will A&M or any of its affiliates be liable to Servus or their successors or assigns for consequential, special or punitive damages, including loss of profit, data, business or goodwill. In no event shall A&M incur any liability to the Corporation or Guarantors (including their respective estates, successors and assigns). Further, in no event shall the total aggregate liability of A&M under this Agreement to Servus, the Corporation and Guarantors and their respective successors and assigns, exceed the total amount of fees received and retained by A&M hereunder. Notwithstanding the foregoing, the Corporation and Guarantors acknowledge that A&M, as advisor to Servus is not providing any services to the Corporation and Guarantors and accordingly owes no duty to the Corporation or Guarantors.
- (e) Servus shall indemnify and save harmless the Consultant of and from all manner of actions, causes of action, proceedings, claims, demands, losses, costs, damages

and expenses whatsoever which may be brought or made against the Consultant or which the Consultant may sustain, pay or incur as a result of or in connection with it providing the Financial Services in accordance with the powers given to and the duties and obligations imposed upon it in this Agreement, except such that are finally determined to have arisen due to the gross negligence, willful misconduct or fraud of the Consultant.

- (f) Each of the Corporation and the Guarantors hereby consent to the appointment of the Consultant by Servus to provide the Financial Services in accordance with the terms and conditions of this Agreement.

3. FINANCIAL SERVICES

- (a) During the term of this Agreement the Consultant shall provide to Servus the following financial and accounting services:
 - (i) Review the accounting and reporting systems of the Corporation;
 - (ii) Monitor the progress of the Corporation in the sale of its assets and provide interim reports to Servus in relation thereto;
 - (iii) Review and provide comments to Servus on any proposed sale of assets by the Corporation;
 - (iv) Review the financial forecasts and business plan of the Corporation and assess its liquidity requirements in the short and medium term;
 - (v) Review and comment on the merchant contracts held or to be held by the Corporation and the securitization amounts in relation thereto;
 - (vi) Provide:
 - (A) An analysis of the current security position of Servus;
 - (B) Confirmation of any amounts owing by the Corporation for statutory obligations, including without limitation, Canada Revenue Agency (for source deductions and GST), workers' compensation, employees, business taxes and real property tax;
 - (C) Such other reports and financial information as Servus may reasonably request, and such reports and financial information shall be delivered to Servus.
 - (vii) Monitor cash receipts and disbursements and changes in the other asset and liability accounts of the Corporation; and
 - (viii) Make reports on any transactions that may, in the opinion of the Consultant, be of an unusual nature.
- (b) During the Term of the Agreement the Consultant shall not exercise any degree of possession or control over any property, assets or revenues of the Corporation. The parties hereto acknowledge that the services to be provided by the Consultant extend only to those set out in paragraph 3(a) above and that in the provision of these services the Consultant is acting as a monitor and consultant only and is not

replacing or circumventing the existing management of the Corporation, nor acting as a Receiver or Receiver/Manager thereof.

- (c) Until advised otherwise by Servus in writing upon three business days' notice, the Consultant shall provide to the Corporation copies of all reports set out in paragraphs 3 and 5 hereof.

4. REMUNERATION

All fees and disbursements (including appraisal costs) incurred by the Consultant in the provision of the Financial Services, including any costs or legal fees associated with court approval or enforcement of this Agreement, shall be paid by Servus to the Consultant, however the Corporation shall pay to Servus on demand all such amounts paid by Servus to the Consultant, and Servus shall be entitled to debit the Corporation's loan accounts with Servus for such amounts and all such amounts shall be paid in the same manner as principal is payable under the Security and Servus shall be entitled to charge interest on any amounts not paid at the rate of interest and in the manner provided in the Security. A&M will receive fees based on time spent by its employees and agents in connection with this engagement and its standard hourly rates, which may be adjusted from time to time. In addition, A&M will be reimbursed for its reasonable disbursements and expenses incurred in connection with this Agreement. All fees and expenses, including applicable sales or similar taxes, will be billed on a periodic basis, at A&M's discretion, and payable upon receipt.

5. RELEASE OF CONFIDENTIAL INFORMATION; NO THIRD PARTY BENEFICIARY

- (a) The Corporation authorizes and instructs the Consultant to make full and complete disclosure to Servus, of all information obtained by the Consultant in the provision of the Financial Services and in particular:
 - (i) To provide to Servus during the Term of this Agreement the reports set out in paragraph 3 hereof; and
 - (ii) To make such interim reports and release such other information to Servus as the Consultant may, in its discretion, deem advisable.
 - (iii) A&M shall keep as confidential all non-public information received from Servus, the Corporation or the Guarantors in conjunction with this engagement, except: (i) confidential information obtained by A&M and delivered to Servus in connection with this engagement; (ii) as required by legal proceedings; or (iii) as reasonably required in the performance of this engagement
- (b) Servus, the Corporation and the Guarantors acknowledge that all advice (written or oral) and any modeling, analysis or methodologies given or developed by A&M for Servus in connection with this engagement (the "Information") is intended solely for the benefit and use of Servus in considering the matters to which this engagement relates. Servus, the Corporation and the Guarantors agree that no such Information shall be used for any other purpose or reproduced, disseminated, quoted or referred to at any time in any manner or for any purpose other than

accomplishing the tasks referred to herein without A&M's prior approval (which shall not be unreasonably withheld), except as required by law.

- (c) The Corporation and the Guarantors further acknowledge that any and all Information has been or will be provided to the Corporation and/or the Guarantors for informational purposes only and the Corporation and/or Guarantors are not authorized by A&M to rely upon it and any such reliance by the Corporation and/or Guarantors or anyone else shall be entirely at their own risk. The Corporation and Guarantors acknowledge and agree that A&M accepts no responsibility or liability in respect of the Information to any person or organization other than Servus.

6. OBLIGATIONS OF THE CORPORATION

- (a) In order to assist the Consultant in the provision of the Financial Services each of the Corporation and the Guarantors agree to make reasonable efforts to:
 - (i) Provide to the Consultant all documents, financial records, papers, transcripts, correspondence and other communications relating to the Corporation and their respective business;
 - (ii) Allow the Consultant to inspect all of the financial records of the Corporation wherever they may be located and in particular to authorize the release to the Consultant of any such information that may be in the custody or control of third parties;
 - (iii) Allow the Consultant complete and unfettered access to all of the property and assets of the Corporation wherever they may be located;
 - (iv) Provide to the Consultant copies of any offers to purchase any of the assets or property of the Corporation, of copies of any auction or liquidation proposals to sell any of the assets or property;
 - (v) Co-operate with and provide to the Consultant such other information and assistance as the Consultant may reasonably require, including a weekly report on the status of the sale of the assets of the Corporation;
 - (vi) Cause the Corporation's employees and agents to co-operate with the Consultant such that it will be able to provide the Financial Services,all of which as reasonably requested by the Consultant.
- (b) Nothing herein shall be construed as requiring disclosure of any privileged information or documentation.

7. Non-Solicitation

The Corporation and the Guarantors, on behalf of itself, its affiliates and any person (as such term is defined under the Canada Business Corporations Act) which may acquire all or substantially all of its assets, agrees that, until two years subsequent to the termination of this Agreement, it will not solicit, recruit, hire or otherwise engage any employee of A&M or its affiliates who worked on this engagement while employed by A&M or its affiliates ("Solicited Person"). Should either the Corporation or the Guarantors, including any of their respective affiliates or any person who acquires all or substantially all of their respective assets, extend an offer of employment to or otherwise engage any Solicited Person and should such offer be accepted, A&M shall be entitled to a fee from the party extending such offer equal to the Solicited Person's hourly client billing rate at the time of the offer multiplied by 4,000 hours for a Managing Director, 3,000 hours for a Senior Director and 2,000 hours for any other A&M employee. The fee shall be payable at the time of the Solicited Person's acceptance of employment or engagement.

8. TERMINATION

- (a) This Agreement may be terminated at any time by the Consultant giving to Servus at least seven (7) days written notice of the termination. Servus may at any time in its unfettered discretion terminate the Agreement. The Corporation may terminate this agreement by giving the Consultant and Servus at least 14 days written notice. In the event of termination, Servus, the Corporation and the Guarantors acknowledge and agree that any fees and expenses due to A&M shall be remitted promptly (including fees and expenses that accrued prior to but were invoiced subsequent to such termination). In any event, this engagement may be terminated immediately by A&M upon any invoice delivered by A&M remaining outstanding for seven days following delivery of the Invoice by A&M.

9. CONFLICTS

A&M is not currently aware of any relationship that would create a conflict of interest with Servus, the Corporation or the Guarantors or those parties-in-interest of which you have made us aware. Because A&M and its affiliates and subsidiaries comprise a consulting firm (the "Firm") that serves clients on a global basis in numerous cases, both in and out of court, it is possible that the Firm may have rendered or will render services to or have business associations with other entities or people which had or have or may have relationships with Servus, the Corporation or the Guarantors, including creditors of Servus, the Corporation or the Guarantors. The Firm will not be prevented or restricted by virtue of providing the services under this Agreement from providing services to other entities or individuals, including entities or individuals whose interests may be in competition or conflict with those of Servus, the Corporation or the Guarantors, provided the Firm makes appropriate arrangements to ensure that the confidentiality of information is maintained.

10. FURTHER ASSURANCES

- (a) Each party hereto will promptly and duly execute and deliver to each remaining party such further documents and assurances and take such further action as such remaining party may from time to time reasonably request in order to more effectively carry out the effect and purpose of this Agreement and to establish and protect the rights and remedies created or intended to be created hereby.

- (b) Subject to the gross negligence, willful misconduct or fraud of Servus or the Consultant, each of the Corporation and the Guarantors and their respective successors, heirs and assigns, hereby forever release and discharge each of Servus and the Consultant together with their respective employees, contractors, agents, successors and assigns of and from any manner of debt, demand, cause(s) of action or liability in any manner arising from or out of the retention by Servus of the Consultant or the provision by the Consultant of the Financial Services.
- (c)
 - (i) The Corporation shall be jointly and severally liable to each of Servus and the Consultant for all losses, costs, damages and expenses whatsoever which either Servus or the Consultant or both of them may sustain, pay or incur as a result of or in any way connected with the Consultant providing the Financial Services, except such that are finally determined to have arisen due to the gross negligence, willful misconduct or fraud of the Consultant.
 - (ii) The Corporation shall jointly and severally indemnify and save harmless each of Servus and the Consultant of an from all manner of actions, causes of action, proceedings, claims, demands, losses, costs, damages and expenses whatsoever which may be brought or made against either of Servus or the Consultant or both or which either Servus or the Consultant or both may sustain, pay or incur as a result of the Consultant providing the Financial Services, except such that are finally determined to have arisen due to the gross negligence, willful misconduct or fraud of the Consultant.

11. Relationship of the Parties.

The parties intend that an independent contractor relationship will be created by this engagement letter. Neither A&M nor any of its personnel or subcontractors is to be considered an employee or agent of Servus, the Corporation or the Guarantors. Servus, the Corporation and the Guarantors acknowledge that A&M's engagement shall not constitute an audit, review or compilation, or any other type of financial statement reporting engagement that is subject to generally accepted accounting principles or the rules of any provincial, territorial or national professional or regulatory body. Accordingly, while the information gathered will be reviewed for reasonableness, A&M's work will not necessarily identify any errors or irregularities, if such exist, on the part of the Corporations or their respective officers or employees. Furthermore, A&M is entitled to rely on the accuracy and validity of the data disclosed to it or supplied to it by employees and representatives of Servus, the Corporation and/or the Guarantors. A&M is under no obligation to update data submitted to it or review any other areas unless specifically requested by Servus to do so. Each of Servus, the Corporation and the Guarantors agrees and acknowledges that the services to be rendered by A&M may include the assistance in the preparation and review of projections, forecasts and other forward-looking statements, and numerous factors can affect the actual results of the Corporation's operations, which may materially and adversely differ from those projections, forecasts and other forward-looking statements. A&M makes no representation or guarantee that any business plan or restructuring alternative is the best course of action. A&M shall not be required to certify any financial statements or information or to provide representations with respect therewith in connection with any audit or securities law disclosure documents. For greater certainty, during the course of this engagement, A&M shall be acting as a consultant to Servus in this matter and A&M shall not be assuming any decision making or other management responsibilities in connection with the affairs of the Corporation and A&M shall have no responsibility for the affairs of the Corporation during this engagement. In addition, A&M shall not do anything or perform any act pursuant to which A&M assumes any possession or control of the property, assets, undertakings, premises or operations of the Corporation for any purpose whatsoever.

12. NOTICES

- (a) Any notice required or permitted to be given under the terms of this Agreement shall be sufficiently given to the party or parties to whom it is addressed if delivered or forwarded by registered mail, return receipt requested, cable, telegraph or telex to:

the Corporation and the Guarantors at:

Crelogix Acceptance Corporation
900, 4445 Lougheed Hwy
Burnaby BC V5C 0E4
Attention: Karl Sigerist

With a copy to:

Blake, Cassels & Graydon LLP
Suite 2600, Three Bentall Centre
595 Burrard Street
Vancouver, BC V7X 1L3
Attention: Joan Chambers

Phone: (604) 631-3300
Fax: (604) 631-3309

and to the Consultant and Servus at:

Alvarez & Marsal Canada ULC
Bow Valley Square IV

Suite 1110, 250 – 6th Ave SW
Calgary, AB T2P 3H7
Attention: Mr. Tim Reid
Direct Phone: 403.538-4756 | Mobile: 403.991-1626
Fax: 403.538-7551

Servus
c/o Miller Thomson LLP
Barristers and Solicitors
2700, 10155 – 102 Street
Edmonton AB T5J 4G8
Attention: Mr. Rick T. G. Reeson, Q.C.
Phone: (780) 429-9719
Fax: (780) 424-5866

with copy to:

Servus Credit Union Ltd.
151 Karl Clark Road
Edmonton, AB T6N 1H5
Attention: Mr. Jay Hamblin and/or Mr. Chet Williams
Phone: (780) 638-8268 (Jay) | (780) 638-8048 (Chet)
Fax: (780) 488-9720

or to such other address as either party or parties may furnish to the other from time to time. Every such notice shall be deemed to have been received and given at the time when, in the ordinary course of transmission, it would have been delivered at the address to which it was sent.

13. ENFORCEMENT OF REMEDIES

- (a) In the event that at any time any of the Corporation or the Guarantors shall be in breach or default of any of their covenants or agreements contained in or arising out of this Agreement, any remedy which may be available to Servus by virtue of any provision contained in this Agreement and as a consequence of such default shall be in addition to and not by way of substitution for any statutory or common law remedy which may also be available and all such remedies may be enforced either successively or concurrently.
- (b) Nothing contained in this Agreement shall act as a waiver, abrogation, or abandonment of the rights and remedies of Servus pursuant to the Security, the Guarantees or any other securities it holds, and the Corporation acknowledge and agree that Servus shall be entitled at any time to pursue any of the rights and remedies thereunder including the demanding of payment and the appointment of a Receiver or Receiver Manager.

- (c) The Corporation each further acknowledge and agree that if Servus subsequently decides to appoint a Receiver, or Receiver Manager of the Corporation, or seek to place It in bankruptcy, that it shall be entitled to appoint the Consultant or any person or corporation associated or affiliated with the Consultant as Receiver, Receiver Manager or Trustee.
- (d) In consideration of Servus retaining the Consultant to perform the Financial Services, each of the Corporation and the Guarantors, hereby confirm that Servus has made a proper demand for payment under the Securities and the Guarantees.
- (e) The Corporation and the Guarantors acknowledge that they have received no promise, representation or commitment from Servus in relation to what, if any, further steps or actions Servus may take in relation to the outstanding indebtedness of the Corporation to Servus, except as provided in a Letter Agreement dated August 26, 2016.

14. GOVERNING LAW


- (a) This Agreement shall be construed and enforced in accordance with and the rights of the parties hereto shall be governed by the laws of the Province of Alberta. Each of the parties hereto hereby irrevocably attorns to the jurisdiction of the Courts in the Province of Alberta.


15. ENTIRE AGREEMENT

- (a) This Agreement constitutes the entire Agreement between the parties and there are no statements, representations, warranties, undertakings or agreements written or oral, express or implied between the parties hereto except as herein set forth.
- (b) This Agreement and everything herein contained shall enure to the benefit of and be binding upon the parties together with their respective personal representative, successors and permitted assigns.
- (c) The Corporation and the Guarantors acknowledge that they have received independent legal advice with respect to the execution of this Agreement, and are doing so of their own free will.
- (d) This Agreement may be executed in counterparts and such counterparts together shall be deemed to be an original and shall constitute a single instrument. Notwithstanding the date of execution, such counterparts shall be deemed to bear a date as of the date of this Agreement. Delivery of an executed counterpart of this Agreement by electronic means, including, without limitation, by facsimile transmission or by electronic delivery in portable document format (".pdf") or tagged image file format (".tif"), shall be equally effective as delivery of a manually executed counterpart hereof. Any party delivering an executed counterpart of this Agreement by electronic means shall also deliver a manually executed counterpart hereof by mail or courier upon demand.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals by their proper officers in that regard as of the day and year first written above.


CRELOGIX ACCEPTANCE CORP.

Per:  C1F50D18-7582-7507-C39E-105D7C4668D9
Karl Sigerist
02-Sep-16

Per:  C1F50D18-7582-7507-C39E-105D7C4668D9
Michael McKay
02-Sep-16

Witness

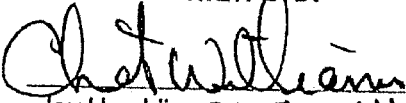
ALVAREZ & MARSAL CANADA ULC

Per: 
Tim Reid




Witness

SERVUS CREDIT UNION LTD.

Per: 
~~Jay Hamblin~~ Chet Williams



Witness


 C1F50D18-7582-7507-C39E-105D7C4668D9
Karl Sigerist
02-Sep-16

Witness

KARL SIEGERIST


Witness

NICHOLAS CARTER

 C1F50D18-7582-7507-C39E-105D7C4668D9
Michael McKay
02-Sep-16

Witness


MIKE MCKAY

 C1F50D18-7582-7507-C39E-105D7C4668D9
Mike Mills
02-Sep-16


Witness

MICHAEL MILLS

CRELOGIX PORTFOLIO SERVICES CORP.

Per:  C1F50D18-7582-7507-C39E-105D7C4668D9
Karl Sigerist
02-Sep-16

Witness

Per:  C1F50D18-7582-7507-C39E-105D7C4668D9
Michael McKay
02-Sep-16

CRELOGIX CREDIT GROUP INC.

Per:

Signed with Adobe Express	CIF0018-7882-7507-C39E-10807C4898D9 kari Sigorlat 02-Sep-16
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Witness

Per:

Signed with Adobe Express	CIF0018-7882-7507-C39E-10807C4898D9 Michael McKay 02-Sep-16
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SCHEDULE 'A'

Offers of Credit:

(a) May 7, 2008; and

(b) May 31, 2013

Overdraft Protection Agreement in the amount of \$2,000,000.00;

General Security Agreement in the name of Travelers Acceptance Corporation dated March 31, 2008;

General Security Agreement in the name of Crelogix Credit Group Inc. dated October 30, 2009;

General Security Agreement in the name of Crelogix Portfolio Services Corporation dated October 30, 2009;

Guarantee and Postponement of Karl Sigerist in the amount of \$530,400.00;

Guarantee and Postponement of Nicholas Carter in the amount of \$250,200.00;

Guarantee and Postponement of Mike McKay in the amount of \$250,200.00;

Guarantee and Postponement of Michael Mills in the amount of \$250,200.00;

Guarantee and Postponement of Crelogix Portfolio Services Corporation in the amount of \$2,000,000.00;

Guarantee and Postponement of Crelogix Credit Group Inc. in the amount of \$2,000,000.00

This is **Exhibit “V”** referred to in the Affidavit of Darcy Peelar,
sworn before me this 5th day of July, 2017



A Commissioner for Oaths in and for Alberta

Patrick T. Harnett
Barrister and Solicitor

Crelogix Credit Group Inc.
Consolidated Financial Statements
October 31, 2015

Crelogix Credit Group Inc.
Consolidated Statement of Financial Position
As at October 31
(Expressed in Canadian Dollars)

Assets		2015		2014		2013
Current:						
Cash	\$	1,542,092	\$	2,200,482	\$	1,983,155
Cash held in trust	(Note 2)	5,726,637		5,601,712		4,444,266
Loss reserve fund		6,423,588		7,418,356		6,836,263
Accounts receivable		206,831		17,137		30,579
Loans receivable- Current	(Note 4)	35,302,566		31,156,908		24,602,301
Prepaid expenses		108,819		159,079		176,819
		49,310,533		46,553,674		38,073,383
Loan receivable- Non-current		141,749,061		120,939,811		89,383,024
Property and equipment (net)	(Note 5)	734,054		743,397		834,888
Intangible assets		181,420		81,368		51,333
		191,975,068		168,318,250		128,342,628
Liabilities						
Current:						
Bank indebtedness	(Note 6 \$	1,332,749	\$	1,463,863	\$	1,123,317
Accounts payable and accrued liabilities	(Note 7)	867,769		1,114,507		999,904
Secured borrowing- Current	(Note 8)	42,738,322		41,680,479		35,644,012
Corporate taxes payable		-		3,310		2,663
		44,938,840		44,262,159		37,769,896
Secured borrowing- Non-current	(Note 8)	168,416,720		137,831,195		99,099,448
Finance lease obligation	(Note 9)	47,671		109,529		166,631
Lease inducement	(Note 10)	270,030		315,669		361,308
Long-term debt		52,369		-		-
		213,725,630		182,518,552		137,397,283
Shareholders' Equity						
Share capital	(Note 11)	1,787,004		1,787,004		1,787,004
Contributed surplus		16,132		16,132		16,132
Deficit		(23,553,698)		(16,003,438)		(10,857,791)
		(21,750,562)		(14,200,302)		(9,054,655)
		\$ 191,975,068	\$	168,318,250	\$	128,342,628

Subsequent events (Note 19)

The consolidated financial statements were approved by the board of directors on Nov 30, 2017 and were signed on its behalf by:

Director

Director

Crelogix Credit Group Inc.
Consolidated Statement of Comprehensive Income (Loss)
Years Ended October 31
(Expressed in Canadian Dollars)

	2015	2014
Revenue		
Interest income	\$ 18,111,322	\$ 15,442,359
Insurance commission	1,954,286	1,228,765
Bank interest and loan administration fees	550,927	732,162
Contract service fees	161,260	204,288
	20,777,795	17,607,574
Cost of revenue		
Interest expense	8,848,082	6,969,312
Selling and merchant promotion expense	4,082,428	2,819,410
Provision for credit losses	6,840,314	6,079,510
	19,770,824	15,868,232
	1,006,971	1,739,342
Operating expenses		
Advertising and promotion	609,963	480,503
Bank charges and credit card fees	207,487	217,033
Computer maintenance	725,720	505,269
Credit reports	200,550	183,147
Equipment repairs and maintenance	2,172	258
Insurance, licenses and dues	136,453	101,744
Office and miscellaneous	301,123	296,930
Professional fees	652,862	419,767
Rent	430,853	295,322
Repairs and maintenance	585	342
Telephone	116,943	151,724
Travel and entertainment	725,266	557,409
Wages and employees benefits	3,861,136	3,419,170
	7,971,113	6,628,618
Operating loss before the following:	(6,964,142)	(4,889,276)
Amortization	270,451	204,771
Interest charges	65,560	48,160
Loss before income taxes	(7,300,153)	(5,142,207)
Income tax expense	(Note 17) 107	3,440
Loss and comprehensive loss	\$ (7,300,260)	\$ (5,145,647)

Crelogix Credit Group Inc.
Consolidated Statement of Cash Flows
Years Ended October 31,
(Expressed in Canadian Dollars)

Cash provided by (used for) the following activities	2015	2014
Operating activities		
Comprehensive Income	\$ (7,300,260)	(5,145,647)
Investment in finance receivables, net of collections of prior	(6,677,364)	(23,627,689)
Proceeds from assets securitized	106,768,146	102,998,906
Payments to funders	(83,972,860)	(65,200,005)
Items not affecting cash		
Loan interest revenue	(18,111,322)	(15,442,359)
Loan interest expense	8,848,083	6,969,312
Amortization of lease inducement	(45,639)	(45,639)
Amortization of property and equipment	124,113	130,073
Amortization of intangible assets	146,337	74,697
Loan impairment	(166,221)	958,654
Changes in working capital balances related to operations		
Accounts receivable	(189,695)	13,442
Prepaid expenses	50,260	17,740
Income tax payable	(3,310)	647
Accounts payable and accrued liabilities	(246,737)	114,603
	(776,471)	1,816,736
Investing activities		
Purchase of property and equipment	(114,770)	(38,582)
Purchase of intangible assets	(246,389)	(104,732)
	(361,159)	(143,314)
Financing activities		
Repayment of capital lease obligation	(61,858)	(57,102)
Cash in trust	(124,925)	(1,157,446)
Loss reserve fund	994,768	(582,093)
Net proceeds on long-term debt	52,369	-
Net advances (repayment) on bank indebtedness	(131,114)	340,546
Dividends paid	(250,000)	-
	479,240	(1,456,095)
Increase in cash	(658,390)	217,327
Cash - beginning of year	2,200,482	1,983,155
Cash - end of year	\$ 1,542,092	\$ 2,200,482

Crelogix Credit Group Inc.
Consolidated Statements of Changes in Equity
Years Ended October 31,
(Expressed in Canadian Dollars)

	Common shares	Share capital	Contributed surplus	Deficit	Total
	\$	\$	\$	\$	\$
Balance, November 1, 2013	7,461,667	1,787,004	16,132	(10,857,791)	(9,054,655)
Net (loss)	-	-	-	(5,145,647)	(5,145,647)
Balance, October 31, 2014	7,461,667	1,787,004	16,132	(16,003,438)	(14,200,302)
Dividends paid	-	-	-	(250,000)	(250,000)
Net (loss)	-	-	-	(7,300,260)	(7,300,260)
Balance, October 31, 2015	7,461,667	1,787,004	16,132	(23,553,698)	(21,750,562)

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

Note 1 General information

Crelogix Credit Group Inc. and its subsidiaries (the "Company") is a non-bank Canadian financial services provider. Since 1974, the Company (or its predecessors) has been providing ongoing funding, receivables management, collection, advisory, and related services to providers of consumer products and services in the automotive after-market, consumer durables, healthcare, home improvement, membership, tuition, power products and vacation ownership sectors. The address of the Company's registered office is 4445 Lougheed Highway, Suite 900, Burnaby, British Columbia, Canada V5C 0E4.

The Company previously operated under the name Travelers Acceptance Corporation. Travelers Acceptance Corporation was incorporated under the laws of the Province of Alberta and subsequently registered as an extra provincial company under the laws of the Province of British Columbia on January 30 1980. On November 1, 2009, Travelers Acceptance Corporation was restructured and a new holding company, Crelogix Credit Group Inc., was incorporated. The shareholders transferred all of their issued and outstanding shares in Travelers Acceptance Corporation such that the Company became the sole shareholder of Travelers Acceptance Corporation. On March 14, 2010, Travelers Acceptance Corporation changed its name to Crelogix Acceptance Corporation.

Note 2 Summary of significant accounting policies

Basis of presentation and statement of compliance with IFRS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements are presented in accordance with International Accounting Standard ("IAS") 1 – *Presentation of Financial Statements*. For all periods up to and including the year ended October 31, 2014, the Company prepared its financial statements in accordance with Part II of the Chartered Professional Accountants ("CPA") Canada Handbook – Accounting Standards for Private Enterprises ("ASPE"). Amounts as at and for the year ended October 31, 2014 have been restated as necessary to be compliant with our accounting policies under IFRS. These consolidated financial statements should be read in conjunction with the disclosures concerning the transition from ASPE to IFRS included in Note X – Transition to International Financial Reporting Standards.

Two comparative periods are presented for the consolidated statements of financial position to comply with the initial adoption of IFRS standards. The Company's date of transition to IFRS and its opening IFRS statement of financial position at November 1, 2013 ("the transition date").

These consolidated financial statements were prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities which are measured at fair value. These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The consolidated financial statements for the years ended October 31, 2015 were authorized for issue in accordance with a resolution of the Board of Directors of the Company on XXX, 2017.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Crelogix Acceptance Corporation, Crelogix Portfolio Services Corporation and Intuition Financial Corporation. All significant intercompany accounts and transactions have been eliminated on consolidation.

Revenue recognition

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

Revenues from the Company's operations are recognized when it is probable that the future economic benefits of the transaction will flow to the Company, the amount of revenue can be reliably measured, and at the transaction date, it is probable that the amount of revenue recognized will be recovered.

Interest income

Interest income represents the interest collected on the loan receivables. Interest income is recorded on an effective yield basis, which produces a constant rate of return on the loan receivables. Recognition of interest income is suspended for finance receivables classified as non-performing. Finance receivables are classified as non-performing as determined appropriate by management, typically after missed payments of 120 days.

Insurance commission

The Company recognizes insurance commissions, as of the effective date of the loan borrower's policy.

Bank interest and loan administration fees

Interest and loan administration fees include extension fees and not sufficient funds ("NSF") fees charged to customers. Interest and administration fees are recognized as revenue when earned and when collection is reasonably assured.

Contract service fees

Contract service fees include income generated from collection and billing services performed on behalf of merchants. Contract service fees are recognized as revenue when earned and when collection is reasonably assured.

Cost of revenue

Cost of revenue consists of interest expenses on secured borrowing to fund purchase of loan receivables, provision for loan losses and transaction costs. Transaction costs are expenses that relate directly to the acquisition and processing of new customers (excluding marketing) and include such expenses as payment for processing fees, credit scoring fees, loan system transaction fees, insurance commission expense and issuance costs and fees related to the Visa card program.

Cash held in trust

Cash held in trust represents amounts collected from consumers pursuant to finance receivables which are restricted as to use in instances where the Company is obliged to pay amounts collected from borrowers to funders pursuant to purchase and sale agreements of receivables.

Loss reserve fund

An initial amount of consideration is withheld by the respective funders and deposited in an account with the funder ("Loss Reserve Fund"). The Company will be entitled to any residual amount of the Loss Reserve Fund, including interest earned on funds on deposit in the event that credit losses are below certain negotiated levels specified in the relevant funder agreements. A separate Loss Reserve Fund is maintained by each funder. Losses from default loan receivables are applied to the respective funder accounts up to the amount of the Loss Reserve Fund. If the Loss Reserve Fund declines below minimum specified levels, an additional amount of consideration on subsequent transfers of receivables to the funder will be withheld by the funder and deposited in the Loss Reserve Fund. If the Loss Reserve Fund balance increases above certain specified thresholds, an amount of deferred consideration will be periodically released to the Company.

Loans receivable

Loans receivable consist of unsecured short-term and installment loans. Loans receivable are reported net of an allowance for loan losses.

The Company maintains an allowance for loan losses that reduces the carrying value of loans identified as impaired to their estimated realizable amounts.

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

Loans classified as impaired include loans for which collection of interest and principal payments are in doubt. Loans are also considered impaired if, in management's view, there is no longer reasonable assurance of timely collection for the full amount of principal and interest.

Financial Instruments

Recognition and measurement

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the instrument's classification.

The Company has implemented the following classifications:

Loan receivables are classified as "loans and receivables". After their initial fair value measurement, these items are subsequently measured at amortized cost using the effective interest method. For loans receivable, the measured amount generally corresponds to cost, net of an allowance for loan losses.

Accounts payable and accruals, deferred revenue, secured borrowings are classified as "other financial liabilities". After their initial fair value measurement, net of any transaction costs incurred, these items are subsequently measured at amortized cost using the effective interest method.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events has had a negative effect on the estimated future cash flows of that asset. An impairment loss is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at their original effective interest rate.

Impairment losses are recognized in income (loss). An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Equipment

All property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

All assets having limited useful lives are depreciated using the declining balance method at rates intended to depreciate the cost of assets over their estimated useful lives.

The depreciation rate for each class of asset during the current and comparative periods are as follows:

Furniture and equipment	20% per annum
Telephone equipment	20% per annum
Computer equipment	20% per annum
Leasehold improvements	straight-line over the term of the lease

The useful lives of items of property and equipment are reviewed periodically and the useful life is altered if estimates have changed significantly.

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses. Intangible assets include both internally generated and acquired software with finite useful lives. Internally generated software costs primarily consist of salaries and payroll-related costs for employees directly involved in the development efforts and fees paid to outside consultants. Amortization is recorded at rates intended to amortize the cost of the intangible assets over their estimated useful lives as follows:

Computer software	100% per annum
Website development costs	straight-line over 3 years

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating units ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU's, or otherwise they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the Consolidated Statement of Comprehensive Loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in the Consolidated Statement of Comprehensive Loss.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive loss, net of any reimbursement. The increase in the provision due to passage of time is recognized as interest expense.

Finance leases

Leases are classified as either finance or operating. Those leases which transfer substantially all the benefits and risks of ownership of the property to the Company are accounted for as finance leases. Finance lease obligations

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

reflect the present value of future minimum lease payments, discounted at the appropriate interest rate. All other leases are accounted for as operating leases wherein rental payments are charged to expense as incurred.

Finance leases are recorded at cost less accumulated amortization. Amortization is calculated using the following rates and methods:

Furniture and equipment	20% per annum
Telephone equipment	20% per annum

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Comprehensive loss

Comprehensive loss includes all changes in equity of the Company, except those resulting from investments by shareholders and dividends paid. Comprehensive loss is the total of loss and other comprehensive loss. Other comprehensive loss is comprised of revenues, expenses, gains and losses that, in accordance with IFRS, require recognition, but are excluded from loss. The Company does not have any items giving rise to other comprehensive income (loss) nor is there any accumulated balance of other comprehensive income (loss). All gains/losses, including those arising from measurement of all financial instruments have been recognized in loss for the year.

Significant accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements and notes.

Significant accounting estimates and assumptions

These estimates and assumptions are based on management's historical experience, best knowledge of current events, conditions and actions that the Company may undertake in the future and other factors that management believes are reasonable under the circumstances.

These estimates and assumptions are reviewed periodically and, the effect of a change in accounting estimate or assumption is recognized prospectively by including it in the Consolidated Statement of Comprehensive Loss in the period of the change and in any future periods affected.

The areas where estimates and assumptions have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

Loan receivables

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

Loans receivable are stated after evaluation as to their collectability and an appropriate allowance for loan losses is provided where considered necessary. The Company has determined the likely impairment loss on loans receivable which have not maintained the loan repayments in accordance with the loan contract or where there is other evidence of potential impairment. The methodology and assumptions used in setting the loan allowance are reviewed regularly to reduce any difference between loss estimates and actual loss experience.

Our provision for loan losses consists of amounts charged to income during the period to maintain an allowance for loan losses estimated to be adequate to provide for probable credit losses inherent in our existing loan portfolio. Our allowance for loan losses represents our estimate of the expected credit losses inherent in our portfolio and is based on a variety of factors, including the composition and quality of the portfolio, loan-specific information gathered through our collection efforts, delinquency levels, our historical charge-off and loss experience, and general economic conditions. The provision for loan losses expense in the consolidated statement of comprehensive loss is recorded net of recoveries.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Note 3 New accounting pronouncements

Future accounting standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(a) IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, and that materiality considerations apply to all parts of the financial statements, and that even when a standard requires specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

(b) IFRS 9 Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

(c) IFRS 15, Revenue from Contracts with Customers IFRS 15 are new standards on revenue recognition that will supersede IAS 18, *Revenue*, IAS 11, *Construction Contracts* and related interpretations. These standards are effective for the fiscal period beginning on or after January 1, 2018.

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

Note 4 Loans receivable

Loans receivable represent unsecured short-term loans and installment loans advanced to customers in the normal course of business. The terms of the loans vary from 1 to 8 years. As the installment loans are issued with maturity dates beyond one year, they are considered noncurrent. The breakdown of the Company's gross loans receivable as at October 31, 2015, October 31, 2014 and November 1, 2013 is as follows:

	2015	2014	2013
Current	35,302,566	31,156,908	24,602,301
Non-Current	141,749,061	120,939,811	89,383,024
	177,051,627	152,096,719	113,985,325

Age analysis of loans receivable

	2015	2014	2013
Not past due	169,535,758	146,187,476	108,465,046
1-30 days past due	4,977,976	4,850,446	3,929,397
31-60 days past due	1,314,196	1,036,157	1,085,407
61-90 days past due	996,367	619,694	436,568
91-120 days past due	648,813	573,737	317,248
Greater than 120 days past due	1,014,260	1,255,224	394,969
Gross loans receivable	178,487,370	154,522,734	114,628,635
Allowance for loan losses	1,435,743	1,601,964	643,310

Allowance for loan losses

	2015	2014	2013
Balance, beginning of the year	1,601,964	643,310	219,212
Provision for loan losses	(166,221)	958,654	424,098
Balance, end of the year	1,435,743	1,601,964	643,310

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

Note 5 Equipment

	Furniture and equipment \$	Telephone equipment	Computer equipment	Leasehold improvement	Total \$
<i>Cost</i>					
Balance, October 31, 2013	358,567	132,287	345,704	542,832	1,379,390
Additions	21,231	-	17,351	-	38,582
Balance, October 31, 2014	379,798	132,287	363,055	542,832	1,417,972
Additions	114,770	-	-	-	114,770
Balance, October 31, 2015	494,568	132,287	363,055	542,832	1,532,742

	Furniture and equipment \$	Telephone equipment	Computer equipment	Leasehold improvement	Total \$
<i>Accumulated depreciation</i>					
Balance, October 31, 2013	175,978.00	62,958.00	180,577.00	124,989.00	544,502.00
Additions	41,866.00	13,867.00	32,556.00	41,784.00	130,073.00
Balance, October 31, 2014	217,844.00	76,825.00	213,133.00	166,773.00	674,575.00
Additions	45,430.00	11,092.00	29,985.00	37,606.00	124,113.00
Balance, October 31, 2015	263,274.00	87,917.00	243,118.00	204,379.00	798,688.00

	Furniture and equipment \$	Telephone equipment	Computer equipment	Leasehold improvement	Total \$
<i>Net book value</i>					
At October 31, 2014	161,954.00	55,462.00	149,922.00	376,059.00	743,397.00
At October 31, 2015	231,294.00	44,370.00	119,937.00	338,453.00	734,054.00

Note 6 Bank indebtedness

The Company's bank indebtedness consists of an operating line of credit and bank accounts in an overdraft position. The Company has a \$2,000,000 operating line of credit with a related party which is also a shareholder (note 19), which is charged interest at the bank's prime rate plus 1.50%. The facility is payable on demand by the creditor. The facility is in the normal course of business and is accounted for at the exchange amount. The operating line of credit is secured as follows:

- a) General security agreement registered in British Columbia and Alberta under the Personal Property Security Act, covering all presently owned and after-acquired property, including proceeds thereof.

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

- b) Assignment of key man life insurance in the amount of \$500,000.
- c) Limited guarantees and postponement of claims of related parties.

As at October 31, 2015, the operating line of credit has a balance of \$ 1,332,749 (2014 - \$1,463,863, 2013- \$1,123,317).

Note 7 Trade payables and accrued liabilities

	2015	2014	2013
	\$	\$	\$
Trade payables	\$558,840	\$834,818	\$726,175
Accrued liabilities	\$308,929	\$279,689	\$273,729
At October 31,	\$867,769	\$1,114,507	\$999,904

Note 8 Secured borrowings

	2015	2014	2013
	\$	\$	\$
Current	42,738,322	41,680,479	35,644,012
Non-Current	168,416,720	137,831,195	99,099,448
	211,155,042	179,511,674	134,743,460

The Company's secured borrowings represent loans from funders for the transfer of finance receivables that did not qualify for sale treatment under IFRS. This amounts to \$211,155,042 (2014 - \$179,511,674, 2013- \$134,743,460). The debts bear interest at rates ranging from 4.48% to 6.19%. The borrowings are collateralized by certain assets included in finance receivables amounting to \$177,051,627 (2015 - \$152,096,719, 2014- \$113,985,325), which are measured at amortized cost.

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

Note 9 Finance lease obligation

The Company has entered into lease agreements to acquire equipment that has been financed by long-term liabilities that represent the minimum lease payments net of imputed interest at discount rates implicit in the respective leases of 2.80%. During the year ended October 31, 2015, the Company recorded interest expense of \$XX related to its lease obligations (2014 - \$XX).

	2015 \$	2014	2013 \$
Total minimum lease payments			
Portion representing interest to be recorded over the remaining term of the lease			
<hr/>			
Present value of minimum lease payments			
<hr/>			

The expected minimum lease payments over the next two years, the remaining term of the leases, are as follows:

Note 10 Lease inducement

During 2011, the Company relocated to a new head office. Upon completion of leasehold improvements, the Company received a \$420,940 lease inducement from the landlord, which is being amortized on a straight-line basis over 10 years. In 2014, the amortization length was adjusted from 15 to 10 years on a prospective basis to reflect a revision in the remaining term of the lease.

Note 11 Share capital

- a) Authorized, issued and outstanding

The Company is authorized to issue an unlimited number of common shares without par value. As at October 31, 2014, the company has 7,461,667 (2013 - 7,461,667) issued shares.

- b) Stock options and stock-based compensation

On July 15, 2013, the Company granted 685,500 stock options to certain key employees of the Company, which vest equally over a period of three years and are exercisable as and when they vest for a period of five years at a price of \$22.18 per share. No stock-based compensation expense was required to be recognized for these grants. During 2014, 114,250 share options were forfeited.

As at October 31, 2014, the following share options are outstanding:

Exercise

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

	# of options	price \$	Expiry date
At October 2013	685,500	22.18	March 31, 2018
Forfeited	114,250	22.18	March 31, 2018
At October 2014	571,250	22.18	March 31, 2018

Note 12 Key management personnel

Directors and key management personnel

The names of Directors and Key Management Personnel ("KMP") who have held office during the financial year are:

Directors

Key management personnel

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

Note 13 Risk Management

Risk management policy objectives

The Company's business activities require the management of particular risks or combinations of risks. Risk management is the identification, analysis, evaluation and management of factors that could adversely affect the Company's resources, operations, reputation and financial results. The Company has established a set of risk management policies that identify and analyze these risks and where required set appropriate risk limits to conservatively manage these risk factors. The Company continually monitors these risks and limits identified risks by means of internal control measures, which at the date of the statement of financial position, are considered to be up to date and reliable.

Credit risk

Credit risk is the risk that the Company will incur a loss because finance receivables, debtors and other counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties on finance receivables. Counterparty limits are established by the use of both internal credit risk classifications systems, which assign each counterparty a risk rating. The Company typically does not have asset collateral on its finance receivables and thus is exposed to a risk of credit loss on the entire amount of the finance receivables balance in circumstances in which finance receivables debtors do not make their contractually due repayments and credit remediation efforts are unsuccessful.

The Company also monitors the diversification of its lending across asset class, geography and transaction size. At October 31, 2014, the top three asset classes underlying the lending portfolio were Home Improvements with 51% (42% - 2013), Power Products with 31% (34% - 2013) and Personal Services with 12% (14% - 2013). At October 31, 2014 and October 31, 2013, 100% of the finance receivable portfolio was issued to customers in Canada. As a result of transaction sizes and collateral arrangements, no individual customer represents a significant credit risk to the Company.

The Company is exposed to credit risk of the underlying receivables in respect to its retained interests (see note 4).

The Company's maximum exposure to credit risk for components of the consolidated balance sheet at October 31, 2014 and 2013 is the carrying amounts as disclosed on the consolidated balance sheet.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company's management oversees the Company's liquidity to ensure the Company has access to enough readily available funds to cover its financial obligations as they come due and sustain and grow its assets and operations under both normal and stress conditions.

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does experience short-term interest rate risk on these finance receivables during the period between fixing the contractual rate under the finance contracts with its customers and the point of transferring a package of loans. During this time, an upward movement in Government of Canada bond rates can negatively impact the spread on the transaction. In order to mitigate this risk, the Company carefully monitors its borrowing costs to ensure its rates reflect appropriate spreads to insulate against sudden unexpected interest rate movements. In order to further mitigate risk, the Company undertakes regular transfers which reduce the warehouse period and the likelihood that a significant movement in bond rates will negatively impact the spreads on such transactions.

Note 14 Fair values of financial instruments

The fair value of a financial instrument on initial recognition is normally the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments measured at fair value are determined by using valuation techniques which utilize observable market inputs. These include comparison with similar instruments where market observable prices exist and discounted cash flow analysis.

The Company uses the following hierarchy for determining the fair value of financial instruments: Level 1 ("L1") – quoted (unadjusted) prices in active markets for identical assets or liabilities; Level 2 ("L2") – other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and Level 3 ("L3") – techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The carrying value of cash, accrued income, trade receivables, trade payables and accrued liabilities and shareholder loan approximates fair value as they are short term in nature or are receivable / payable on demand.

Note 15 Related party transactions

One of the Company's shareholders entered into regular transactions involving the purchase of loan receivables from the Company in the normal course of business. During the year, the related party purchased \$12.5 million (2013 - \$15.8 million) of receivables from the Company which was measured in the consolidated financial statements at the agreed upon exchange amount. As at October 31, 2014, the Company has a funder payable due to the related party in the amount of \$1.3 million (2013 - \$1.3 million). Transactions with the related party for the transfer of receivables are on terms similar to terms and conditions of transactions with funders that are unrelated to the Company.

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

Note 16 Commitments

Commitments relating to an operating lease for the rental of office space are as follows:

Furthermore, in the ordinary course of business, the Company has legal proceedings brought against it and provisions have been included in liabilities where appropriate. Based on current knowledge, the Company expects that final determination of these claims will not have a material adverse effect on its consolidated balance sheet or on operating results.

Note 17 Income tax

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of comprehensive income (loss) for the years ended December 31, 2015 and 2014:

	2015	2014
	\$	\$
Total comprehensive income (loss) for the year		
Statutory income tax rate		
Expected income tax expense (recovery) at statutory rate		
Non-deductible items		
Change in estimates		
Change in enacted tax rates		
Change in deferred tax asset not recognized		
Total income taxes (recovery)		

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at December 31, 2015 and 2014 are comprised of the following:

	2015	2014
	\$	\$
Deferred tax assets:		
Non-capital loss carry forwards		
Cumulative eligible capital		
Equipment		
Deferred tax asset		
Deferred tax asset not recognized		
Net deferred tax asset		

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

The Company has non-capital loss carry forwards of approximately \$XX (2014 \$1XX) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2029
2030
2031
2032
2033
2034
2035
<hr/>
Total
<hr/>

Note 18 Economic dependence

The Company is economically dependent upon two of the Company's funders who routinely purchase receivables. The two respective funders purchased 13% (2013 - 22%) and 73% (2013 - 59%) of overall transfers of receivables to funders during the year.

Note 19 Subsequent events

On December 9, 2014, the Company entered into a loan agreement with one of the Merchants from whom they regularly purchase loans. The Company has provided an interest bearing loan facility of up to a maximum of \$1 million. The Merchant may prepay the loan in its entirety before the scheduled maturity date of November 10, 2019. The loan is secured by a general security agreement against certain of the tangible assets, including receivables of the Merchant. The draw-down of the loan facility is restricted for use as an offset to credit losses on loans purchased by the Company from the Merchant that would otherwise have resulted in draw-down of contingent payable consideration from ongoing purchases from the Merchant.

Crelogix Credit Group Inc.
Consolidated Financial Statements
October 31, 2016

Crelogix Credit Group Inc.
Consolidated Statement of Financial Position
As at October 31,
(Expressed in Canadian Dollars)

Assets		2016		2015
Current:				
Cash		\$ 403,815	\$	1,542,092
Cash held in trust	(Note 2)	6,592,419		5,726,637
Loss reserve fund	(Note 2)	6,707,260		6,423,588
Accounts receivable		(108,744)		206,831
Loans receivable- Current	(Note 4)	38,338,937		35,302,566
Prepaid expenses		241,706		108,819
		52,175,393		49,310,533
Loan receivable - Non current	(Note 4)	150,901,271		141,749,061
Property and equipment (net)	(Note 5)	776,074		734,054
Intangible assets		95,623		181,420
		203,948,361		191,975,068
Liabilities				
Current:				
Bank indebtedness	(Note 6)	\$ 1,560,605	\$	1,332,749
Accounts payable and accrued liabilities	(Note 7)	2,082,704		867,769
Secured borrowing- Current	(Note 8)	44,557,716		42,738,322
		48,201,025		44,938,840
Secured borrowing- Non current	(Note 8)	180,251,583		168,416,720
Finance lease obligation	(Note 9)	79,512		47,671
Lease inducement	(Note 10)	224,391		270,030
Convertible note		2,017,175		-
Long-term debt		31,244		52,369
		230,804,930		213,725,630
Shareholders' Equity				
Share capital	(Note 11)	1,787,004		1,787,004
Contributed surplus		16,132		16,132
Deficit		(28,659,705)		(23,553,698)
		(26,856,569)		(21,750,562)
		\$ 203,948,361	\$	191,975,068

Subsequent events (Note 19)

The consolidated financial statements were approved by the board of directors on Nov 30, 2017 and were signed on its behalf by:

 Director

 Director

Crelogix Credit Group Inc.
Consolidated Statement of Comprehensive Income (Loss)
Years Ended October 31,
(Expressed in Canadian Dollars)

	2016	2015
Revenue		
Interest income	\$ 18,537,671	\$ 18,111,322
Insurance commission	2,220,744	1,954,286
Bank interest and loan administration fees	478,148	550,927
Contract service fees	218,281	161,260
	21,454,844	20,777,795
Cost of revenue		
Interest expense	9,669,539	8,848,082
Selling and merchant promotion expense	2,301,149	4,082,428
Provision for credit losses	6,712,392	6,840,314
	18,683,080	19,770,824
	2,771,764	1,006,971
Operating expenses		
Advertising and promotion	296,316	609,963
Bank charges and credit card fees	278,426	207,487
Computer maintenance	751,284	725,720
Credit reports	194,415	200,550
Equipment repairs and maintenance	1,932	2,172
Insurance, licenses and dues	122,245	136,453
Office and miscellaneous	196,272	301,123
Professional fees	617,520	652,862
Rent	458,818	430,853
Repairs and maintenance	2,906	585
Telephone	136,705	116,943
Travel and entertainment	610,443	725,266
Wages and employees benefits	3,746,390	3,861,136
	7,413,672	7,971,113
Operating loss before the following:	(4,641,908)	(6,964,142)
Amortization	355,409	270,451
Interest charges	65,515	65,560
Loss before income taxes	(5,062,832)	(7,300,153)
Income tax expense (Note 17)	43,175	107
Loss and comprehensive loss	\$ (5,106,007)	\$ (7,300,260)

Crelogix Credit Group Inc.
Consolidated Statement of Cash Flows
Years Ended October 31,
(Expressed in Canadian Dollars)

Cash provided by (used for) the following activities	2016	2015
Operating activities		
Comprehensive Income	\$ (5,106,007)	\$ (7,300,260)
Investment in loan receivables, net of collections	6,335,240	(6,677,364)
Proceeds from assets securitized	90,707,369	106,768,146
Payments to funders	(86,722,651)	(83,972,854)
Items not affecting cash		
Loan interest revenue	(18,537,671)	(18,111,322)
Loan interest expense	9,669,539	8,848,083
Amortization of lease inducement	(45,639)	(45,639)
Amortization of property and equipment	115,747	124,113
Amortization of intangible assets	239,663	146,337
Loan impairment	13,850	(166,221)
Changes in working capital balances related to operations		
Accounts receivable	315,576	(189,695)
Prepaid expenses	(132,887)	50,260
Income tax payable		(3,310)
Accounts payable and accrued liabilities	1,214,934	(246,741)
	(1,932,937)	(776,469)
Investing activities		
Purchase of property and equipment	(157,767)	(114,770)
Purchase of intangible assets	(153,866)	(246,389)
	(311,633)	(361,159)
Financing activities		
Convertible Note	2,017,175	-
Repayment of capital lease obligation	31,841	(61,858)
Cash in trust	(865,782)	(124,925)
Loss reserve fund	(283,672)	994,768
Net proceeds on long-term debt	(21,125)	52,369
Net advances (repayment) on bank indebtedness	227,856	(131,114)
Dividends paid	-	(250,002)
	1,106,293	479,238
Increase in cash	(1,138,277)	(658,390)
Cash - beginning of year	1,542,092	2,200,482
Cash - end of year	\$ 403,815	\$ 1,542,092

Crelogix Credit Group Inc.
Consolidated Statements of Changes in Equity
Years Ended October 31,
(Expressed in Canadian Dollars)

	Common shares	Share capital	Contributed surplus	Deficit	Total
		\$	\$	\$	\$
Balance, November 1, 2014	7,461,667	1,787,004	16,132	(16,003,438)	(14,200,302)
Dividends paid	-	-	-	(250,000)	(250,000)
Net (loss)	-	-	-	(7,300,260)	(7,300,260)
Balance, October 31, 2015	7,461,667	1,787,004	16,132	(23,553,698)	(21,750,562)
Net (loss)	-	-	-	(5,106,007)	(5,106,007)
Balance, October 31, 2016	7,461,667	1,787,004	16,132	(28,659,705)	(26,856,569)

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
For the Years Ended October 31,
(Expressed in Canadian Dollars)

Note 1 General information

Crelogix Credit Group Inc. and its subsidiaries (the "Company") is a non-bank Canadian financial services provider. Since 1974, the Company (or its predecessors) has been providing ongoing funding, receivables management, collection, advisory, and related services to providers of consumer products and services in the automotive after-market, consumer durables, healthcare, home improvement, membership, tuition, power products and vacation ownership sectors. The address of the Company's registered office is 4445 Lougheed Highway, Suite 900, Burnaby, British Columbia, Canada V5C 0E4.

The Company previously operated under the name Travelers Acceptance Corporation. Travelers Acceptance Corporation was incorporated under the laws of the Province of Alberta and subsequently registered as an extra provincial company under the laws of the Province of British Columbia on January 30 1980. On November 1, 2009, Travelers Acceptance Corporation was restructured and a new holding company, Crelogix Credit Group Inc., was incorporated. The shareholders transferred all of their issued and outstanding shares in Travelers Acceptance Corporation such that the Company became the sole shareholder of Travelers Acceptance Corporation. On March 14, 2010, Travelers Acceptance Corporation changed its name to Crelogix Acceptance Corporation.

Note 2 Summary of significant accounting policies

Basis of presentation and statement of compliance with IFRS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities which are measured at fair value. These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The consolidated financial statements for the years ended October 31, 2016 were authorized for issue in accordance with a resolution of the Board of Directors of the Company on XXX, 2017.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Crelogix Acceptance Corporation, Crelogix Portfolio Services Corporation and Intuition Financial Corporation. All significant intercompany accounts and transactions have been eliminated on consolidation.

Revenue recognition

Revenues from the Company's operations are recognized when it is probable that the future economic benefits of the transaction will flow to the Company, the amount of revenue can be reliably measured, and at the transaction date, it is probable that the amount of revenue recognized will be recovered.

Interest income

Interest income represents the interest collected on the loan receivables. Interest income is recorded on an effective yield basis, which produces a constant rate of return on the loan receivables. Recognition of interest income is suspended for finance receivables classified as non-performing. Finance receivables are classified as non-performing as determined appropriate by management, typically after missed payments of 120 days.

Insurance commission

The Company recognizes insurance commissions, as of the effective date of the loan borrower's policy.

Crelogix Credit Group Inc.
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Bank interest and loan administration fees

Interest and loan administration fees include extension fees and not sufficient funds ("NSF") fees charged to customers. Interest and administration fees are recognized as revenue when earned and when collection is reasonably assured.

Contract service fees

Contract service fees include income generated from collection and billing services performed on behalf of merchants. Contract service fees are recognized as revenue when earned and when collection is reasonably assured.

Cost of revenue

Cost of revenue consists of interest expenses on secured borrowing to fund purchase of loan receivables, provision for loan losses and transaction costs. Transaction costs are expenses that relate directly to the acquisition and processing of new customers (excluding marketing) and include such expenses as payment for processing fees, credit scoring fees, loan system transaction fees, insurance commission expense and issuance costs and fees related to the Visa card program.

Cash held in trust

Cash held in trust represents amounts collected from consumers pursuant to finance receivables which are restricted as to use in instances where the Company is obliged to pay amounts collected from borrowers to funders pursuant to purchase and sale agreements of receivables.

Loss reserve fund

An initial amount of consideration is withheld by the respective funders and deposited in an account with the funder ("Loss Reserve Fund"). The Company will be entitled to any residual amount of the Loss Reserve Fund, including interest earned on funds on deposit in the event that credit losses are below certain negotiated levels specified in the relevant funder agreements. A separate Loss Reserve Fund is maintained by each funder. Losses from default loan receivables are applied to the respective funder accounts up to the amount of the Loss Reserve Fund. If the Loss Reserve Fund declines below minimum specified levels, an additional amount of consideration on subsequent transfers of receivables to the funder will be withheld by the funder and deposited in the Loss Reserve Fund. If the Loss Reserve Fund balance increases above certain specified thresholds, an amount of deferred consideration will be periodically released to the Company.

Loans receivable

Loans receivable consist of unsecured short-term and installment loans. Loans receivable are reported net of an allowance for loan losses.

The Company maintains an allowance for loan losses that reduces the carrying value of loans identified as impaired to their estimated realizable amounts.

Loans classified as impaired include loans for which collection of interest and principal payments are in doubt.

Loans are also considered impaired if, in management's view, there is no longer reasonable assurance of timely collection for the full amount of principal and interest.

Financial Instruments

Recognition and measurement

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

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All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the instrument's classification.

The Company has implemented the following classifications:

Loan receivables are classified as "loans and receivables". After their initial fair value measurement, these items are subsequently measured at amortized cost using the effective interest method. For loan receivables, the measured amount generally corresponds to cost, net of an allowance for loan losses.

Accounts payable and accruals, deferred revenue, secured borrowings are classified as "other financial liabilities". After their initial fair value measurement, net of any transaction costs incurred, these items are subsequently measured at amortized cost using the effective interest method.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events has had a negative effect on the estimated future cash flows of that asset. An impairment loss is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at their original effective interest rate.

Impairment losses are recognized in income (loss). An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Equipment

All property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

All assets having limited useful lives are depreciated using the declining balance method at rates intended to depreciate the cost of assets over their estimated useful lives.

The depreciation rate for each class of asset during the current and comparative periods are as follows:

Furniture and equipment	20% per annum
Telephone equipment	20% per annum
Computer equipment	20% per annum
Leasehold improvements	straight-line over the term of the lease

The useful lives of items of property and equipment are reviewed periodically and the useful life is altered if estimates have changed significantly.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses. Intangible assets include both internally generated and acquired software with finite useful lives. Internally generated software costs primarily consist of salaries and payroll-related costs for employees directly involved in the development efforts and fees paid to outside consultants. Amortization is recorded at rates intended to amortize the cost of the intangible assets over their estimated useful lives as follows:

Computer software	100% per annum
Website development costs	straight-line over 3 years

Crelogix Credit Group Inc.
Notes to the Consolidated Financial Statements
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Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating units ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU's, or otherwise they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the Consolidated Statement of Comprehensive Loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in the Consolidated Statement of Comprehensive Loss.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive loss, net of any reimbursement. The increase in the provision due to passage of time is recognized as interest expense.

Finance leases

Leases are classified as either finance or operating. Those leases which transfer substantially all the benefits and risks of ownership of the property to the Company are accounted for as finance leases. Finance lease obligations reflect the present value of future minimum lease payments, discounted at the appropriate interest rate. All other leases are accounted for as operating leases wherein rental payments are charged to expense as incurred.

Finance leases are recorded at cost less accumulated amortization. Amortization is calculated using the following rates and methods:

Furniture and equipment	20% per annum
Telephone equipment	20% per annum

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Notes to the Consolidated Financial Statements
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Income taxes

Income tax expense is comprised of current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Comprehensive loss

Comprehensive loss includes all changes in equity of the Company, except those resulting from investments by shareholders and dividends paid. Comprehensive loss is the total of loss and other comprehensive loss. Other comprehensive loss is comprised of revenues, expenses, gains and losses that, in accordance with IFRS, require recognition, but are excluded from loss. The Company does not have any items giving rise to other comprehensive income (loss) nor is there any accumulated balance of other comprehensive income (loss). All gains/losses, including those arising from measurement of all financial instruments have been recognized in loss for the year.

Significant accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements and notes.

Significant accounting estimates and assumptions

These estimates and assumptions are based on management's historical experience, best knowledge of current events, conditions and actions that the Company may undertake in the future and other factors that management believes are reasonable under the circumstances.

These estimates and assumptions are reviewed periodically and, the effect of a change in accounting estimate or assumption is recognized prospectively by including it in the Consolidated Statement of Comprehensive Loss in the period of the change and in any future periods affected.

The areas where estimates and assumptions have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

Loan receivables

Loans receivable are stated after evaluation as to their collectability and an appropriate allowance for loan losses is provided where considered necessary. The Company has determined the likely impairment loss on loans receivable which have not maintained the loan repayments in accordance with the loan contract or where there is other evidence of potential impairment. The methodology and assumptions used in setting the loan allowance are reviewed regularly to reduce any difference between loss estimates and actual loss experience.

Our provision for loan losses consists of amounts charged to income during the period to maintain an allowance for loan losses estimated to be adequate to provide for probable credit losses inherent in our existing loan portfolio. Our allowance for loan losses represents our estimate of the expected credit losses inherent in our portfolio and is based on a variety of factors, including the composition and quality of the portfolio, loan-specific information gathered through our collection efforts, delinquency levels, our historical charge-off and loss experience, and general economic conditions. The provision for loan losses expense in the consolidated statement of comprehensive loss is recorded net of recoveries.

Crelogix Credit Group Inc.
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Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Note 3 New accounting pronouncements

Future accounting standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(a) IAS 1 – Presentation of Financial Statements was amended in December 2015 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, and that materiality considerations apply to all parts of the financial statements, and that even when a standard requires specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

(b) IFRS 9 Financial instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

(c) IFRS 15, Revenue from Contracts with Customers IFRS 15 are new standards on revenue recognition that will supersede IAS 18, *Revenue*, IAS 11, *Construction Contracts* and related interpretations. These standards are effective for the fiscal period beginning on or after January 1, 2018.

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Notes to the Consolidated Financial Statements
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Note 4 Loans receivable

Loans receivable represent unsecured short-term loans and installment loans advanced to customers in the normal course of business. The terms of the loans vary from 1 to 8 years. As the installment loans are issued with maturity dates beyond one year, they are considered noncurrent. The breakdown of the Company's gross loans receivable as at October 31, 2016, October 31, 2015 and November 1, 2013 is as follows:

	2016	2015
	\$	\$
Current	38,338,937	35,302,566
Non-Current	150,901,271	141,749,061
	189,240,208	177,051,627

Age analysis of loans receivable

	2016	2015
	\$	\$
Not past due	179,649,230	169,535,758
1-30 days past due	6,693,323	4,977,976
31-60 days past due	1,975,467	1,314,196
61-90 days past due	754,123	996,367
91-120 days past due	616,372	648,813
Greater than 120 days past due	1,001,286	1,014,260
Gross loans receivable	190,689,801	178,487,370
Allowance for loan losses	1,449,593	1,435,743

Allowance for loan losses

	2016	2015
Balance, beginning of the year	1,435,743	1,601,964
Provision for loan losses	13,850	(166,221)
Balance, end of the year	1,449,593	1,435,743

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Note 5 Equipment

	Furniture and equipment \$	Telephone equipment	Computer equipment	Leasehold improvement	Total \$
<i>Cost</i>					
Balance, October 31, 2014	379,798	132,287	363,055	542,832	1,417,972
Additions	114,770	-	-	-	114,770
Balance, October 31, 2015	494,568	132,287	363,055	542,832	1,532,742
Additions	2,660	-	108,276	46,830	157,766
Balance, October 31, 2016	497,228	132,287	471,331	589,662	1,690,508

	Furniture and equipment \$	Telephone equipment	Computer equipment	Leasehold improvement	Total \$
<i>Accumulated depreciation</i>					
Balance, October 31, 2014	217,844	76,825	213,133	166,773	674,575
Additions	45,430	11,092	29,985	37,606	124,113
Balance, October 31, 2015	263,274	87,917	243,118	204,379	798,688
Additions	46,259	8,874	25,207	35,406	115,746
Balance, October 31, 2016	309,533	96,791	268,325	239,785	914,434

	Furniture and equipment \$	Telephone equipment	Computer equipment	Leasehold improvement	Total \$
<i>Net book value</i>					
At October 31, 2015	231,294	44,370	119,937	338,453	734,054
At October 31, 2016	187,695	35,496	203,006	349,877	776,074

Note 6 Bank indebtedness

The Company's bank indebtedness consists of an operating line of credit and bank accounts in an overdraft position. The Company has a \$2,000,000 operating line of credit with a related party which is also a shareholder (note 19), which is charged interest at the bank's prime rate plus 1.50%. The facility is payable on demand by the creditor. The facility is in the normal course of business and is accounted for at the exchange amount. The operating line of credit is secured as follows:

- a) General security agreement registered in British Columbia and Alberta under the Personal Property Security Act, covering all presently owned and after-acquired property, including proceeds thereof.
- b) Assignment of key man life insurance in the amount of \$500,000.
- c) Limited guarantees and postponement of claims of related parties.

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As at October 31, 2016, the operating line of credit has a balance of \$ 1,560,605 (2015 - \$1,332,749).

Note 7 Trade payables and accrued liabilities

	2016	2015
	\$	\$
Trade payables	1,743,123	\$558,840
Accrued liabilities	339,581	\$308,929
	2,082,704	\$867,769

Note 8 Secured borrowings

	2016	2015
	\$	\$
Current	44,557,716	42,738,322
Non-Current	180,251,583	168,416,720
	224,809,299	211,155,042

The Company's secured borrowings represent loans from funders for the transfer of finance receivables that did not qualify for sale treatment under IFRS. This amounts to \$224,809,299 (2015 - \$211,155,042). The debts bear interest at rates ranging from 4.48% to 6.19%. The borrowings are collateralized by certain assets included in loan receivables amounting to \$189,240,208 (2015 - \$177,051,627), which are measured at amortized cost.

Crelogix Credit Group Inc.
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Note 9 Finance lease obligation

The Company has entered into lease agreements to acquire equipment that has been financed by long-term liabilities that represent the minimum lease payments net of imputed interest at discount rates implicit in the respective leases of 2.80%. During the year ended October 31, 2016, the Company recorded interest expense of \$XX related to its lease obligations (2015 - \$XX).

	2016 \$	2015
Total minimum lease payments		
Portion representing interest to be recorded over the remaining term of the lease		
Present value of minimum lease payments		

The expected minimum lease payments over the next two years, the remaining term of the leases, are as follows:

Note 10 Lease inducement

During 2011, the Company relocated to a new head office. Upon completion of leasehold improvements, the Company received a \$420,940 lease inducement from the landlord, which is being amortized on a straight-line basis over 10 years. In 2015, the amortization length was adjusted from 15 to 10 years on a prospective basis to reflect a revision in the remaining term of the lease.

Note 11 Share capital

- a) Authorized, issued and outstanding

The Company is authorized to issue an unlimited number of common shares without par value. As at October 31, 2015, the company has 7,461,667 (2013 - 7,461,667) issued shares.

- b) Stock options and stock-based compensation

On July 15, 2013, the Company granted 685,500 stock options to certain key employees of the Company, which vest equally over a period of three years and are exercisable as and when they vest for a period of five years at a price of \$22.18 per share. No stock-based compensation expense was required to be recognized for these grants. During 2015, 114,250 share options were forfeited.

As at October 31, 2015, the following share options are outstanding:

Exercise

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	# of options	price \$	Expiry date
At October 2013	685,500	22.18	March 31, 2018
Forfeited	114,250	22.18	March 31, 2018
At October 2015	571,250	22.18	March 31, 2018

Note 12 Key management personnel

Directors and key management personnel

The names of Directors and Key Management Personnel ("KMP") who have held office during the financial year are:

Directors

Key management personnel

Crelogix Credit Group Inc.
Notes to Consolidated Financial Statements
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Note 13 Risk Management

Risk management policy objectives

The Company's business activities require the management of particular risks or combinations of risks. Risk management is the identification, analysis, evaluation and management of factors that could adversely affect the Company's resources, operations, reputation and financial results. The Company has established a set of risk management policies that identify and analyze these risks and where required set appropriate risk limits to conservatively manage these risk factors. The Company continually monitors these risks and limits identified risks by means of internal control measures, which at the date of the statement of financial position, are considered to be up to date and reliable.

Credit risk

Credit risk is the risk that the Company will incur a loss because finance receivables, debtors and other counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties on finance receivables. Counterparty limits are established by the use of both internal credit risk classifications systems, which assign each counterparty a risk rating. The Company typically does not have asset collateral on its finance receivables and thus is exposed to a risk of credit loss on the entire amount of the finance receivables balance in circumstances in which finance receivables debtors do not make their contractually due repayments and credit remediation efforts are unsuccessful.

The Company also monitors the diversification of its lending across asset class, geography and transaction size. At October 31, 2015, the top three asset classes underlying the lending portfolio were Home Improvements with 51% (42% - 2013), Power Products with 31% (34% - 2013) and Personal Services with 12% (14% - 2013). At October 31, 2015 and October 31, 2013, 100% of the finance receivable portfolio was issued to customers in Canada. As a result of transaction sizes and collateral arrangements, no individual customer represents a significant credit risk to the Company.

The Company is exposed to credit risk of the underlying receivables in respect to its retained interests (see note 4).

The Company's maximum exposure to credit risk for components of the consolidated balance sheet at October 31, 2016 and 2015 is the carrying amounts as disclosed on the consolidated balance sheet.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company's management oversees the Company's liquidity to ensure the Company has access to enough readily available funds to cover its financial obligations as they come due and sustain and grow its assets and operations under both normal and stress conditions.

Crelogix Credit Group Inc.
Notes to Consolidated Financial Statements
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Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does experience short-term interest rate risk on these finance receivables during the period between fixing the contractual rate under the finance contracts with its customers and the point of transferring a package of loans. During this time, an upward movement in Government of Canada bond rates can negatively impact the spread on the transaction. In order to mitigate this risk, the Company carefully monitors its borrowing costs to ensure its rates reflect appropriate spreads to insulate against sudden unexpected interest rate movements. In order to further mitigate risk, the Company undertakes regular transfers which reduce the warehouse period and the likelihood that a significant movement in bond rates will negatively impact the spreads on such transactions.

Note 14 Fair values of financial instruments

The fair value of a financial instrument on initial recognition is normally the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments measured at fair value are determined by using valuation techniques which utilize observable market inputs. These include comparison with similar instruments where market observable prices exist and discounted cash flow analysis.

The Company uses the following hierarchy for determining the fair value of financial instruments: Level 1 ("L1") – quoted (unadjusted) prices in active markets for identical assets or liabilities; Level 2 ("L2") – other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and Level 3 ("L3") – techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The carrying value of cash, accrued income, trade receivables, trade payables and accrued liabilities and shareholder loan approximates fair value as they are short term in nature or are receivable / payable on demand.

Note 15 Related party transactions

One of the Company's shareholders entered into regular transactions involving the purchase of loan receivables from the Company in the normal course of business. During the year, the related party purchased \$12.5 million (2013 - \$15.8 million) of receivables from the Company which was measured in the consolidated financial statements at the agreed upon exchange amount. As at October 31, 2015, the Company has a funder payable due to the related party in the amount of \$1.3 million (2013 - \$1.3 million). Transactions with the related party for the transfer of receivables are on terms similar to terms and conditions of transactions with funders that are unrelated to the Company.

Note 16 Commitments

Commitments relating to an operating lease for the rental of office space are as follows:

Crelogix Credit Group Inc.
Notes to Consolidated Financial Statements
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Furthermore, in the ordinary course of business, the Company has legal proceedings brought against it and provisions have been included in liabilities where appropriate. Based on current knowledge, the Company expects that final determination of these claims will not have a material adverse effect on its consolidated balance sheet or on operating results.

Note 17 Income tax

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of comprehensive income (loss) for the years ended October 31, 2016 and 2015:

	2016	2015
	\$	\$
Total comprehensive income (loss) for the year		
Statutory income tax rate		
Expected income tax expense (recovery) at statutory rate		
Non-deductible items		
Change in estimates		
Change in enacted tax rates		
Change in deferred tax asset not recognized		
Total income taxes (recovery)		

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at October 31, 2016 and 2015 are comprised of the following:

	2016	2015
	\$	\$
Deferred tax assets:		
Non-capital loss carry forwards		
Cumulative eligible capital		
Equipment		
Deferred tax asset		
Deferred tax asset not recognized		
Net deferred tax asset		

The Company has non-capital loss carry forwards of approximately \$XX (2015 \$1XX) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2029
2030
2031
2032
2033
2034
2035

Crelogix Credit Group Inc.
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Total

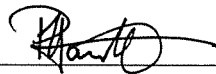
Note 18 Economic dependence

The Company is economically dependent upon two of the Company's funders who routinely purchase receivables. The two respective funders purchased 13% (2013 - 22%) and 73% (2013 - 59%) of overall transfers of receivables to funders during the year.

Note 19 Subsequent events

On December 9, 2015, the Company entered into a loan agreement with one of the Merchants from whom they regularly purchase loans. The Company has provided an interest bearing loan facility of up to a maximum of \$1 million. The Merchant may prepay the loan in its entirety before the scheduled maturity date of November 10, 2019. The loan is secured by a general security agreement against certain of the tangible assets, including receivables of the Merchant. The draw-down of the loan facility is restricted for use as an offset to credit losses on loans purchased by the Company from the Merchant that would otherwise have resulted in draw-down of contingent payable consideration from ongoing purchases from the Merchant.

This is **Exhibit “W”** referred to in the Affidavit of Darcy Peelar,
sworn before me this 5th day of July, 2017



A Commissioner for Oaths in and for Alberta

Patrick T. Harnett
Barrister and Solicitor



Alvarez & Marsal Canada ULC
Bow Valley Square 4
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July 3, 2017

Servus Credit Union Ltd.
c/o Miller Thomson LLP
2700 Commerce Place
10155 - 102 Street
Edmonton, Alberta T5J 4G8

Attention: Mr. Rick Reeson

Re: Crelogix Acceptance Corporation – Financial Position & Liquidity

We are writing to provide a brief summary of the status of Crelogix Acceptance Corporation (“Crelogix”), pursuant to the engagement letter dated September 6, 2016.

BACKGROUND

Crelogix is a financing company that provides consumer loans throughout Canada using a network of arm’s-length merchants. The loans range in size from \$5 to \$25,000. Its income and cashflow is derived through:

- a) Packaging up the consumer loans and selling those to various financial institutions (“securitizing”) on a weekly basis. The securitized loan packages are generally in the range of \$1.0 million;
- b) Insuring the consumer loans on behalf of an insurance company; and
- c) Administering the loans on behalf of the financial institutions providing the funding (“Funders”). The Funders have historically been 5 credit unions, but currently only Prospera has been providing funding for the securitization of the consumer loans. Prospera has provided approximately \$170 million of such funding. The others are collectively approximately \$60 million. A schedule is attached setting out the balances of each Funder. Crelogix currently administers approximately 25,000 consumer loans.

Upon commencing our engagement in 2016, it was apparent that Crelogix was experiencing liquidity problems and was not able to fund its day to day operations from its ongoing cashflow. Further, it had used its \$2.0 million bridge financing line provided by Servus to pay ongoing operating expenses, whereas the purpose of the line was to provide bridge financing to cover the consumer loans payable to the merchants on an expedited basis until the loans could be securitized. The cause of the liquidity crisis was largely due to consumers paying out their loans earlier than the original maturity. This required Crelogix to also payout the Funder and due to the interest spread differential the payment to the Funder was greater than the amount received from the consumer, as in Canada consumers can payout loans early with no penalty. For the past year the additional payment required to be made to the Funders was

in the range of \$500,000 to \$600,000 a month. The monthly payments received from consumers are in the range of \$6,000,000 which is flowed through to the Funders.

FORBEARANCE BY SERVUS

As a result of the liquidity problems Servus, notwithstanding the defaults under its bridge loan facility, agreed to provide additional funding to Crelogix. On September 14th, 2016 Servus and Crelogix entered into a Forbearance Agreement which the Borrower and Guarantors acknowledged and agreed to have committed a default under the terms of Securities. In conjunction with the agreement, A&M was engaged as financial advisor to Servus and Crelogix consented to a Receivership Order, to be utilized by Servus under certain conditions. From November 2016 to June 28th, 2017 the Lender and Crelogix entered into 13 Amending Agreements to, among other things, provide Crelogix with additional time to review strategic alternatives and formalize a plan to repay the amounts owing to the Lenders under the Credit Facilities.

STRATEGIC REVIEW PROCESS

Prior to the forbearance by Servus, Crelogix had initiated a process to review strategic alternatives including the sale or recapitalization of the Crelogix. Crelogix engaged Raymond James as its financial advisor to assist in this process. Crelogix received a few expressions of interest for the purchase of Crelogix. Crelogix engaged in consecutive extensive negotiations with two parties in an attempt to complete a sale of Crelogix. Negotiations with the first party were protracted and the Forbearance Agreement was extended several times to facilitate negotiations. The potential purchaser eventually withdrew. Similarly, negotiations with the second party took longer than expected but no agreement was reached. During these negotiations, Crelogix's financial position continued to deteriorate as its revenue was not sufficient to cover ongoing operating costs and the early payout amounts payable to the Funders.

ACCOUNTING AND FINANCIAL REPORTING

Crelogix has not for the past year been able to generate monthly financial statements and has not provided finalized financial statements for its fiscal year ended October 31, 2016. Accordingly, it does not have accurate information to manage its business. It is also deficient in providing the required financial reporting to Servus. Financial statements for the years ending October 31, 2015 and 2016 have not been finalized. Crelogix engaged Meyers Norris Penny ("MNP") to assist with the preparation of those statements including a conversion from ASPE to IFRS statements. With the assistance of MNP, draft financial statements were completed in late June 2017 for the years ending October 31, 2015 and 2016; however, no monthly internal financial statements have been produced by Crelogix since August 2016 and Crelogix continues to have difficulty with staff turnover in the accounting department, which adds to their difficulty in completing monthly reporting.

The draft financial statements indicate that at October 31, 2016 the balance sheet is upside down, with a \$29 million deficit having lost \$5 million, \$7 million and \$5 million respectively in 2016, 2015 and 2014.



CURRENT STATUS

Crelogix does not have sufficient liquidity to continue operations in the normal course. It has now ceased paying its suppliers almost altogether and has not made regular payments to its suppliers for last several months. Crelogix has advised that most of its vendor accounts are in arrears by approximately \$1.0 million and such vendors are not prepared to grant further credit. Various suppliers of Crelogix have now delivered notices of their intention to cease supplying various essential goods and services to Crelogix. As an example, its provider of group benefits for its employees advised under letter on June 16, 2017 that the contract would be cancelled if payment of approximately \$20,000 was not received within 20 days.

On the 10th of every month Crelogix is required to remit the loan payment to Funders relating to the previous month. To do so it calculates the difference between what it has received from its consumer loans ("Servicer") and what it is required to pay to the Funders. The deficiency, referred to as the Early Payout ("EPO") amount must be made up from Crelogix's cashflow. On June 10, 2017 Crelogix was not able to fund the monthly EPO for May 31, 2017 of approximately \$591,000 (net of the \$125,000 administration fee and other adjustments). Further, for unknown reasons it has not remitted any of the approximately \$6.5 million to the Funders. The majority of those funds are in a separate bank account at TD Canada Trust. A further loan payment is due on July 10, 2017 and it is likely the EPO will be similar to June. Crelogix has no ability to make the EPO for July from its cashflow.

On June 1, 2017, Crelogix entered an amending agreement with its current Funder, Prospera Credit Union. The amendment increased the credit loss default rate charged to Crelogix from 2% to 4% to top up the loan loss account which was underfunded; reduced the annual funding to \$30 million and the monthly funding to \$2.5 million, except for June, July and August of 2017, which have monthly funding available of \$5.0 million. Crelogix had been generating about \$8.0 million a month and that was not sufficient to cover its expenses and the EPO, so the amendment will significantly hinder Crelogix's ability to make consumer loan originations at the volumes necessary meet ongoing financial commitments. In June, Crelogix generated \$3.0 million of new consumer loans without a commitment from its Funder to securitize those loans and to date has not been able to securitize those loans and make the necessary payments to its merchant vendors. Many of the merchant vendors have advised they will not provide further business to Crelogix and will likely begin taking action against Crelogix.

If you have any questions or require further clarification, please don't hesitate to contact us.

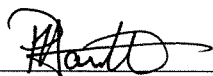
Yours truly,



Tim Reid, CPA, CA, CIRP, LIT
Managing Director
Alvarez & Marsal Canada ULC



This is **Exhibit “X”** referred to in the Affidavit of Darcy Peelar,
sworn before me this 5th day of July, 2017



A Commissioner for Oaths in and for Alberta

Patrick T. Harnett
Barrister and Solicitor

Harnett, Patrick

From: CHAMBERS, JOAN <JOAN.CHAMBERS@blakes.com>
Sent: Saturday, July 01, 2017 8:33 AM
To: Reeson, Rick; Trumpour, Kevin; Gusa, Thomas
Cc: RUBIN, PETER; RITCHIE, RIANNA
Subject: Crelogix Companies

I am emailing to let you know that Karl Sigerist, Mike McKay, Mike Mills and Wayne Cook tendered their resignations as directors and officers of all Crelogix Companies yesterday at approximately 430 in the afternoon.

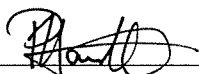
Sent from my iPhone

Blake, Cassels & Graydon LLP
595 Burrard Street, Suite 2600, Vancouver BC V7X 1L3
Tel: 604-631-3300 Fax: 604-631-3309
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This is **Exhibit “Y”** referred to in the Affidavit of Darcy Peelar,
sworn before me this 5th day of July, 2017



A Commissioner for Oaths in and for Alberta

Patrick T. Harnett
Barrister and Solicitor

RESIGNATION OF DIRECTOR

To: Crelogix Credit Group Inc.

I hereby resign my position with Crelogix Credit Group Inc. as a Director effective immediately.

Please make all government and all other possible filings to reflect this resignation immediately and provide me with proof this has been done.

Any questions regarding my resignation should be directed to my legal counsel, Percival E. Odynak, QC, of Duncan Craig LLP.

Dated July 4, 2017



Marcel Fizell
Director