

No. S-209798
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF CREDITLOANS CANADA FINANCING INC. and
CREDITLOANS CANADA CAPITAL INC.

PETITIONERS

**FURTHER AMENDED PLAN OF COMPROMISE,
ARRANGEMENT AND REORGANIZATION**

DECEMBER 3, 2020

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PLAN OF COMPROMISE, ARRANGEMENT AND REORGANIZATION

This is the plan of compromise, arrangement and reorganization of the Companies (as defined herein) made pursuant to the *Companies' Creditors Arrangement Act*.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In the Plan, unless otherwise stated or the context otherwise requires:

“**2014 Bondholder Agreement**” means a Junior Bondholders Agreement dated June 26, 2014.

“**2017 Bondholder Agreement**” means a Junior Bondholders Agreement dated April 30, 2017.

“**Acquisition Agreement**” means the acquisition agreement between the Purchaser and the Companies pursuant to which, among other things, the Purchaser will become the only shareholders of Financing Inc. through the acquisition of the New Shares.

“**Acquisition Transactions**” means the transactions contemplated by the Acquisition Agreement.

“**Administration Charge**” means the charge provided for at paragraph 33 of the ARIO, securing the fees and disbursements of the Monitor, counsel to the Monitor and counsel to the Companies.

“**Affected Claims**” means all Claims other than Unaffected Claims, and without limitation includes Bondholder Claims and Unsecured Claims.

“**Affected Creditors**” means any Person having an Affected Claim and includes Bondholders, Unsecured Creditors and the transferee or assignee of a transferred or assigned Affected Claim who is recognized as an Affected Creditor by the Companies and the Monitor in accordance with the Claims Process Order, or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person.

“**Amended Bond**” means each Bond held by a Bondholder amended pursuant to the provisions of this Plan, (a) to provide for maturity on the date five years from the Distribution Date, (b) in the case of Bonds issued pursuant to the 2014 Bondholder Agreement, to delete paragraph 8.1(b) of the 2014 Bondholder Agreement, (c) to amend paragraph 7.3(a) of the Bondholder Agreements by deleting the reference to “90 days” and replacing it with “120 days”, and (d) to delete paragraph 7.3(b) of the Bondholder Agreements, and pursuant to which the Companies shall make quarterly payments such that each year after the Distribution Date the cumulative percentage of the face value paid shall equal: (a) Year 1: 8.85%; (b) Year 2: 21.40%; (b) Year 3: 39.28%; (c) Year 4: 64.38%; and (d) Year 5: 100%.

“**ARIO**” means the Amended and Restated Initial Order granted by the Court in the CCAA Proceedings on October 2, 2020.

“**Bondholder**” means any holder of the Bonds.

“**Bondholder Agreements**” means the 2014 Bondholder Agreement and the 2017 Bondholder Agreement.

“**Bondholder Cash Distribution**” means a payment in the amount of 35 cents for each whole dollar of a Bondholder’s Bondholder Claim.

“**Bondholder Claim**” means any Claim of a Bondholder arising solely in relation to its status as a Bondholder.

“**Bondholder Class**” means the Class consisting of the Bondholders.

“**Bondholder Election**” means the option for each Bondholder to elect to receive a Bondholder Cash Distribution.

“**Bonds**” means any of the outstanding bonds issued by Capital Inc. pursuant to the following agreements: (a) the 2014 Bondholder Agreement; and (b) the 2017 Bondholder Agreement.

“**Business Day**” means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Vancouver, British Columbia.

“**Capital Inc.**” means Creditloans Canada Capital Inc.

“**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

“**CCAA Charges**” means, collectively, the Administration Charge, the Interim Lender’s Charge and the D&O Charge.

“**CCAA Proceedings**” means the proceedings commenced by the Companies under the CCAA on the Filing Date in Supreme Court of British Columbia Action No. S-209798, Vancouver Registry.

“**Claim**” means: (a) any right or claim that is provable under the *Bankruptcy and Insolvency Act* of any Person where such right or claim was in existence on the Filing Date, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of either of the Companies, and any accrued interest thereon and costs payable in respect thereof up to and including the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts which existed prior to the Filing Date, and includes Tax Claims and any other claims that would have been claims provable in bankruptcy had the applicable Company become bankrupt on the Filing Date; (b) any Restructuring Claim; and (c) any right or claim of any Person against one or more of the Directors or Officers that relates to a Claim described in paragraph (a) of this definition or a Restructuring Claim howsoever arising for

which one or more of the Directors or Officers are by statute or otherwise by law liable to pay in their capacity as a Director or Officer or in any other capacity.

“**Claims Process**” means the process established by the Claims Process Order for determining the validity and quantum of Claims, including for voting and distribution purposes under the Plan.

“**Claims Process Order**” means the Order made on November 6, 2020 establishing the Claims Process, as such Order may be amended and supplemented from time to time.

“**Classes**” means the Bondholder Class and the Unsecured Creditor Class, and “**Class**” means either of them.

“**Common Shares**” means all common shares of Financing Inc. issued and outstanding as at the Filing Date.

“**Companies**” means, together, Financing Inc. and Capital Inc., and “**Company**” means either of them.

“**Conditions Precedent**” means those conditions precedent to the implementation of the Plan as set forth in Section 5.3 of this Plan.

“**Court**” means the Supreme Court of British Columbia.

“**D&O Charge**” means the charge in favour of the current Directors and current Officers provided for at paragraph 24 of the ARIО, securing the Companies’ indemnity obligations to the current Directors and current Officers as set forth in the ARIО.

“**DIP Commitment Letter**” means the letter dated October 1, 2020, setting out the terms and conditions of a credit facility as between Financing Inc., as borrower, Capital Inc., as guarantor, and the Interim Lender, and approved by the Court under the ARIО and as amended from time to time.

“**Directors**” means, collectively, all current and former directors of the Companies.

“**Distribution Date**” means that date that is 90 days after the Effective Date or such earlier date as may be determined by the Companies, with the permission of the Purchaser.

“**Effective Date**” means the Business Day on which the Companies, with the consent of the Purchaser, confirms to the Monitor in writing that each of the Conditions Precedent have been satisfied or waived.

“**Effective Time**” means 5:00 p.m. (Vancouver time) on the Effective Date.

“**Existing Securities**” means the Common Shares, the Preferred Shares, any and all options and warrants issued by Financing Inc. to acquire any of the Common Shares or Preferred Shares, and any other document, instrument or writing of Financing Inc. commonly known as a security.

“**Existing Securities-holders**” means those Persons holding any Existing Securities immediately prior to the Effective Date.

“**Filing Date**” means September 30, 2020.

“**Financing Inc.**” means Creditloans Canada Financing Inc.

“**Initial Order**” means the Order granted by the Court in the CCAA Proceedings on September 30, 2020.

“**Interim Lender**” means JWC Opportunities Fund Inc.

“**Interim Lender’s Charge**” means the charge provided for at paragraph 37 of the ARIO, securing the obligations of the Companies under the DIP Commitment Letter.

“**Loan Funder Unsecured Claim**” means a Claim of a Loan Funder that is not secured against any of the assets of the Companies.

“**Loan Funders**” means, collectively, ACF Financial Limited Partnership, CHP Master I Limited Partnership, CHP ALT Credit Limited Partnership, Merchant Opportunities Funds Limited Partnership, and Health Smart Financial Services Inc., doing business as “Paybright”.

“**Meeting**” means the meeting of the Affected Creditors to be called, convened and conducted in accordance with the Plan and the Meeting Order at which the Affected Creditors will consider and vote on the Resolution.

“**Meeting Date**” means the date of the Meeting as set out in the Meeting Order.

“**Meeting Order**” means an Order to be sought establishing the Classes for the purposes of this Plan and for voting purposes, and directing the calling and holding of the Meeting, as such Order may be amended and supplemented from time to time.

“**Monitor**” means BDO Canada Limited, in its capacity as the Court-appointed monitor of the Companies appointed pursuant to the Initial Order.

“**Monitor’s Implementation Certificate**” means a certificate to be filed by the Monitor in the CCAA Proceedings confirming that the Plan Transactions and the Acquisition Transactions have completed and that the Plan has been implemented in accordance with its terms.

“**New Shares**” means new common shares of Financing Inc. to be issued pursuant to the provisions of the Plan.

“**Officers**” means, collectively, all current and former officers of the Companies.

“**Order**” means an order of the Court made in the CCAA Proceedings.

“**Person**” means any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate (including a limited liability company and an unlimited liability company),

corporation, unincorporated association or organization, governmental authority, syndicate or other entity, whether or not having legal status.

“**Plan**” means this plan of compromise and arrangement filed by the Companies pursuant to the CCAA, including any Schedules hereto, as may be amended, varied or supplemented hereafter in accordance with the terms hereof, or made at the direction of the Court in accordance with the Meeting Order.

“**Plan Transactions**” means those transactions to be implemented and completed as described in Section 6.2 hereof.

“**Post-Filing Claim**” means any indebtedness, liability or obligation of any of the Companies of any kind that arises after the Filing Date, provided that Post-Filing Claims shall not include any Restructuring Claims.

“**Preferred Shares**” means all preferred shares of Financing Inc. issued and outstanding as at the Filing Date, including: (a) Class A Preferred Shares without par value; (b) Series 1 B Preferred Shares without par value; and (c) Series 1 C Preferred Shares without par value.

“**Proven Claim**” means the Claim of an Affected Creditor as finally determined for distribution purposes in accordance with the Claims Process Order and any other applicable Order.

“**Purchaser**” means ACF Financial G.P. Ltd. or its nominee(s).

“**Released Parties**” means, collectively, and in their capacities as such: (i) the Companies; (ii) legal counsel to the Companies; (iii) the Directors and Officers; and (iv) the Monitor and its legal counsel.

“**Required Majority**” means, with respect to each Class, a majority in number of Affected Creditors, whose Proven Claims represent at least two-thirds in value of the Affected Claims of Affected Creditors in that Class, who actually vote at the Meeting, in person (virtually) or by proxy, voting in favour of the Resolution.

“**Resolution**” means the resolution to approve the Plan and the transactions contemplated thereby and which will be voted on by each of the Classes at the Meeting.

“**Restructuring Claim**” means any right or claim of any Person against either of the Companies in connection with any indebtedness, liability or obligation of any kind whatsoever arising out of the disclaimer or resiliation by the Companies of any agreement to which such Person is a party in accordance with Section 32(1) of the CCAA.

“**Sanction Order**” means an Order to be made under the CCAA that, among other things, sanctions, authorizes and approves, and directs the Companies to implement and complete, the Plan, the Acquisition Agreement, the Plan Transactions and the Acquisition Transactions.

“**Shareholder Agreement**” means the Fourth Amended and Restated Shareholders Agreement entered into as of March 3, 2015 between Financing Inc. and its shareholders.

“**Stay Period**” has the meaning set out at paragraph 14 of the Initial Order, as amended from time to time by subsequent Orders.

“**Tax**” or “**Taxes**” means any and all amounts subject to a withholding or remitting obligation and any and all taxes, duties, fees, and other governmental charges, duties, impositions and liabilities of any kind whatsoever whether or not assessed by the Taxing Authorities (including any Claims by any of the Taxing Authorities), including all interest, penalties, fines, fees, other charges and additions with respect to such amount.

“**Tax Claim**” means any Claim against either of the Companies for any Taxes in respect of any taxation year or period ending on or prior to the Filing Date, and in any case where a taxation year or period commences on or prior to the Filing Date, for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the Filing Date and up to and including the Filing Date. For greater certainty, a Tax Claim shall include, without limitation, any and all Claims of any Taxing Authority in respect of transfer pricing adjustments and any Canadian or non-resident Tax related thereto.

“**Taxing Authorities**” means Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency and any similar revenue or taxing authority of any state, province, territory or other political subdivision in any other jurisdiction outside of Canada.

“**Unaffected Claims**” means, collectively:

- (a) any Claim of an employee of the Companies for wages, including accrued vacation liabilities, but excluding severance or termination pay;
- (b) any Claims secured by any of the CCAA Charges;
- (c) any Claim that cannot be compromised due to the provisions of sections 5.1(2) and 19(2) of the CCAA;
- (d) any Claims in respect of any payments referred to in sections 6(3), 6(5) and 6(6) of the CCAA;
- (e) all Claims by creditors holding valid and enforceable security interests in any of the assets of the Companies, other than Bondholder Claims;
- (f) any Claims of the Loan Funders, except to the extent that such Claims are Loan Funder Unsecured Claims; and
- (g) any Post-Filing Claims.

“**Undeliverable Distributions**” has the meaning set out in Section 4.5 of this Plan.

“**Unresolved Claim**” means, with respect to a Claim, the amount of a Claim or such portion thereof which has not yet been established as a Proven Claim, which is disputed and which is subject to adjudication in accordance with the Claims Process Order, and is not barred pursuant to the Claims Process Order.

“**Unsecured Claim**” means any Claim other than an Unaffected Claim or a Bondholder Claim, and for the avoidance of doubt includes a Loan Funder Unsecured Claim.

“**Unsecured Creditors**” means all Persons having Unsecured Claims.

“**Unsecured Creditors’ Pot**” means the sum of \$250,000 to be funded by the Purchaser to the Monitor for distribution to the Unsecured Creditors in accordance with the Acquisition Agreement and the terms of this Plan.

“**Unsecured Creditor Class**” means the Class consisting of the Unsecured Creditors.

“**Website**” means <https://www.bdo.ca/en-ca/extranets/creditloans/>

1.2 Construction

In the Plan, unless otherwise stated or the context otherwise requires:

- (a) the division of the Plan into Articles and Sections and the use of headings are for convenience of reference only and do not affect the construction or interpretation of the Plan;
- (b) the words “hereunder”, “hereof”, and similar expressions, refer to the Plan and not to any particular Article, Section or Schedule and references to Articles, Sections and Schedules are to Articles and Sections of, and Schedules to the Plan;
- (c) words importing the singular include the plural and vice versa and words importing any gender include all genders;
- (d) the words “includes” and “including”, and similar terms of inclusion shall not, unless expressly modified by the words only or solely, be construed as terms of limitation, but rather shall mean “includes without limitation”, or “including without limitation”, as applicable, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (e) a reference to any statute is to that statute as now enacted or as the statute may from time to time be amended, re-enacted or replaced, and includes any regulation made thereunder;
- (f) a reference to any agreement, indenture or other document is to that document as amended, supplemented, restated or replaced from time to time;
- (g) unless otherwise specified, all references to dollar amounts or to the symbol \$ are references to Canadian dollars; and
- (h) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Vancouver, British Columbia, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day.

1.3 Currency

For purposes relating to voting on the Plan and calculating distributions thereunder, any Claims submitted and denominated in a currency other than Canadian dollars shall be converted to Canadian dollars as at the Filing Date based on the Bank of Canada daily average exchange rate for exchanging currency to Canadian dollars on the Filing Date.

1.4 Interest

Interest shall not accrue or be paid on any Affected Claims after the Filing Date, and no Affected Claims shall be entitled to interest accruing on or after the Filing Date.

ARTICLE 2 PURPOSE, EFFECT OF PLAN AND OPERATIONS

2.1 Purpose of Plan

The purpose of the Plan is to: (i) facilitate a restructuring transaction whereby, pursuant to this Plan and the Acquisition Agreement, the Purchaser will acquire all of the issued and outstanding shares of Financing Inc.; and (ii) effect a compromise and settlement of all Affected Claims.

2.2 Overview of Plan

Upon implementation of the Plan, Persons having Affected Claims will have released the Companies of all such Claims. The Directors and Officers of the Companies will be released from all Affected Claims for which they are liable by virtue of them being a Director or Officer, but not any other Claims, including claims identified under section 5.1(2) of the CCAA.

Pursuant to the Acquisition Agreement, the Purchaser is to become the sole shareholder of Financing Inc., in consideration for which the Purchaser will pay to the Monitor the amounts required to fund (a) the Bondholder Cash Distribution to all Bondholders with Bondholder claims that are Proven Claims and who make Bondholder Elections, and (b) the Unsecured Creditors' Pot for distribution to the Bondholders and Unsecured Creditors respectively in accordance with the provisions of this Plan, as well as payment in full of all amounts secured by the CCAA Charges other than the Interim Lender's Charge.

Unsecured Creditors with Proven Claims will receive their *pro rata* share of the Unsecured Creditors' Pot.

Bondholders with Proven Claims will have the option to either:

- (a) Receive Amended Bonds in the full amount of their Proven Claim; or
- (b) Make a Bondholder Election to receive a Bondholder Cash Distribution representing 35% of their Proven Claim.

It will be a term of the Sanction Order that the Bondholder Agreements shall be deemed to be amended to reflect the terms of the Amended Bonds. Further, it will be a term of the Sanction Order that the Existing Securities shall be automatically redeemed and cancelled on the next

Business Day following the Effective Date without payment, consideration or other right, and that the New Shares will be issued. It also will be a term of the Sanction Order that the Shareholder Agreement will be cancelled and terminated as of and from the Effective Date.

Once completed, the restructuring will ensure the preservation of Financing Inc.'s assets and business under the ownership of the Purchaser with a view to reinvigorating and expanding the business pursuant to a long-term business plan.

Funding for distributions under the Plan is to be provided by the Purchaser pursuant to the Acquisition Agreement and in accordance with the terms of this Plan. Absent the funding to be provided by the Purchaser pursuant to the Acquisition Agreement, there is effectively little or no source of funds for payments to Affected Creditors. Accordingly, the Plan is premised on the expectation that affected stakeholders will derive a significantly greater benefit from the restructuring transaction and resultant distributions than would result from a bankruptcy or liquidation.

It is a condition precedent to the Acquisition Agreement that this Plan be approved by the Required Majority of each Class, and the Court in the CCAA Proceedings.

2.3 Persons Affected by the Plan

The Plan will become effective on the Effective Date in accordance with the steps set out in Section 6.2 hereof, and shall be binding on and enure to the benefit of the Companies, the Affected Creditors, the Existing Securities-holders, the Directors and Officers and all other Persons named or referred to in, or subject to, the Plan.

2.4 Unaffected Claims

The Plan does not affect Unaffected Claims. Persons with Unaffected Claims will not be entitled to vote on or receive any distributions under the Plan in respect of such Claims. Nothing in the Plan shall affect any of the Companies' rights and defences, both legal and equitable, with respect to any Unaffected Claim, including all rights with respect to legal and equitable defences or entitlements to set-offs and recouments against such Claims.

The Companies' obligations to the Loan Funders (other than in respect of any Loan Funder Unsecured Claims) will be paid in accordance with alternative arrangements to be negotiated concurrently with the filing and implementation of the Plan. If and to the extent that any Loan Funder has a Loan Funder Unsecured Claim, that Claim will be subject to the terms of the Plan.

ARTICLE 3

CLASSIFICATION OF CREDITORS, VOTING CLAIMS AND RELATED MATTERS

3.1 Claims Process

The Claims Process shall be governed by the Claims Process Order and any other applicable Order. Where there is any inconsistency between the terms of the Plan and any Order relating to the Claims Process, the terms of the Claims Process Order will govern, except that the Plan will govern with respect to the definition of "Unaffected Claims".

3.2 Classes of Creditors

For purposes of voting on the Plan, there will only be two classes of creditors, being: (a) the Bondholder Class; and (b) the Unsecured Creditor Class.

3.3 Meeting

The Meeting shall be convened on the Meeting Date, as set out in the Meeting Order, and held in accordance with the CCAA, the Meeting Order and the Plan. At the Meeting, each Affected Creditor voting, whether in person or by proxy, ballot or other voting instrument, shall vote on the Resolution.

The only Persons entitled to attend the Meeting are: (i) Affected Creditors and their legal counsel; (ii) the Companies and their legal counsel and advisors; (iii) the Directors and Officers and their legal counsel and advisors; (iv) the Monitor and its legal counsel; (v) the Purchaser and its legal counsel and advisors; and (vi) those Persons, including the holders of proxies, ballots or other voting instruments, entitled to vote at the Meeting and their legal counsel and advisors. Any other Person may be admitted only on invitation of the chair of the Meeting.

3.4 Voting at the Meeting

At the Meeting, the Affected Creditors shall vote on whether to approve the Resolution and each Affected Creditor with a Proven Claim shall be entitled to one vote, which vote shall have a value equal to the dollar value of its Proven Claim.

3.5 Parties Not Entitled to Vote

Persons having Unaffected Claims shall not be entitled to vote at the Meeting in respect of their Unaffected Claims.

3.6 Contingent Claims

Any Affected Creditor holding a contingent claim shall value their claim and file a Proof of Claim with appropriate support in accordance with the provisions of the Claims Process Order. The Companies, in consultation with the Monitor, shall determine whether any contingent or unliquidated claim shall be a Proven Claim, and value the same accordingly.

3.7 Fractions

An Affected Creditor's Proven Claim shall not include fractional numbers and Proven Claims shall be rounded down to the nearest whole dollar amount without compensation.

3.8 Voting of Unresolved Claims

Subject to Section 3.5, each Affected Creditor holding an Unresolved Claim as of the date of the Meeting shall be entitled to attend and vote at the Meeting. The Monitor shall keep a separate record of votes cast by Affected Creditors holding Unresolved Claims and shall report to the Court as to the number and amounts of any such votes if determined necessary by the Monitor. The votes cast in respect of any Unresolved Claims shall not be counted for any purpose unless,

until and only to the extent that such Unresolved Claim is finally determined to be a Proven Claim.

3.9 Approval by Required Majority

The Monitor shall record and tabulate all votes cast at the Meeting. In order to be approved, the Resolution must receive an affirmative vote by the Required Majority of each Class.

3.10 Assignment of Claims Prior to the Meeting

An Affected Creditor may transfer or assign the whole of its Claim prior to the Meeting in accordance with the Claims Process Order, provided that the Companies and the Monitor shall not be obliged to deal with any such transferee or assignee as an Affected Creditor in respect thereof, including allowing such transferee or assignee to vote at the Meeting, unless actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by the Monitor prior to 5:00 p.m. on the day that is at least two (2) Business Days prior to the date of the Meeting. Upon transfer or assignment of a Claim in accordance herewith, such transferee or assignee shall, for all purposes in accordance with the Claims Process Order, the Meeting Order, the CCAA and the Plan constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor in respect of such Claim. Such transferee or assignee shall not be entitled to set off, apply, merge, consolidate or combine any Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such person to any of the Companies and Claims acquired by a transferee or assignee will not merge, consolidate or combine with any of the transferee's or assignee's other Claims.

For greater certainty, the Companies and the Monitor shall not recognize partial transfers or assignments of Claims by Affected Creditors.

ARTICLE 4 DISTRIBUTIONS AND PAYMENTS

4.1 Distributions to Affected Creditors

(a) Bondholders

Bondholders, in accordance with the Bondholder Election, may elect whether they wish to receive a Bondholder Cash Distribution in the amount of 35% of their Proven Claim in full satisfaction of such Proven Claim.

On the Distribution Date, the Monitor, on behalf of the Companies, shall make the following distributions to each of the Bondholders having a Bondholder Claim that is a Proven Claim as of that date:

- (i)** For those Bondholders who elect to receive a Bondholder Cash Distribution, each such Bondholder shall receive an amount equal to 35% of such Proven Claim; and

- (ii) For those Bondholders who do not elect to receive a Bondholder Cash Distribution, each such Bondholder shall receive an Amended Bond(s) of equal value to their Bondholder Claim.

For the avoidance of doubt, any Bondholder who receives a Bondholder Cash Distribution shall not be entitled to receive any Amended Bonds.

(b) Unsecured Creditors

On the Distribution Date, the Monitor, on behalf of the Companies, shall distribute to each Unsecured Creditor with a Proven Claim an amount equal to their *pro rata* share of the Unsecured Creditors' Pot.

The payments and distributions in this section shall be in full and final settlement and satisfaction of the Affected Claims.

4.2 Delivery of Affected Creditor Distributions

Distributions to Affected Creditors under the Plan (including under the Amended Bonds) will be paid in Canadian dollars and in such manner as the Monitor shall deem appropriate, including by utilizing the bank accounts and payment process of the Companies.

4.3 Unresolved Claims and Distributions

An Affected Creditor holding an Unresolved Claim will not be entitled to receive a distribution under the Plan in respect of any portion thereof unless and until such Unresolved Claim becomes a Proven Claim.

The Companies, in consultation with the Monitor, shall complete the resolution of the Unresolved Claims in accordance with the Claims Process Order, the Meeting Order, the Sanction Order and the Plan.

4.4 Taxes

In connection with the Plan and all distributions hereunder, the Companies shall, to the extent applicable, comply with all Tax withholding and reporting requirements imposed by any law of a federal, state, provincial, local, or foreign taxing authority, and all distributions hereunder shall be subject to, and made net of, any such withholding and reporting requirements. Notwithstanding any other provision of the Plan, each Affected Creditor that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any governmental entity, including income, withholding and other Tax obligations, on account of such distribution.

4.5 Undeliverable Distributions

If a distribution to an Affected Creditor in respect of its Proven Claim is returned as undeliverable (each, an “**Undeliverable Distribution**”), no further delivery will be required unless and until the Monitor is notified in writing of such Affected Creditor's then current address. Any obligation to an Affected Creditor relating to an Undeliverable Distribution will

expire six (6) months after the Distribution Date, after which date any liability to such Affected Creditor under the Plan (including under any Amended Bonds) will be forever barred, discharged, released and extinguished with prejudice and without compensation and the amount of any such Undeliverable Distribution payable in cash shall be repaid to the Purchaser. In addition, following that date, the Companies and the Monitor shall not be liable to the Affected Creditor or any other Person for any damages related to the Undeliverable Distribution. No interest shall be payable in respect of an Undeliverable Distribution.

4.6 Assignment of Claims Subsequent to the Meeting

After the Meeting, an Affected Creditor may transfer or assign the whole, but not part, of its Claim, provided that the Monitor shall not be obliged to make distributions to any transferee or assignee of an Affected Creditor's Claim or otherwise deal with such transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by the Monitor prior to 5:00 p.m. on that day that is at least five (5) Business Days prior to the Final Distribution Date. Upon transfer or assignment of a Claim in accordance herewith, such transferee or assignee shall, for all purposes in accordance with the Claims Process Order, constitute an Affected Creditor and shall be bound by notices given and steps taken in respect of such Affected Creditor's Claim. For greater certainty, the Companies and the Monitor shall not recognize partial transfers or assignments of Affected Creditors' Claims. A transferee or assignee of an Affected Creditor's Claim shall not be entitled to set-off, apply, merge, consolidate, or combine any such Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such transferee or assignee to any of the Companies.

4.7 Crown Priority Claims

Within six months after the date of the Sanction Order, the Companies will pay in full to Her Majesty in Right of Canada or of a province all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under:

- (a) subsection 224(1.2) of the *Income Tax Act*;
- (b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or
- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or

- (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a “provincial pension plan” as defined in that subsection.

ARTICLE 5

SANCTION ORDER AND CONDITIONS TO PLAN IMPLEMENTATION

5.1 Application for Sanction Order

If the Plan is approved by the Required Majority of each of the Classes, the Companies shall apply to the Court for the Sanction Order. The Companies shall use all commercially reasonable efforts to obtain the Sanction Order on or before December 15, 2020. Subject to the Sanction Order being granted and the satisfaction or waiver by the Companies of the Conditions Precedent, the Plan will be implemented by the Companies as provided in Section 6.2.

5.2 Effect of the Sanction Order

In addition to sanctioning the Plan, the Sanction Order to be sought by the Companies will, without limitation to any other terms that it may contain:

- (a) confirm that the Meeting was duly called and held in accordance with the Meeting Order;
- (b) declare that: (i) the Plan has been approved by the Required Majority of each of the Classes in conformity with the CCAA; (ii) the Companies have complied with the provisions of the CCAA and all Orders in all respects; (iii) the Court is satisfied that the Companies have not done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated thereby are fair and reasonable;
- (c) declare that, as at the Effective Time, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and the restructuring effected thereby are approved, binding and effective as herein set out upon the Companies, all Affected Creditors, and all other Persons affected by the Plan;
- (d) declare that the compromises, arrangements, discharges and releases referred to in the Plan are approved and shall become binding and effective in accordance with the Plan;
- (e) compromise, discharge and release the Companies from any and all Affected Claims and declare that the ability of any Person to proceed against any of the Companies in respect of or relating to any such Affected Claims shall be forever discharged, extinguished, released and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims shall be permanently

stayed against the Companies, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims;

- (f) authorize and direct the Companies, after the Effective Date, to complete the Plan Transactions and the Acquisition Transactions, all without the need for any further approvals or actions on the part of the Directors and Officers or any other Persons;
- (g) declare that, subject to the performance by the Companies of their obligations under the Plan, all obligations, contracts, agreements, leases or other arrangements to which any of the Companies are a party shall be and remain in full force and effect, unamended, as at the Effective Date, unless renegotiated, disclaimed or resiliated prior to the Effective Date, and no party to any such obligation or agreement shall, on or following the Effective Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise disclaim or resiliate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:
 - (i) of any event which occurred prior to, and not continuing after, the Effective Date or which is or continues to be suspended or waived under the Plan, which would have entitled any other party thereto to enforce those rights or remedies;
 - (ii) that the Companies have sought or obtained relief or have taken steps as part of the Plan or under the CCAA;
 - (iii) of any default or event of default arising as a result of the financial condition or insolvency of the Companies;
 - (iv) of the effect upon the Companies of the completion of any of the transactions contemplated under the Plan or the Acquisition Agreement; and
 - (v) of any compromises, settlements, restructurings and releases effected pursuant to the Plan;
- (h) authorize all Persons named in the Plan to perform their functions and fulfil their obligations under the Plan to facilitate the implementation of the Plan;
- (i) declare that all distributions to the Affected Creditors under the Plan are for the account of the Companies and the fulfillment of the Companies' obligations under the Plan;
- (j) declare that the Stay Period under the Initial Order continues until the discharge of the Monitor;

- (k) declare that the Bondholder Agreements shall be deemed to be amended to reflect the terms of the Amended Bonds;
- (l) confirm the releases contemplated in Section 7.2; and
- (m) authorize and direct the Monitor to apply to the Court for its discharge.

5.3 Conditions Precedent to Plan Implementation

The implementation of this Plan is subject to the satisfaction or waiver of the following Conditions Precedent on or prior to the Effective Date:

- (a) the Acquisition Agreement has been executed by Financing Inc. and the Purchaser;
- (b) all conditions precedent to the Acquisition Agreement shall have been satisfied or waived in accordance therewith;
- (c) the Plan shall have been approved by the Required Majority of each of the Classes;
- (d) the Plan shall have been approved and sanctioned by the Court, and the Sanction Order is in full force and effect and all applicable appeal periods in respect thereof have expired and any appeals therefrom have been finally disposed of by the applicable appellate court;
- (e) all definitive legal documentation contemplated by the Plan and the Sanction Order, and necessary to complete the Plan Transactions, shall have been finalized, executed and held in escrow for release on the Effective Date; and
- (f) the Purchaser shall have delivered funds to the Monitor in an amount sufficient to fund the Bondholders' Pot and the Unsecured Creditors' Pot under this Plan.

Any Condition Precedent other than any statutory requirements regarding the voting, approval and sanctioning of the Plan pursuant to the provisions of the CCAA may be waived by the Companies with the written consent of the Purchaser.

ARTICLE 6 REORGANIZATION

6.1 Corporate and Other Authorizations

The adoption, execution, delivery, implementation and consummation of all matters contemplated under the Plan involving corporate or other action of the Companies will occur and be effective as of the Effective Time and will be authorized and approved under the Plan and by the Court, where appropriate, as part of the Sanction Order, in all respects and for all purposes without any requirement of further action by any of the Directors and Officers or Existing Securities-holders. All necessary approvals to take actions, if required, shall be deemed to have been obtained from the boards of directors of the Companies.

6.2 Plan Transactions

On or prior to the Effective Date, all Conditions Precedent must be satisfied or waived in accordance with the Plan and the Sanction Order, and all actions, documents, agreements and funding necessary to implement all of the following transactions must be in place and be final and irrevocable prior to the Effective Date and shall then be held in escrow and shall be released without any further act or formality and no other act or formality shall be required.

On the Effective Date, the following transactions will be deemed to have occurred:

- (a) the reorganization of Financing Inc.'s share capital as described in Article 6.3 of this Plan; and
- (b) the Acquisition Transactions.

Notwithstanding anything to the contrary herein, after the Effective Date, the Companies, shall take such steps as are necessary to record, document and give effect to the Plan Transactions.

6.3 Reorganization of Financing Inc.'s Share Capital

Subject to the satisfaction of the conditions set out in Article 5.3 of this Plan, the following steps, events, or transactions are to be immediately effected on the next Business Day following the Effective Date, and be deemed to have occurred, in the following order without any further act or formality required on the part of any Person:

- (a) all Common Shares shall be cancelled and shall be of no further force or effect, and the obligations of Financing Inc. thereunder or in any way related thereto shall be satisfied and discharged, with no compensation or participation being provided or payable therefor, or in connection therewith, and all certificates formerly representing the Common Shares shall be deemed to be cancelled and shall be null and void;
- (b) Financing Inc. shall issue the New Shares to the Purchaser;
- (c) All remaining Existing Securities shall be cancelled and shall be of no further force or effect, and the obligations of Financing Inc. thereunder or in any way related thereto shall be satisfied and discharged, with no compensation or participation being provided or payable therefor, or in connection therewith, and all certificates formerly representing the Existing Securities shall be deemed to be cancelled and shall be null and void; and
- (d) The Shareholder Agreement shall be terminated and shall be null and void..

ARTICLE 7 EFFECT OF PLAN

7.1 Binding Effect of the Plan

The Plan (including, without limitation, the releases and injunctions contained herein), upon being sanctioned and approved by the Court pursuant to the Sanction Order shall be binding as of the Effective Time on all Persons irrespective of the jurisdiction in which the Persons reside or in which the Claims arose and shall constitute:

- (a) full, final and absolute settlement of all rights of any Affected Creditor; and
- (b) an absolute release, extinguishment and discharge of all indebtedness, liabilities and obligations of or in respect of any Affected Claim.

7.2 Released Parties

From and after the filing of the Monitor's Implementation Certificate with the Court, each of the Released Parties will be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature that any Person (including any Person who may claim contribution or indemnification against or from the Released Parties) may be entitled to assert, including any and all Claims in respect of statutory liabilities of Directors and Officers, whether known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Time relating to, arising out of or in connection with any Claim, including any Claim arising out of (i) the restructuring, disclaimer, resiliation, breach or termination of any contract, lease, agreement or other arrangement, whether written or oral, (ii) the Plan; (iii) the Plan Transactions and any other transaction referenced in and relating to the Plan; and (iv) the CCAA Proceedings.

From and after the Effective Time, all Persons, along with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependants, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Time, with respect to claims against the Released Parties, from:

- (a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any of the Released Parties;
- (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property;

- (c) commencing, conducting or continuing in any manner, directly or indirectly, any actions, suits or demands, including without limitation by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who, as a result, makes or might reasonably be expected to make a claim, in any manner or forum, against any of the Released Parties;
- (d) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; or
- (e) taking any actions to interfere with the implementation or consummation of this Plan or the transactions contemplated therein.

7.3 Claims Not Released

For clarity, nothing in Sections 7.1 or 7.2 will release or discharge:

- (a) the Companies from or in respect of any Unaffected Claim or their obligations to Affected Creditors under the Plan or under any Order; and
- (b) a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct or to have been grossly negligent or, in the case of Directors, in respect of any claim referred to in section 5.1(2) of the CCAA.

7.4 Consents, Waivers and Agreements at the Effective Time

At the Effective Time, each Affected Creditor will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety. Without limitation to the foregoing, each Affected Creditor will be deemed:

- (a) to have executed and delivered to the Companies all consents, assignments, releases and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety;
- (b) to have waived any default by or rescinded any demand for payment against the Companies that has occurred on or prior to the Effective Date;
- (c) to have agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor and any of the Companies with respect to an Affected Claim as at the Effective Date and the provisions of the Plan, then the provisions of the Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly; and
- (d) from and after the Effective Time, such Affected Creditor shall be deemed to have waived any and all defaults of the Companies then existing or previously

committed or caused by the Companies, directly or indirectly, or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Affected Creditor and any of the Companies arising from the CCAA Proceedings or the transactions contemplated by the Plan and the failure by the Companies to receive any consent from such Affected Creditor to any transaction contemplated by the Plan and any and all notices of default and demands for payment under any instrument, including any guarantee arising from such default, shall be deemed to have been rescinded.

ARTICLE 8 GENERAL

8.1 Amendments to the Plan

Before and during the Meeting, with the prior express consent of the Purchaser, the Companies may at any time and from time to time, amend the Plan by written instrument and the Monitor shall post such amendment on the Website. The Monitor will advise all Affected Creditors present at the Meeting of the details of any such amendment prior to the vote being taken to approve the Resolution.

After the Meeting, with the prior written consent of the Purchaser, the Companies may at any time and from time to time amend the Plan:

- (a) without an Order if, in the opinion of the Monitor, such amendment would not be materially prejudicial to the interests of the Affected Creditors under the Plan or is necessary to give effect to the full intent of the Plan or the Sanction Order; or
- (b) pursuant to an Order made on notice to all Persons potentially affected by such variation, amendment, modification or supplement.

8.2 Severability

If, prior to the Effective Time, any provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Companies with the prior written consent of the Purchaser, may alter and interpret such provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of such provision, and such provision will then be applicable as altered or interpreted and the remainder of the provisions of the Plan will remain in full force and effect and will in no way be invalidated by such alteration or interpretation.

8.3 Deeming Provisions

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

8.4 Paramountcy

From and after the Effective Time, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, bylaws of the Companies, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and either of the Companies as at the Effective Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order. Notwithstanding the foregoing, as between the Plan and the Sanction Order, the terms of the Sanction Order shall take precedence.

8.5 Set-Off

Subject to Sections 3.10 and 4.6, the law of set-off applies to all Affected Claims.

8.6 Responsibilities of the Monitor

The Monitor is acting in its capacity as monitor of the Companies in the CCAA Proceedings and not in its personal capacity and will not be responsible or liable for any obligations of the Companies under the Plan, including with respect to the making of distributions or the receipt of any distribution by an Affected Creditor pursuant to the Plan. The Monitor will have the powers and protections granted to it by the Plan, the CCAA and any Orders.

8.7 Different Capacities

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity in accordance with the Meeting Order. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless otherwise provided in the Meeting Order, or unless expressly agreed by the Person in writing.

8.8 Further Assurances

At the request of the Monitor, the Companies or the Purchaser, each of the Persons named or referred to in, or subject to, the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the transactions contemplated herein, including the Plan Transactions and the Acquisition Transactions, notwithstanding any provision of the Plan that deems any transaction or event to occur without further formality.

8.9 Governing Law

The Plan will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

8.10 Notices

Except as otherwise provided for in the Meeting Order, any other notice or other communication to be delivered or filed hereunder must be in writing and reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail, facsimile or by e-mail (scanned copy) addressed to the respective parties as follows:

(a) if to the Companies:

Creditloans Canada Financing Inc. and Creditloans Canada Capital Inc.
500 – 2550 Victoria Park Avenue
North York, Ontario M2J 5A9
Attention: Nathan Slee and Kiya Hushyar
Email: nathan.slee@progressa.com
kiya.hushyar@progressa.com

With a copy to:

McMillan LLP
Royal Centre, 1055 West Georgia Street, Suite 1500
Vancouver, British Columbia V6E 4N7
Attention: Vicki Tickle and Daniel Shouldice
Email: vicki.tickle@mcmillan.ca
daniel.shouldice@mcmillan.ca

(b) if to the Monitor:

BDO Canada Limited, in its capacity as court-appointed monitor of the
Companies
Attention: Ilya Margulis
Email: imargulis@bdo.ca

With a copy to:

Fasken Martineau DuMoulin LLP
Suite 2900, 550 Burrard Street
Vancouver, British Columbia V6C 3A8
Attention: Kibben Jackson and Glen Nesbitt
Email: kjackson@fasken.com
gnesbitt@fasken.com

or to such other address as any party may from time to time notify the others in accordance with this section. All such communications that are delivered will be deemed to have been received on the day of delivery. All such communications that are sent by e-mail (scanned copy) will be deemed to be received on the day sent if sent before 5:00 p.m. on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such e-mail (scanned copy) was sent. Any notice or other communication sent by mail will be deemed to have been received on the fifth Business Day after the date of mailing. The unintentional

failure by the Companies to give a notice contemplated hereunder will not invalidate any action taken by any Person pursuant to the Plan. For clarity, any notice or communication in respect of a notice of dispute of claim filed with the Monitor must be delivered to the Monitor in accordance with the Claims Process Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of November, 2020.

**Creditloans Canada Financing Inc. and
Creditloans Canada Capital Inc.**

DocuSigned by:
Kiya Hushyar
Per: _____
00834DE2AC704E7...
Authorized Signatory