Instruction Letter for the Claims Process of EncoreFX Inc. ("EncoreFX")

A. Claims Procedure

By Order of the Honourable Madam Justice Fitzpatrick dated April 8, 2021 (the "**Claims Process Order**") attached hereto, under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**"), EncoreFX has been authorized to conduct a claims process (the "**Claims Process**").

EncoreFX's current proceedings under the CCAA are called the "**CCAA Proceedings**". EncoreFX's earlier proceedings under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("**BIA**") are called the "**BIA Proceedings**". All Proofs of Claim submitted by Creditors in the BIA Proceedings are called "**BIA Proofs of Claim**", and any one of them means a "**BIA Proof of Claim**".

This letter provides instructions for responding to the Claim Amount Notice, responding to the Convenience Creditor Form, and completing the Proof of Claim, enclosed, in the CCAA Proceedings. Terms in capital letters which are not defined in this instruction letter have the meaning ascribed in the Claims Process Order.

The Claims Process is intended for any Person with a Claim of any kind or nature whatsoever, other than an Excluded Claim, against EncoreFX or any of its directors or officers arising on or prior to March 30, 2020, whether unliquidated, contingent or otherwise. Please review the Claims Process Order for the complete definitions of Claim and Excluded Claim.

If you are a Creditor who filed a Proof of Claim in the BIA Proceedings, please review section E of this letter, as well as paragraphs 15-18 of the Claims Process Order which govern the treatment of your BIA Proof of Claim in the CCAA Proceedings. In summary, the Proof of Claim that you filed in the BIA Proceedings is deemed to have been delivered to the Monitor within the CCAA Proceedings. This means that you do not need to file a new Proof of Claim in the CCAA Proceeding unless you decide that your BIA Proof of Claim needs to be revised.

If you have any questions regarding the Claims Process please contact the Court-appointed Monitor at the address provided below.

All notices and enquiries with respect to the Claims Process should be addressed to:

The Court-Appointed Monitor of EncoreFX Inc.,
Ernst & Young Inc.
700 West Georgia Street
Vancouver, BC V7Y 1C7
Email: jason.eckford@parthenon.ey.com
Facsimile: 604.899.3530
Attention: Jason Eckford

B. General Instructions for Completing the Proof of Claim Form

The Proof of Claim must be completed by an individual, or an individual acting on behalf of a corporation. The individual acting for a corporation or other person must state the capacity in which he or she is acting, such as "Credit Manager", "Treasurer", "Authorized Agent" and so forth. The individual completing the Proof of Claim or Convenience Creditor Form must have knowledge of the circumstances connected with the Claim. All Proofs of Claim must be signed, dated and witnessed. The full legal name of the Creditor must be filed out in its entirety. Creditors who file a Proof of Claim by a division, or file several Proofs of Claim by divisions, may have their Proof(s) of Claim disallowed. Only one Proof of Claim per legal entity may be filed notwithstanding that separate divisions or operating units of a Creditor may supply and bill EncoreFX separately.

A Statement of Account containing full details of the Claim must be attached to the Proof of Claim. The Proof of Claim should include all amounts owing to you for any goods or services provided to EncoreFX before March 30, 2020. If the Creditor describes the Statement of Account in an Affidavit, the Affidavit must comply with the British Columbia *Supreme Court Civil Rules*, BC Reg 168/2009.

If the Creditor holds security for the indebtedness, a statement of the value and nature of the security must accompany the Proof of Claim.

If the Creditor holds a contingent or unliquidated Claim, the details of any guarantee giving rise to such contingent or unliquidated Claim, or reasons for the Claim must be provided in addition to the basis upon which the Claim has been valued.

If the Claim has been sold or assigned, the name of the party purchasing the Claim and the amount of the Claim sold or assigned as well as supporting documentation must be attached to the Proof of Claim submitted. The Proof of Claim can be completed by either the original Creditor or by an assignee, but not both. Creditors and assignee(s) must determine amongst themselves who will file the Proof of Claim.

C. For Creditors Receiving Claim Amount Notice

Where the Monitor has determined a Creditor's Claim based on the books and records of EncoreFX, it will issue a Claim Amount Notice to that Creditor stating the amount of the Creditor's Claims.

If you have received a Claim Amount Notice, there are two (2) options available to you:

a. if you disagree with the amount of your Claim as set out in the Claim Amount Notice, submit a Proof of Claim in accordance with section F below; or

b. if you agree with the amount of your Claim as set out in the Claim Amount Notice, take no steps.

If the Monitor has issued you a Claim Amount Notice and receives a Proof of Claim from you before the Claims Bar Date, it will consider the Proof of Claim in accordance with the Claims Process Order.

If the Monitor has issued you a Claim Amount Notice and does not receive a Proof of Claim before the Claims Bar Date, you will be deemed to have a Proven Claim in the amount of Claim Amount Notice for the purpose of voting and distribution.

D. For Creditors Receiving Convenience Creditor Form

Where the Monitor has calculated a Creditor's Claim as below CAD $31,250.00, it will issue that Creditor a Convenience Creditor Form.

If you have received a Convenience Creditor Form, there are two (2) options available to you:

a. if you disagree with the amount of your Claim as set out in the Convenience Creditor Form, submit a Proof of Claim in accordance with section F below; or

b. if you agree with the amount of your Claim as set out in the Convenience Creditor Form, fill out the form and return it to the Monitor so the Monitor receives it before the Claims Bar Date.

If the Monitor has issued you a Convenience Creditor Form and receives a Proof of Claim from you before the Claims Bar Date, it will consider the Proof of Claim in accordance with the Claims Process Order.

If the Monitor has issued you a Convenience Creditor Form and receives a completed Creditor Convenience Form from you before the Claims Bar Date, you will be deemed to have a Proven Claim in the amount of Convenience Creditor Form for the purpose of voting and distribution.

For clarity, Convenience Creditor will be treated as follows in the Plan:

a. a Convenience Creditor with a Proven Claim totaling CAD $5,000 or less is entitled to receive a distribution totaling 100% of the amount set out in its Proven Claim;

b. a Convenience Creditor with a Proven Claim totaling between CAD $5,000 and CAD $31,250 is entitled to accept CAD $5,000 in full and final satisfaction of its Proven Claim, which will result in that Convenience Creditor receiving a distribution totaling no less than 16% of the amount in its Proven Claim; and

c. in all cases, Convenience Creditors who have elected to be paid in accordance with sub-paragraphs a. or b. above, shall be deemed to have voted in favour of the Plan.

If the Monitor has issued you a Convenience Creditor Form and does not receive either a Proof of Claim or a completed Convenience Creditor Form before the Claims Bar Date from you, you will be forever barred, estopped and enjoined from asserting or enforcing any such Claim (or filing a Proof of Claim with respect to such Claim) against EncoreFX and such Claim shall be forever extinguished.

E. For Creditors who Submitted Proofs of Claim in the BIA Proceedings

All BIA Proofs of Claim submitted in the BIA Proceedings, including, without limitation, all disallowed BIA Proofs of Claim that have been disputed within the required timeline ("**Disputed BIA Claims**"), shall continue to be governed by the applicable rules and processes as prescribed in the BIA, *mutatis mutandis*, including, without limitation, all prescribed timelines, onera, rights of appeal, and rights of examination or discovery.

For greater certainty, nothing herein shall grant any Creditor with a Disputed BIA Claim any further or additional right beyond those prescribed in the BIA or relieve such Creditor from any applicable onera or obligation with respect to its pursuance of a Disputed BIA Claim and all BIA Proofs of Claim.

All Disputed BIA Claims which have been disallowed or disputed by EY, in its capacity as the Trustee in Bankruptcy (he "**Trustee**"), on a final basis, pursuant to the rules and processes prescribed in the BIA, in the BIA Proceedings shall be considered disallowed or disputed, *mutatis mutandis*, on a final basis in the CCAA Proceedings.

If you submitted a BIA Proof of Claim and the Trustee accepted your BIA Proof of Claim, you are deemed to have a Proven Claim in the CCAA Proceedings in the amount of your BIA Proof of Claim.

If you currently hold a Disputed BIA Claim, your Claim will be resolved in accordance with the rules and processes of the BIA or by Order of the Court.

F. For Creditors Submitting a Proof of Claim

If you believe that you have a Claim against EncoreFX, or the amount in the Claim Amount Notice is incorrect, or the amount in the Creditor Convenience Form is incorrect, you must file a Proof of Claim with the Monitor. ***THE PROOF OF CLAIM MUST BE RECEIVED BY 4:00 P.M. (PACIFIC DAYLIGHT TIME) ON MAY 5, 2021***, unless the Court orders otherwise.

If you are a Creditor who is not asserting a property interest in EncoreFX's assets, then you must complete Form D-1 "Proof of Claim" set out at **Appendix D** of the Claims Process Order. If you are a Creditor asserting a property interest in EncoreFX's assets, then you must complete Form D-2 "Property Proof of Claim" set out at **Appendix D** of the Claims Process Order.

Additional Proof of Claim forms and Convenience Creditor Forms can be obtained by contacting the Monitor using the contact information listed above and providing particulars as to your name, address, e-mail and facsimile number. Once the Monitor has this information, you will receive, as soon as practicable, additional Proof of Claim forms or Convenience Creditor Forms.

G. Claims Order

While this instruction letter, along with its accompanying Proof of Claim forms, is provided to you to assist in the Claims Process, you must comply with the terms of the Claims Process Order pronounced April 8, 2021.

UNLESS YOU HAVE FILED A BIA PROOF OF CLAIM OR YOU HAVE RECEIVED A CLAIM AMOUNT NOTICE THAT YOU DO NOT DISPUTE, IF A PROOF OF CLAIM IN RESPECT OF YOUR CLAIM IS NOT RECEIVED BY THE MONITOR BEFORE THE CLAIMS BAR DATE, AS APPLICABLE:

1. ***YOUR CLAIM WILL BE FOREVER BARRED AND YOU WIL BE PROHIBTTED FROM MAKING OR ENFORCING A CLAIM AGAINST ENCOREFX AND/OR ANY OF THEIR DIRECTORS AND OFFICERS;***

2. ***YOU SHALL NOT BE PERMITTED TO VOTE ON ANY PLAN OF ARRANGEMENT OR COMPROMISE OR BE ENTITLED TO ANY FURTHER NOTICE OR DISTRIBUTION UNDER THE PLAN, IF ANY;***

3. ***YOU SHALL NOT BE ENTITLED TO ANY PROCEEDS OF SALE OF ANY OF ENCOREFX'S ASSETS; AND***

4. ***YOU SHALL NOT BE ENTITLED TO PARTICIPATE AS A CREDITOR IN THE CCAA PROCEEDINGS OF ENCOREFX.***