No: S212302
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 ENCOREFX INC.

PETITIONER

PLAN OF COMPROMISE AND ARRANGEMENT OF ENCOREFX INC.

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ARTICLE I – DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan (including the Schedules hereto), unless otherwise stated or unless the subject matter or context otherwise requires, capitalized words used have the meanings ascribed to them in Schedule "A".

1.2 Article and Section Reference

The terms "this Plan", "hereof", "hereunder", "herein", and similar expressions refer to this Plan, and not to any particular article, section, paragraph, or subparagraph of this Plan, and include any variations, amendments, modifications or supplements hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, paragraph, or subparagraph of this Plan.

1.3 Extended Meanings

In this Plan, where the context so requires, any word importing the singular number shall include the plural and vice versa, and any word or words importing gender shall include all genders.

1.4 Interpretation Not Affected by Headings

The division of this Plan into article, section, paragraph, and subparagraph and the insertion of a table of contents and headings are for convenience of reference and shall not affect the construction or interpretation of this Plan.

1.5 Inclusive Meaning

As used in this Plan, the words "include", "includes", "including" or similar words of inclusion means, in any case, those words as modified by the words "without limitation" and "including without limitation"; so that references to included matters shall be regarded as illustrative rather than exhaustive.

1.6 Currency

a. Unless otherwise stated herein, all references to currency in this Plan are to lawful money of Canada. For the purposes of voting or distribution, any Affected Claim shall be denominated in Canadian Dollars ("**CAD**") and all distributions under this Plan shall be paid in CAD. Except as it relates to Paragraph 1.6b of this Plan, any Affected Claim in United States Dollars ("**USD**") must be converted to Canadian Dollars as follows: (i) if amounts are to be determined as of the Date of Bankruptcy, then such amount shall be regarded as having been converted at the rate of exchange of $1.00 USD = $1.4156 CAD; and (ii) if amounts are to be converted as of a date other than the Date of Bankruptcy, including in respect of the ITM Creditors as described at Paragraph 1.6b of this Plan, then the Monitor or the CCAA Court shall determine the conversion rate.

b. The USD / CAD conversion rates of the Affected Claims of any ITM Creditor shall be calculated as at the date that the Trustee closed out that ITM Creditor's hedged transaction(s).

1.7 Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time to the date of this Plan and any statute or regulation that supplements or supersedes such statute or regulation to the date of this Plan.

1.8 Successors and Assigns

The rights, benefits and obligations of any Person named or referenced in this Plan shall be binding on and shall enure to the benefit of any heir, administrator, executor, legal personal representative, successor or assign, as the case may be, or a trustee, receiver, interim receiver, receiver and manager, liquidator or other Person acting on behalf of such Person, as permitted hereunder.

1.9 Governing Law

This Plan, and each of the documents contemplated or delivered under or in connection with this Plan, shall be governed by and construed and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, without regard to any conflict of law provision that would require the application of the law of any other jurisdiction. Any dispute or issue in connection with, or related to the interpretation, application or effect of this Plan and all proceedings taken in connection with this Plan and its revisions shall be subject to the exclusive jurisdiction of the CCAA Court.

1.10 Determinative Document

To the extent possible, this Plan shall be read and interpreted in a manner consistent with the Term Sheet. Where a direct conflict or dispute arises in interpretation, application or any other matter as between the Plan and any other document attempting to explain or summarize the content of the Plan, including the Term Sheet, the Plan shall be determinative for all matters in dispute.

1.11 Severability of Plan Provisions

If any provision of this Plan is or becomes illegal, invalid or unenforceable on or following the Plan Implementation Date in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Plan, or the legality, validity or enforceability of that provision in any other jurisdiction.

1.12 Timing Generally

Unless otherwise specified, all references to time herein, and in any document issued pursuant hereto, shall mean local time in Vancouver, British Columbia and any reference to an event occurring on a Business Day shall mean prior to 4:00 p.m. (Pacific Daylight Time) on such Business Day.

1.13 Time of Payments and Other Actions

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the payment to the next succeeding Business Day if the last day of the period is not a Business Day. Wherever any payment to be made or action to be taken under this Plan is required to be made or to be taken on a day other than a Business Day, such payment shall be made or action taken on the next succeeding Business Day.

1.14 Schedules

The following are the Schedules to this Plan, which are incorporated by reference into this Plan and form an integral part hereof:

Schedule "A" - Definitions
Schedule "B" - Term Sheet
Schedule "C" - Form of Monitor's Plan Certificate
Schedule "D" - Form of Monitor's Discharge Certificate
Schedule "E" - CCAA Conversion Order
Schedule "F" - Claims Process Order

ARTICLE II – PURPOSE OF THE PLAN

2.1 Purpose of the Plan

By way of background, EncoreFX voluntarily assigned itself into bankruptcy on March 30, 2020 as a result of atypical volatile foreign exchange market conditions driven mainly by the impact of the COVID-19 pandemic. As further described below, the Trustee of EncoreFX is of the view that a liquidating CCAA proceeding will benefit the Affected Creditors of EncoreFX.

Various Claims have been asserted against EncoreFX, including the secured claim of GCC as further described hereinafter, property claims, and unsecured claims. The various Claims were potentially subject to extensive and uncertain litigation in the BIA Proceedings. This Plan has been devised to avoid litigation and to determine how the assets of EncoreFX shall be distributed.

On January 15, 2021, following extensive negotiations in efforts to avoid litigation related to the various allocation issues, the Gustavson Parties, Wrede and the Trustee, with the approval and support of the Inspectors, entered into a Term Sheet outlining the basic terms of this Plan to achieve a global resolution of the various Affected Claims against EncoreFX through a compromise and arrangement under the CCAA.

The Plan seeks to avoid depletion of the Estate's assets resulting from extensive and uncertain litigation and to achieve a balance of the equities of the stakeholders of EncoreFX. The Plan aims to achieve this by providing a global resolution of the Affected Claims as against the Estate of EncoreFX by way of the distribution of all funds and other assets recovered by the Trustee, and that may be recovered by the Monitor under the CCAA Proceedings after the Conversion.

2.2 Objective of Liquidating CCAA Process

The Trustee has determined through due diligence, including detailed discussions and negotiations with the Gustavson Parties, Wrede, the Bank of Montreal, and the Inspectors within the BIA Proceedings, that the global resolution outlined in the Term Sheet and this Plan and implemented through a liquidating CCAA proceeding will result in the best recovery for the Affected Creditors. In particular, the Plan simplifies recovery of assets and distribution of proceeds to the Affected Creditors by:

a. resolving contested matters regarding the secured claim of GCC as further described hereinafter;

b. resolving contested matters with the Bank of Montreal regarding the EFT Funds and the EFT Claims; and

c. establishing a framework to assess and resolve the Property Claims, including the property claim filed by Wrede.

The benefits derived from the above resolutions and framework will ultimately enhance a potential distribution to GUCs, who are expected to receive a better distribution than they would receive in the BIA Proceedings.

ARTICLE III – CLASSIFICATION OF AFFECTED CREDITORS

3.1 Classification

This Plan shall comprise of three (3) Affected Creditor Classes for voting and distribution purposes:

a. **Secured Creditor**: The class of secured creditor is comprised of GCC with respect to the GCC Secured Claim (the "**Secured Creditor**");

b. **Property Claimants**: The class of property claimants comprised of Affected Creditors who have outstanding Property Claims (the "**Property Claimants**"). The Property Claimants may also include claimants:

   i. who had initiated EFT Reversals after the Date of Bankruptcy;

   ii. who have paid the Trustee the full amount of their EFT Reversals and the costs of the Trustee or the Monitor related to the seeking of relief against such claimant on a full indemnity basis;

   iii. who had filed Property Proofs of Claim in respect of their EFT Reversals; and

   iv. where the filed Property Proofs of Claim had, in the Trustee's and/or Monitor's opinion, been properly filed in respect of Property Claims or where the CCAA Court or any other court of competent jurisdiction has determined that the Property Claimant has a valid and enforceable Property Claim.

Any Claim asserted with respect to Margin Deposits shall not constitute a Property Claim for the purpose of this Plan.

c. **General Unsecured Creditors** ("**GUCs**"): The class of GUCs comprised of any other remaining creditors which have general unsecured claims (the "**General Unsecured Claims**"), including:

   i. Employees with respect to Employee Claims;

   ii. ITM Creditors;

   iii. Affected Creditors who have a Claim in respect of Margin Deposits;

   iv. Affected Creditors with Claims in respect of "in flight" funds or holding account funds who (A) did not submit a Property Proof of Claim; (B) submitted a Property Proof of Claim which has been disallowed by the Trustee on a final basis or determined by the CCAA Court or any other court of competent jurisdiction to not have a Property Claim; or (C) received a notice from the Trustee pursuant to section 81(4) of the BIA and failed to file a Property Proof of Claim within the prescribed period;

   v. trade creditors with Claims against EncoreFX;

   vi. Creditors with D&O Claims and D&O Indemnity Claims, whose claims are specifically subject to Section 5.1 of this Plan; and

   vii. Bank of Montreal ("**BMO**") in respect of its EFT Claim.

ARTICLE IV – CLAIMS

4.1 Persons Affected by the Plan

On the Plan Implementation Date, this Plan shall affect and be binding upon EncoreFX and the Affected Creditors and their respective heirs, administrators, executors, legal personal representatives, successors and assigns, as the case may be.

4.2 Claims Unaffected by the Plan

This Plan shall not compromise, release or otherwise affect the following Claims and rights that arise in respect thereof (collectively, the "**Excluded Claims**"):

a. any Claim or portion of a Claim arising from a Cause of Action for which the Petitioner is covered by insurance, but only to the extent of that coverage; and

b. any other Claim arising solely as a result of events occurring after the CCAA Filing Date (other than Subsequent Claims).

Subject to the provisions of this Plan, Excluded Claims shall not be compromised, released or otherwise affected by this Plan and shall be dealt with in accordance with the arrangements between the Petitioner or the Monitor and the holders of such Excluded Claims in effect on the CCAA Filing Date or such other arrangement as may be mutually agreed between the applicable parties.

4.3 Claims Process

The Monitor shall evaluate Proof of Claims in accordance with the terms of the Claims Process Order. Unless otherwise provided for in the Claims Process Order or as may be ordered by the CCAA Court, the Monitor shall not conduct any new claims process with respect of the CCAA Proceedings and all steps and actions taken in the BIA Proceedings shall apply *mutatis mundis* in the CCAA Proceedings.

Pursuant to the Claims Process Order and for purposes of this Plan, Wrede shall be entitled to a Property Claim which is a Proven Distribution Claim and Proven Voting Claim in the amount of $28,966,892.58 without any further formality or filing.

4.4 No Vote or Distribution in Respect of Excluded Claims

No holder of an Excluded Claim shall be entitled to vote on or receive any distributions under this Plan in respect of such Excluded Claim.

4.5 Claims Filed by Holders of Excluded Claims

Where a Proof of Claim has been filed with the Petitioner or the Monitor by any Person in respect of an Excluded Claim, whether pursuant to the Claims Process Order or otherwise, such Proof of Claim shall be deemed to be disallowed for voting and distribution purposes with no further action required by the Petitioner or the Monitor and neither the Petitioner nor the Monitor shall have any further obligation in respect of such Proof of Claim.

4.6 Defences to Excluded Claims

Nothing in this Plan shall affect the Petitioner's or the Monitor's rights and defences, both legal and equitable, with respect to any Excluded Claims or any rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Excluded Claims.

4.7 Subsection 6(3) CCAA Requirements - Certain Crown Claims

All Special Crown Claims in respect of all amounts that were outstanding at the CCAA Filing Date or that were related to the period of time ending on the Plan Implementation Date are Priority Payments and shall be paid in full to the Crown within six months of the Sanction Order, as required by section 6(3) of the CCAA.

4.8 Subsection 6(5) CCAA Requirements - Employees

All payments required by subsection 6(5) of the CCAA are Priority Payments and shall be paid forthwith following the Plan Implementation Date.

4.9 Payment of WEPPA Claims

All priority Claims subject to section 81.3(1) of the BIA and payable pursuant to WEPPA are Priority Payments and shall be paid forthwith following the Plan Implementation Date.

4.10 No Payment On Account of Equity Claims

No payment on account of equity claims (as such term is defined in the CCAA) shall be made under this Plan.

ARTICLE V – TREATMENT OF AFFECTED CREDITORS

5.1 Voting for Holders of Proven Voting Claims

For the purposes of considering and voting on the Plan, each Affected Creditor falls within one of the three (3) Affected Creditor Classes as defined in Section 3.1 of this Plan, being the Secured Creditor, Property Claimants, and GUCs. Each Affected Creditor shall be entitled to vote on the Plan at the Creditor's Meeting, to the extent of the amount of his, her or its Proven Voting Claim. For further clarity, an Affected Creditor asserting a Claim against both EncoreFX and any D&O shall be considered a single creditor for the purposes of voting and distribution under this Plan, and such Affected Creditor shall not be entitled to recover twice in respect of its Claim. GCC, Wrede and BMO have agreed to support and vote in favour of the Plan.

5.2 Treatment of Proven Distribution Claims

Upon the Monitor's distribution of the Secured Claim Distribution, the Property Claim Distributions, and the Unsecured Claim Distributions, each Affected Claim will be compromised (except in respect of the Secured Deficiency Claim, the Property Deficiency Claims, the D&O Claims, and the D&O Indemnity Claims) and the Monitor shall issue a cash distribution to each Affected Creditor with a Proven Distribution Claim, in full satisfaction of such Affected Creditor's Affected Claim as follows:

a. In full and final satisfaction of the GCC Secured Claim, but subject to Section 6.6 of this Plan, GCC shall receive: (i) a distribution from the Current Funds of $12,000,000 (the "**Secured Claim Distribution**"); (ii) an accepted preferred claim of $4,944,475 (the "**Secured Preferred Claim**"); and (iii) an accepted deficiency claim equal to $18,944,475 (the "**Secured Deficiency Claim**").

b. In full and final satisfaction of the Property Claims, but subject to Section 6.6 of this Plan, the Property Claimants shall receive: (i) a distribution from the Current Funds equal to 66.67% of their respective Property Claim (the "**Property Claim Distributions**"); and (ii) an accepted deficiency claim equal to the amount of their Property Claim minus any amounts received from the Property Claim Distribution (the "**Property Deficiency Claims**"). The amount of any accepted Property Claim shall be net of any amounts owing by the Property Claimant to the Estate as determined by the Monitor or the CCAA Court in respect of any "out-of-the-money" positions, or any other debt owed to the Estate by the Property Claimant.

c. In full and final satisfaction of the General Unsecured Claims, the GUCs may elect to receive a distribution from the Current Funds (the "**Unsecured Claim Distributions**") equal to either: (i) 100% of their respective General Unsecured Claim with respect to the first $5,000 of their General Unsecured Claim, or (ii) 16% of their respective General Unsecured Claim. For those GUCs who are owed $5,000 or less and for those GUCs who are owed between $5,000 and $31,250 and who elect to accept $5,000 in full and final satisfaction of their claims (collectively, the "**Convenience Creditors**"), then in each such case the Convenience Creditors shall be deemed to have voted in favour of the Plan. The amount of any accepted General Unsecured Claim shall be net of any amounts owing by the GUC to the Estate as determined by the Monitor or the CCAA Court in respect of any "out-of-the-money" positions, or any other debt owed to the Estate by the GUC.

5.3 Directors and Officers - Treatment of D&O Claims and D&O Indemnity Claims

a. For further clarity and notwithstanding Section 5.2 of this Plan, nothing (including but not limited to the compromise of a D&O Claim or a D&O Indemnity Claim under this Plan) shall prejudice the rights and remedies of any D&Os or other person under any existing insurance policy or prevent or bar any person from seeking recourse against or payment from EncoreFX's insurance or any director and officer liability insurance policy or policies that exist to protect or indemnify the D&Os or other persons, whether such recourse or payment is sought directly by the person asserting the claim from the insurer or derivatively through the D&Os provided, however, that noting in this Plan shall create any rights in favour of such person under any policies of insurance nor shall anything in this Plan limit, remove, modify or alter any defence to such claim available to the insurer pursuant to the provisions of any insurance policy or at law.

b. Any D&O wishing to assert a D&O Indemnity Claim shall deliver a Proof of Claim in accordance with the provisions of the Claims Process Order.

ARTICLE VI – PROVISIONS GOVERNING DISTRIBUTIONS

6.1 Available Funds

a. The funds available for distribution to the Affected Creditors ("**Available Funds**") shall comprise of the following:

   i. the Current Funds;

   ii. additional funds to be recovered in respect of the Estate Claims; and

   iii. any additional funds recovered by the Monitor or Trustee on behalf of the Estate.

6.2 Initial Distributions

a. Subject to Sections 6.4, 6.5 and 6.6 of this Plan, the Monitor shall complete the Priority Payments, Secured Claim Distribution, Property Claim Distributions, and Unsecured Claim Distributions as soon as reasonably practicable following the granting of the Sanction Order (the "**Initial Distributions**").

b. The Initial Distributions are subject to Sections 6.4, 6.5 and 6.6 of this Plan and shall occur in the following sequence:

   i. *first*, to the GUCs in respect of the Unsecured Claim Distributions; and

   ii. *second*, to the Secured Creditor and the Property Claimants in respect of the Secured Claim Distribution and the Property Claim Distributions, respectively.

c. An Affected Creditor with a Disputed Claim shall not be entitled to receive a distribution under this Plan in respect thereof unless and until such Disputed Claim becomes a Proven Distribution Claim.

6.3 Subsequent Distributions

a. Following the Initial Distributions, the Monitor shall subsequently distribute the Remaining Funds in excess of the Administrative Reserve, the Disputed Claims Reserve and the Additional Reserve (together, the "**Reserves**") in accordance with Paragraph 6.3b of this Plan and at intervals determined by the Oversight Committee or the CCAA Court, provided however, that the Monitor shall distribute all of the Remaining Funds in excess of the Reserves if such amount is at any time in excess the sum of the Disputed Claims Reserve, the Additional Reserve plus the sum of $5,000,000. Any funds remaining in the Reserves upon the Monitor's completion of its obligations under this Plan shall be distributed on the final distribution made to GCC and the Property Claimants in accordance with the Plan.

b. The Remaining Funds shall be distributed by the Monitor as follows:

   i. *first*, to the Secured Creditor in satisfaction of the Secured Preferred Claim; and

   ii. *second*, following payment in full of the Secured Preferred Claim, *pro-rata* among the Secured Deficiency Claim, and the Property Deficiency Claims.

6.4 Administrative Reserve

The Trustee or the Monitor shall deposit CAD $4,000,000 (the "**Administrative Reserve**") into a separate account for the purpose of funding the Monitor to pursue the Estate Claims and funding for any other reasonable costs and expenses of the Estate. Any additional recoveries from the Trustee and/or the Monitor on account of the Estate Claims shall top up the Administrative Reserve prior to being used to fund distributions to Affected Creditors in accordance with this Plan.

6.5 Disputed Claims

a. The fact that a Disputed Claim is allowed for voting purposes as a Proven Voting Claim shall not preclude the Petitioner and the Monitor from disputing the Disputed Claim for distribution purposes as a Proven Distribution Claim. If it is determined by Monitor for it to be necessary and advisable for the Monitor to do so in order to facilitate the orderly and efficient administration of the Plan, then distributions in relation to any Disputed Claim in existence at the Distribution Date will be held in escrow by the Monitor in the Disputed Claims Reserve until settlement or final determination of the Disputed Claim in accordance with the Claims Process Order and this Plan.

b. To the extent that any Disputed Claim becomes a Proven Distribution Claim in accordance with this Plan, the Monitor shall distribute (on a date to be determined by the Monitor) to the holder of such Proven Distribution Claim from the Disputed Claims Reserve the distribution such Affected Creditor would have been entitled to receive in respect of its Proven Distribution Claim on the Distribution Date had such Claim not been a Disputed Claim on the Distribution Date. To the extent that any Disputed Claim or a portion thereof has become a Disallowed Claim after the Distribution Date, then the distribution contemplated by Section 5.2 shall be limited to that portion of the Affected Claim that constitutes a Proven Distribution Claim.

6.6 Additional Reserve

If the amount of the Available Funds is insufficient to pay the Secured Claim Distribution, the Property Claim Distributions and Unsecured Claim Distributions on the date of the Initial Distributions then, after reserving for the Administrative Reserve, the Disputed Claims Reserve, and any amount ordered by the CCAA Court or any court of competent jurisdiction or any amount determined by the Monitor as being necessary and advisable to reserve in order to facilitate the orderly and efficient administration of the Plan, (the "**Additional Reserve**"), the Monitor shall withhold from the Secured Claim Distribution and the Property Claim Distribution, (the "**Withheld Amounts**"), on a *pro rata* basis the amount necessary to pay the Unsecured Claim Distribution and maintain the Administrative Reserve, the Disputed Claims Reserve and the Additional Reserve. As funds come available from the Disputed Claims Reserve and the Additional Reserve, such funds shall be distributed on a *pro rata* basis to the Secured Creditor and the Property Claimants in payment of the Withheld Amounts until the Withheld Amounts have been paid in full.

6.7 Interest on Affected Claims

No interest or penalties shall accrue or be paid on an Affected Claim from and after or in respect of the period of time following the Date of Bankruptcy and no holder of an Affected Claim shall be entitled to any interest in respect of such Affected Claim accruing on or after or in respect of the period of time following the Date of Bankruptcy. All interest accruing on any Affected Claim after or in respect of the period of time following the Date of Bankruptcy shall be forever extinguished and released under this Plan.

6.8 Distributions In Respect of Transferred or Assigned Claims

The Monitor shall not be obligated to deliver any distributions under this Plan to any transferee or assignee of an Affected Claim unless a Proof of Assignment has been delivered to the Monitor no later than five (5) Business Days prior to the Distribution Date, and in any event, in accordance with the Claims Process Order.

6.9 Undeliverable and Unclaimed Distributions

a. If any Affected Creditor entitled to a cash distribution pursuant to this Plan cannot be located by the Petitioner on the Distribution Date, or if any delivery or distribution to be made pursuant to Section 5.2 of this Plan is returned as undeliverable, such cash shall be set aside and retained by the Monitor. If such Affected Creditor is located by the Monitor within six (6) months after the Distribution Date, such cash shall be distributed, without interest earned thereon, to such Affected Creditor.

b. If such Affected Creditor cannot be located by the Monitor or if any delivery or distribution to be made pursuant to Section 5.2 of this Plan is returned as undeliverable, or in the case of any distribution made by cheque, the cheque remains uncashed, for a period of more than six (6) months after the Distribution Date, or the date of delivery or mailing of the cheque, whichever is later, the Affected Claim of any Affected Creditor with respect to such undelivered or unclaimed distribution shall be discharged and forever barred, notwithstanding any federal or provincial laws to the contrary and any such cash allocable to the undeliverable or unclaimed distribution, shall be added to the Remaining Funds and distributed by the Monitor in accordance with Section 6.6. Nothing contained in this Plan shall require the Petitioner and/or the Monitor to attempt to locate any holder of any undeliverable or unclaimed distributions.

6.10 Tax Matters

a. **Allocation of Distributions**. All distributions made pursuant to this Plan in respect of a Proven Distribution Claim shall be applied first in consideration for accrued and unpaid interest and penalties, if any, which form part of such Proven Distribution Claim, and secondly in consideration of the outstanding principal amount of such Proven Distribution Claim. Notwithstanding any other provision of this Plan, each Affected Creditor that is to receive a distribution or payment pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any Authorized Authority on account of such distribution.

b. **Withholding Rights**. All distributions hereunder shall be subject to any withholding and reporting requirements imposed by any Applicable Law, which withholding the Monitor shall deduct in accordance with such Applicable Law or Taxing Authority. In the event a withholding is necessary, the Monitor shall withhold and remit from any distributions hereunder payable to an Affected

Creditor or to any Person on behalf of any Affected Creditor, such amounts as the Monitor determines are: (i) required to deduct and withhold with respect to such payment under the ITA or any provision of Applicable Law, in each case, as amended or succeeded; or (ii) entitled to withhold under section 116 of the ITA or any corresponding provisions of provincial law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the Affected Creditor in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority.

ARTICLE VII – IMPLEMENTATION OF THE PLAN

7.1 Oversight Committee

Upon the Conversion, the Inspectors shall be deemed to resign and each of GCC and Wrede shall nominate one person who, together with the Monitor, will form the Oversight Committee. The purpose of the Oversight Committee shall be, *inter alia*, to review and approve settlements in respect of the Estate Claims, Property Claims, the AgraCity Reversal, and generally deal with the continued realization of the assets of EncoreFX. The Oversight Committee shall not incur any liability with respect to any steps and actions taken in fulfilling their mandate except for gross negligence or willful misconduct.

7.2 Funding of Distributions

On the Plan Implementation Date, the Monitor shall establish an amount of money sufficient to fund the Reserves and the payment of the distributions contemplated by Section 6.2 hereof.

7.3 Distributions by the Monitor

a. All cash distributions to be made under this Plan to an Affected Creditor shall be made by the Monitor by cheque or wire transfer, and if by cheque, same will be sent via regular mail to such Affected Creditor to the address specified in the Proof of Claim filed by such Affected Creditor or such other address as the Affected Creditor may from time to time provide to the Monitor in accordance with Section 12.7 of this Plan.

b. All amounts of consideration received under this Plan shall be calculated to the nearest cent ($0.01). All calculations and determinations made by the Monitor for the purposes of and in accordance with this Plan, including without limitation the allocation of such consideration, shall be conclusive and binding upon the Affected Creditors and the Monitor.

c. The Monitor will distribute any remaining funds in the Reserves in accordance with Paragraph 6.3b of this Plan.

d. In the event that a Disputed Claims Reserve is established, then the distribution of amounts held in the Disputed Claims Reserve in respect of the Disputed Claims which become disallowed after the Effective Time shall be added to the Remaining Funds and distributed by the Monitor in accordance with this Plan.

e. In the event an Additional Reserve is established, the distribution of the amount held in the Additional Reserve shall, upon an order of the CCAA Court or as determined by the Monitor be added to the Remaining Funds and distributed by the Monitor in accordance with this Plan.

f. No Affected Creditor with a net "out-of-the-money" position with the Estate, or that owes any other amount to the Estate as determined by the Monitor or the CCAA Court shall receive a distribution in respect of any Affected Claim until such "out-of-the-money" position or amount owing to the Estate is resolved.

7.4 Timing of Distributions

The Monitor shall distribute the Remaining Funds and any funds remaining in respect of the Reserves as soon as reasonably possible.

ARTICLE VIII – CREDITOR'S MEETING

8.1 Conduct of Creditor's Meeting

The Creditor's Meeting in respect of the class of Affected Creditors to consider and vote on this Plan shall be held and conducted by the Monitor in accordance with the terms of the Creditor's Meeting Order.

8.2 Acceptance of Plan

If this Plan is approved by the Required Majority of Creditors, this Plan shall be approved and shall be deemed to have been agreed to, accepted and approved by each of the Affected Creditors and shall be binding upon all Affected Creditors.

ARTICLE IX – CONDITIONS OF PLAN IMPLEMENTATION

9.1 Sanction Order

If this Plan is approved by the Required Majority of Creditors, then as soon as reasonably practicable the Monitor shall bring a motion before the CCAA Court for the Sanction Order, which Sanction Order shall provide, among other things:

a. that the Creditor's Meeting was duly called and held in accordance with the terms of the Creditor's Meeting Order;

b. that all Persons named in this Plan are authorized to perform their functions and fulfill their obligation under the Plan in order to facilitate the implementation of the Plan;

c. that this Plan has been approved by the Required Majority of Creditors of all three (3) Affected Creditors Classes entitled to vote at the Creditor's Meeting in conformity with the CCAA;

d. that the Monitor has acted in good faith and has complied with the provisions of the CCAA and the Orders made in the CCAA Proceedings in all respects;

e. that the CCAA Court is satisfied that the Petitioner has not done nor purported to do anything that is not authorized by the CCAA;

f. that this Plan and the transactions contemplated by it are fair and reasonable;

g. that this Plan (including the compromises, arrangements and releases set out herein) shall be sanctioned and approved pursuant to Section 6 of the CCAA and will be binding and effective as herein set out on EncoreFX, all Affected Creditors and all other Persons as provided for in this Plan or in the Sanction Order;

9.2 Conditions of Plan Implementation

a. The implementation of this Plan shall be conditional upon the fulfillment or waiver, where applicable, of the following conditions at or before the Effective Time:

    i. this Plan shall have been approved by the Required Majority of Creditors in each of the three (3) Affected Creditor Classes;

    ii. the Sanction Order shall have been granted by the CCAA Court in a form acceptable to the Monitor, Wrede and the Gustavson Parties and shall be in full force and effect and not reversed, stayed, varied, modified or amended;

    iii. all applicable appeal periods in respect of the Sanction Order shall have expired and, in the event of an appeal or application for leave to appeal, final determination thereof shall have been made by the applicable appellate court;

    iv. all approvals, orders, determinations or consents required pursuant to Applicable Law, if applicable, shall have been obtained on terms and conditions satisfactory to the Monitor, acting reasonably, and shall remain in full force and effect at the Effective Time;

    v. all agreements, resolutions, documents and other instruments which are necessary to be executed and delivered by the Petitioner or the Monitor in order to implement this Plan and perform its obligations under this Plan shall have been executed and delivered;

    vi. no action shall have been instituted and be continuing as at the Effective Time for an injunction to restrain, a declaratory judgment in respect of, or damages on account of, or relating, this Plan; and

vii. the funds of the Estate available for distribution on the Plan Implementation Date shall be sufficient to pay at least CAD $30,000,000 on account of the Secured Claim Distribution and the Property Claim Distributions.

Each of the other conditions set out in this Paragraph 9.2a may be waived in whole or in part by the Monitor with the consent of Wrede and the Gustavson Parties. If a condition set out above has not been satisfied or waived in accordance with this Section 9.2, then this Plan shall automatically terminate, in which case the Monitor shall not be under any further obligation to implement this Plan.

b. Upon approval and sanctioning of the Plan, and the Initial Distributions from the Current Funds, the Monitor will provide a full and final release of the Estate's rights and Estate Claims against the Gustavson Parties in accordance with Section 11.4 of this Plan.

9.3 Monitor's Plan Certificate

Upon delivery of written notice by the Monitor that the conditions set out in Section 9.2 have been satisfied or waived, the Monitor shall, as soon as possible following receipt of such written notice, file the Monitor's Plan Certificate with the CCAA Court, thereby confirming that all of the conditions precedent set out in Section 9.2 have been satisfied or waived. The Monitor's Plan Certificate shall be substantially in the form attached as Schedule "C" to this Plan.

9.4 Monitor's Discharge Certificate

a. As soon as possible following the final distribution of the Remaining Funds, the Disputed Claims Reserve, any undeliverable or unclaimed distributions pursuant to Section 6.9 of this Plan, and any balance remaining in respect of the Administrative Reserve, the Monitor shall file the Monitor's Discharge Certificate with the CCAA Court, thereby confirming that, in the sole opinion of the Monitor, the Monitor has completed the duties and obligations imposed upon it by the CCAA Conversion Order and the CCAA. Upon the filing with the CCAA Court of the Monitor's Discharge Certificate, the Monitor shall be forever discharged of its duties and obligations under the CCAA Conversion Order, the Plan, and the CCAA, except for administrative matters that may arise from time-to-time. The Monitor's Discharge Certificate shall be substantially in the form attached as Schedule "D" to this Plan.

b. Payment of the Remaining Funds and the Administrative Reserve by the Monitor to the creditors as set out in the distribution schedule shall, upon the discharge of the Monitor and approval of the Office of the Superintendent in Bankruptcy, operate to annul the bankruptcy of EncoreFX, and to re-vest in EncoreFX all of the right, title, and interest of the Monitor in the property of EncoreFX as of the date of the discharge of the Monitor.

ARTICLE X – AMENDMENTS TO THE PLAN

10.1 Amendments to Plan Prior to Approval

The Monitor, with the consent of Wrede and the Gustavson Parties, reserves the right to file any variation or modification of, or amendment or supplement to, this Plan by way of a supplementary or amended and restated plan or plans of compromise or arrangement or both filed with the CCAA Court at any time or from time to time prior to the commencement of the Creditor's Meeting. Any such supplementary or amended and restated plan or plans of compromise or arrangement or both shall, for all purposes, be deemed to be a part of and incorporated into this Plan. Any such variation, modification, amendment or supplement shall be posted on the Monitor's website (www.ey.com/ca/EncoreFX) on the day on which it is filed with the CCAA Court and notice of same will be provided to the parties on the Service List. Affected Creditors are advised to check the Monitor's website regularly. Affected Creditors in attendance at the Creditor's Meeting will also be advised of any amendment made to this Plan.

In addition, the Monitor, with the consent of Wrede and the Gustavson Parties, may propose a variation, modification of or amendment or supplement to this Plan during the Creditor's Meeting, provided that notice of such variation, modification, amendment or supplement is given to all Affected Creditors entitled to vote who are present in person or by proxy at the Creditor's Meeting prior to the vote being taken at the Creditor's Meeting, in which case any such variation, modification, amendment or supplement shall, for all purposes, be deemed to be part of this Plan. Any variation, amendment, modification or supplement at the Creditor's Meeting will be promptly posted on the Monitor's website (www.ey.com/ca/EncoreFX) and filed with the CCAA Court as soon as practicable following the Creditor's Meeting.

10.2 Amendments to Plan Following Approval

After the Creditor's Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), the Monitor, with the consent of Wrede and the Gustavson Parties, may at any time and from time to time vary, amend, modify or supplement this Plan without the need for obtaining an Order of the CCAA Court or providing notice to the Creditors, if the Monitor, acting reasonably and in good faith, determine that such variation, amendment, modification or supplement is of a technical or administrative nature that would not be materially prejudicial to the interests of any of the Affected Creditors under this Plan and is necessary in order to give effect to the substance of this Plan or the Sanction Order.

ARTICLE XI – PLAN IMPLEMENTATION AND EFFECT OF THIS PLAN

11.1 Implementation

On the Plan Implementation Date, subject to the satisfaction or waiver of the conditions contained in Section 9.2 of this Plan, this Plan shall be implemented by the Petitioner and the Monitor, and the Plan shall be binding upon all Affected Creditors in accordance with the terms of this Plan and the Sanction Order.

11.2 Effect of This Plan Generally

The payment, compromise or satisfaction of any Affected Claims under this Plan, if sanctioned and approved by the CCAA Court, shall be binding upon each Affected Creditor, his, her or its heirs, executors, administrators, legal personal representatives, successors and assigns, as the case may be, for all purposes and this Plan shall constitute: (a) full, final and absolute settlement of all rights of any Affected Creditor against EncoreFX in respect of the Affected Claims; and (b) an absolute release and discharge of all indebtedness, liabilities and obligations of or in respect of the Affected Claims against EncoreFX or any D&O, including any interest or costs accruing thereon whether before or after the Filing Date.

11.3 Compromise Effective for All Purposes

a. No Person who has an Affected Claim as a guarantor, surety, indemnitor or similar covenantor in respect of any Affected Claim which is compromised under this Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of an Affected Claim which is compromised under this Plan shall not be entitled to any greater rights than the Affected Creditor whose Affected Claim was compromised under this Plan. Accordingly, the payment, compromise or other satisfaction of any Affected Claim under this Plan, if sanctioned and approved by the CCAA Court, shall be binding upon such Affected Creditor, its heirs, executors, administrators, successors and assigns for all purposes and, to such extent, shall also be effective to relieve any third party directly or indirectly liable for such indebtedness, whether as guarantor, surety, indemnitor, director, joint covenantor, principal or otherwise.

b. For further clarity and notwithstanding Section 11.3a of this Plan, nothing (including but not limited to the compromise of a D&O Claim or a D&O Indemnity Claim under this Plan) shall prejudice the rights and remedies of any D&Os or other person under any existing insurance policy or prevent or bar any person from seeking recourse against or payment from EncoreFX's insurance or any director and officer liability insurance policy or policies that exist to protect or indemnify the D&Os or other persons, whether such recourse or payment is sought directly by the person asserting the claim from the insurer or derivatively through the D&Os provided, however, that noting in this Plan shall create any rights in favour of such person under any policies of insurance nor shall anything in this Plan limit, remove, modify or alter any defence to such claim available to the insurer pursuant to the provisions of any insurance policy or at law.

11.4 Treatment of EFT Reversals

As of the Plan Implementation Date, the Monitor confirms that it will not pursue recovery in respect of any outstanding EFT Reversals notwithstanding the provisions of the Term Sheet, provided however that such confirmation does not apply in respect of the Monitor's pursuit of recovery in respect of the AgraCity Reversal. Further, GCC and BMO have confirmed that they will not pursue recovery in respect of any outstanding EFT Reversals after the Plan Implementation Date, provided however that such confirmation does not apply in respect of recovery regarding the AgraCity Reversal. All claims and rights in respect of the EFT Reversal, other than the AgraCity Reversal, shall be released and permanently enjoined.

11.5 Contracts

As of the Plan Implementation Date, each contract to which the Petitioner is a party as at the CCAA Filing Date, as it may have been modified, amended or varied after the CCAA Filing Date, shall be automatically terminated as at the Effective Time.

11.6 Plan Releases

a. On the Plan Implementation Date and payment of the Initial Distributions, the Monitor shall release and be permanently enjoined from any prosecution or attempted prosecution of any and all Estate Claims that it has or may have against the Gustavson Parties; provided, however, that the foregoing shall not operate as a waiver or release from any Estate Claims arising out of the fraud, wilful misconduct, or gross negligence of the Gustavson Parties in connection with, related to, or arising out of the CCAA Proceedings, the pursuit of the sanction of this Plan, the consummation of this Plan, the administration of this Plan, or the property to be distributed under this Plan.

b. All transactions as between EncoreFX and the Gustavson Parties, shall be deemed to be confirmed and to have been consummated at a value that is not conspicuously different than the fair market value of the property or services of the subject transactions, and Sections 95 to 101 of the BIA shall hereafter have no application, authority or determinative purpose, and for the purposes of Section 137 of the BIA, the Secured Claim is deemed to be a proper transaction.

c. On the Plan Implementation Date, except as otherwise provided in this Plan or in the Sanction Order, the Monitor (and its legal counsel) and the Trustee (and its legal counsel) shall be released from any and all claims, obligations, rights, Causes of Action and liabilities which the Petitioner may be entitled to assert, whether for tort, fraud, contracts, violation of Applicable Laws or otherwise, whether known or unknown, foreseen or unforeseen, existing or thereafter arising, based in whole or in part upon any act or omission, transaction or other occurrence taking place on or before the Effective Time, including the negotiation, solicitation, confirmation and consummation of this Plan; provided, however, that nothing shall release any Person from any Claims, obligations, Causes of Action or liabilities based upon any act or omission in connection with, relating to, or arising out of the CCAA Proceedings, the pursuit of the sanction of this Plan, the consummation of this Plan, the administration of this Plan, or the property to be distributed under this Plan, in each case which arise out of such Person's fraud, gross negligence, or wilful misconduct.

d. All claims and rights in respect of the EFT Reversals, save and except the AgraCity Reversal, shall be released and permanently enjoined.

11.7 Knowledge of Claims

Each Person to whom Section 4.1 hereof applies shall be deemed to have granted the releases set forth in Section 11.4 notwithstanding that he, she or it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that he, she or it may have under any Applicable Law which would limit the effect of such releases to those Affected Claims at the time of the granting of the release.

11.8 Exculpation

Neither the Petitioner nor the Monitor (including its legal counsel) or successors and assigns, shall have or incur any liability to any holder of a Affected Claim, or other party in interest for any act or omission in connection with, related to, or arising out of the CCAA Proceedings, the BIA Proceedings, the pursuit of sanction of the Plan, the consummation of this Plan or the administration of this Plan or the property to be distributed under this Plan, including the negotiation and solicitation of this Plan, except for wilful misconduct or gross negligence, and, in all respects, the Monitor and its respective members, officers, directors, employees, professional advisors (including legal counsel) or agents shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under this Plan.

11.9 Waiver of Defaults

From and after the Effective Time, and subject to any express provisions to the contrary in any amending agreement entered into with the Monitor after the CCAA Filing Date, all Persons shall be deemed to have waived any and all defaults of the Monitor then existing or previously committed by the Monitor or caused by the Monitor or any of the provisions hereof or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in every contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease, personal property lease or other agreement, written or oral, any amendments or supplements thereto, existing between such Person and the Monitor. Any and all notices of default, acceleration of payments and demands for payments under any instrument, or other notices, including without limitation, any notices of intention to proceed to enforce security, arising from any of such aforesaid defaults shall be deemed to have been rescinded and withdrawn. For greater certainty, nothing in this paragraph shall waive any obligations of the Monitor in respect of any Excluded Claim.

11.10 Consents and Releases

From and after the Effective Time, all Affected Creditors shall be deemed to have consented and to have agreed to all of the provisions of this Plan as an entirety. In particular, each Affected Creditor shall be deemed:

a. to have granted, and executed and delivered to EncoreFX all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety;

b. to have waived any default by or rescinded any demand for payment against EncoreFX and the Monitor that occurred on or before the Plan Implementation Date;

c. to have agreed that, if there is any conflict between the provisions, whether express or implied, of any agreement or other arrangement, written or oral, between such Affected Creditors and the Petitioner or the Monitor with respect to an Affected Claim as at the Plan Implementation Date and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly; and

d. to have waived any and all defaults then existing or previously committed by EncoreFX or the Monitor in any covenant, warranty, representation, term, provision, condition or obligations, expressed or implied, in any contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto, existing between any such Affected Creditor, Claimant or other Person and EncoreFX and any and all notices of default and demands for payment under any instrument, including without limitation any guaranty, shall be deemed to have been rescinded.

11.11 Deeming Provisions

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

ARTICLE XII – GENERAL PROVISIONS

12.1 Different Capacities

Creditors whose Affected Claims are affected by this Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, each such Affected Creditor shall be entitled to participate hereunder in each such capacity. Any action taken by an Affected Creditor in any one capacity shall not affect the Affected Creditor in any other capacity, unless expressly agreed by the Affected Creditor in writing or unless the Affected Claims overlap or are otherwise duplicative.

12.2 Further Assurances

Notwithstanding that the transactions and events set out in this Plan may be deemed to occur without any additional act or formality other than as expressly set out herein, each of the Persons affected hereby shall make, do, and execute or cause to be made, done or executed all such further acts, deeds, agreements, assignments, transfers, conveyances, discharges, assurances, instruments, documents, elections, consents or filings as may be reasonably required by EncoreFX in order to implement this Plan.

12.3 Paramountcy

Without limiting any other provision hereof, from and after the Effective Time, in the event of any conflict between this 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, lease, personal property lease or other agreement, written or oral and any and all amendments or supplements thereto existing between EncoreFX and any other Persons affected by this Plan, the terms, conditions and provisions of this Plan shall govern and shall take precedence and priority.

12.4 Revocation, Withdrawal or Non-Consummation

The Monitor, with the consent of Wrede and the Gustavson Parties, may revoke or withdraw this Plan at any time prior to the Plan Implementation Date and to file subsequent plans of compromise or arrangement. If the Monitor revokes or withdraws this Plan, or if the Sanction Order is not issued: (a) this Plan shall be null and void in all respects; (b) any Affected Claim, any settlement or compromise embodied in this Plan (including the fixing or limiting of any Affected Claim to an amount certain), assumption or termination, repudiation of contracts or leases effected by this Plan, any document or agreement executed pursuant to this Plan shall be deemed null and void; and (c) nothing contained in this Plan, and no action taken in preparation for consummation of this Plan, shall: (i) constitute or be deemed to constitute a waiver or release of any Affected Claims by or against EncoreFX or any Person; (ii) prejudice in any manner the rights of EncoreFX or any Person in any further proceedings involving EncoreFX; or (iii) constitute an admission of any sort by EncoreFX or any Person.

12.5 Preservation of Rights of Action

Except as otherwise expressly provided in this Plan or in the Sanction Order, or in any contract, instrument, release, indenture or other agreement entered into in connection with this Plan, following the Effective Time, the Monitor shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Estate Claims that the Petitioner, the Trustee or the Monitor may hold against any Person or entity without further approval of the CCAA Court. Except as otherwise expressly provided in this Plan or in the Sanction Order, this Plan shall not affect in any manner any of the Estate Claims or provide any Person subject to an Estate Claim with any defence, third-party claims, cross-claims, counterclaims, release, compromise or discharge of such Estate Claim.

12.6 Responsibilities of the Monitor

The Monitor is acting in its capacity as Monitor in the CCAA Proceedings with respect to EncoreFX and is not responsible or liable for any obligations of EncoreFX. The Monitor will have the powers granted to it by this Plan, by the CCAA and by any Order, including the CCAA Conversion Order.

12.7 Notices

Any notice or communication to be delivered hereunder will be in writing and will reference this Plan and may, subject to as hereinafter provided, be made or given by mail, personal delivery or by facsimile or e-mail transmission addressed to the respective parties as follows:

a. if to EncoreFX / Monitor:

Ernst & Young Inc.
700 West Georgia Street
Vancouver, BC V7Y 1C7
Email: marko.gordic@parthenon.ey.com
Facsimile: 604.899.3530
Attention: Marko Gordic

- with a copy to -

MLT Aikins LLP
Suite 2600, 1066 West Hastings Street
Vancouver, BC V6E 3X1
Email: wskelly@mltaikins.com
Facsimile: 604.682.7131
Attention: William E.J. Skelly

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b. if to an Affected Creditor:

To the last known address (including fax number or email address) for such Affected Creditor set out in the books and records of the Petitioner or, if an Affected Creditor filed a Proof of Claim, the address specified in the Proof of Claim filed by such Affected Creditor or such other address as the Affected Creditor may from time to time notify the Monitor in accordance with this Section.

or to such other address as any party may from time to time notify the others in accordance with this Section. All such notices and communications which are delivered will be deemed to have been received on the date of delivery. All such notices and communications which are faxed or emailed will be deemed to be received on the date faxed or e-mailed if sent before 5:00 p.m. (Pacific Daylight Time) on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such fax or email was sent. Any notice or other communication sent by mail will be deemed to have been received on the third Business Day after the date of mailing.

Dated at Vancouver, British Columbia on April 6, 2021.

ENCOREFX INC., by its Court-appointed Monitor, Ernst & Young Inc., and not in its personal capacity

Per: ______________________

Mike Bell, Senior Vice President, Turnaround and Restructuring (CPA, CA)

SCHEDULE "A"

Definitions

"**Additional Reserve**" has the meaning given to such term in Section 6.6 of this Plan;

"**Administrative Reserve**" has the meaning given to such term in Section 6.4 of this Plan;

"**Affected Claims**" means all Claims except Excluded Claims, and "**Affected Claim**" shall mean any one of them;

"**Affected Creditor**" means a holder of an Affected Claim which, for clarity, includes any holder of a D&O Claim or a D&O Indemnity Claim, and "**Affected Creditors**" means all of them;

"**Affected Creditors Class**" means a class of Creditors of the Petitioner comprised solely of the Affected Creditors for purposes of considering and voting upon the Plan;

"**Affirmative Votes**" means: (i) the votes of Affected Creditors with Proven Voting Claims, who have voted in favour of this Plan at the Creditor's Meeting; and (ii) the votes of Affected Creditors deemed to have voted in favour of this Plan pursuant to Paragraph 5.2c hereof, and "**Affirmative Vote**" shall mean any one of them;

"**AgraCity**" means AgraCity Crop and Nutrition Ltd.;

"**AgraCity Reversal**" means EFT Reversals initiated by AgraCity after the Date of Bankruptcy in an aggregate amount totalling CAD $638,155.84;

"**Applicable Law**" means, at any time, in respect of any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Authorized Authority;

"**Authorized Authority**" means, in relation to any Person, transaction or event, any:

a. federal, provincial, territorial, state, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign;

b. agency, authority, commission, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any Taxing Authority;

c. court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions; or

d. other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event;

“**Available Funds**” has the meaning given to such term in Paragraph 6.1a of this Plan;

“**BIA**” means the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended;

“**BIA Proceedings**” means Supreme Court of British Columbia Court No. VLC-S-B-200204;

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

“**Canadian Dollars**” or “**CAD $**” or “**CAD**” or “**$**” means dollars denominated in the lawful currency of Canada;

“**Causes of Action**” means any actions, causes of action, rights, suits, choses-in-action, third-party claims, cross-claims, counterclaims and demands whatsoever, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature;

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

“**CCAA Court**” means the Supreme Court of British Columbia;

“**CCAA Filing Date**” means March 30, 2021;

“**CCAA Conversion Order**” means the Order of the Honourable Madam Justice Fitzpatrick granted in the CCAA Proceedings on March 30, 2021, a copy of which is attached hereto as Schedule “D”, as amended, restated, varied or extended from time to time by subsequent Orders;

“**CCAA Proceedings**” means the proceedings commenced by the Petitioner under the CCAA on March 11, 2021 in the CCAA Court, bearing Supreme Court of British Columbia Court No. S212302;

“**Claim**” means (i) any right or claim of any Person that may be asserted or made in whole or in part against the Petitioner or any of its D&Os, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any 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 together with any other rights or claims of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the BIA; (ii) any D&O Claim or D&O Indemnity Claim; and (iii) any Tax Claim;

"**Claims Process Order**" means the Order of the CCAA Court dated April 8, 2021, a copy of which is attached as Schedule "F", as it may be amended, restated or varied;

"**Convenience Creditors**" has the meaning given to such term in Subparagraph 5.2c of this Plan;

"**Conversion**" means the conversion of the BIA Proceedings to the CCAA Proceedings pursuant to the terms of the CCAA Conversion Order;

"**Creditor's Meeting**" means the meeting of Affected Creditors called for the purposes of considering and voting in respect of this Plan, which has been set by the Creditor's Meeting Order to take place at 3:00 p.m. (Pacific Daylight Time) on May 11, 2021, and any postponements or adjournments thereof;

"**Creditor's Meeting Order**" means the Order granted April 8, 2021, ordering and declaring, among other things, the procedures to be followed in connection with the Creditor's Meeting, as amended, restated or varied from time to time by subsequent Orders;

"**Crown**" means Her Majesty in right of Canada or a province of Canada;

"**Current Funds**" means the funds, including the EFT Funds, available for distribution on the Plan Implementation Date;

"**D&O**" means collectively and individually, all current and former directors and officers of EncoreFX and, for greater clarity, specifically includes Peter Gustavson;

"**D&O Claim**" means any Claim that has been, could have been, or may be asserted or made in whole or in part against one or more D&O;

"**D&O Indemnity Claim**" means any existing or future right of any D&O as against EncoreFX, which arose or arises as a result of any person filing a Proof of Claim asserting a D&O Claim in respect of such D&O or which such D&O is entitled to be indemnified by EncoreFX;

"**Date of Bankruptcy**" means March 30, 2020;

"**Disputed Claim**" means that portion of an Affected Claim which has not been allowed or accepted as proven by the Monitor for distribution purposes, which is the subject of a Dispute Notice, and which has not been resolved by the Monitor, by agreement or by further Order, and "Disputed Claims" means all of them;

"**Disputed Claims Reserve**" means the reserve, if any, established and maintained by the Monitor, in which the Monitor shall deposit the amounts which would be distributed to holders of Disputed Claims if such Disputed Claims were to become Proven Distribution Claims, pending the final determination or resolution of such Disputed Claims for distribution purposes under this Plan;

"**Distribution Date**" means a date to be chosen by the Monitor to distribute the Distributed Claims Reserve in respect of any Disputed Claims which become Proven Distribution Claims. Any remaining Disputed Claims as of the Distribution Date, which shall distributed no later than seven (7) days following the date, if any, on which such Disputed Claim becomes a Proven Distribution Claim;

"**Effective Time**" means the first moment on the Plan Implementation Date;

"**EFT Claim**" means upon BMO's payment to the Trustee of amounts totalling CAD $4,339,614.62 and USD $1,171,279.45 (the "**EFT Funds**"), BMO shall receive an accepted general unsecured claim in the amount of CAD $8,379,651.20 and USD $1,903,078.91 comprising the following amounts: (a) claims in respect of EFT returns that BMO made in the amount of CAD $8,217,870.15 and USD $1,890,331.90; (b) BMO's counsel's fees and costs in the amount of CAD $137,200.25 as of January 15, 2021; (c) other amounts owed to BMO by EncoreFX being CAD $11,545.62 and USD $12,747.01 for Mastercard, and CAD $13,035.18 for account fees, plus any amounts, including interest and costs, which accrued due after January 15, 2021 up to the date of the filing of the Proof of Claim;

"**EFT Reversals**" means the post-bankruptcy reversal of electronic fund transfers by certain customers to EncoreFX;

"**Employees**" means the former employees of EncoreFX, and "Employee" means any one of them;

"**Employee Claims**" means any Claims by Employees for termination, bonus and/or severance pay;

"**Estate**" means the bankrupt estate of EncoreFX bearing Estate No. 11-2634864;

"**Estate Claims**" means the Causes of Action of the Trustee or Monitor in connection with "out-of-the money" positions held by clients of EncoreFX, and any other remaining Causes of Action of the Estate against any Person;

"**EncoreFX**" means EncoreFX Inc.;

"**Excluded Claims**" has the meaning given to such term in Section 4.2 of this Plan;

"**GCC**" means Gustavson Capital Corporation;

"**GCC Secured Claim**" means the Claim of GCC against EncoreFX pursuant to the grid note dated September 22, 2015 and secured by the general security agreement dated March 31, 2016 in the amount of $35,888,950;

"**General Unsecured Claims**" has the meaning given to such term in Paragraph 3.1c of this Plan;

"**GUCs**" or "**General Unsecured Creditors**" has the meaning given to such term in Paragraph 3.1c of this Plan;

"**Gustavson Parties**" means collectively Peter Gustavson, GCC, and any officers and directors of GCC;

"**Initial Distributions**" has the meaning given to such term in Paragraph 6.2a of this Plan;

"**Inspectors**" means the inspectors of the Estate appointed within the BIA Proceedings;

"**ITA**" means the Income Tax Act (Canada), R.S.C. 1985, c.1 (5th Supp.), as amended to the date of this Plan;

"**ITM Creditor**" means an Affected Creditor of EncoreFX whose Affected Claim is an "in-the-money" hedged foreign exchange transaction, where "in-the-money" means that such an ITM Creditor is in a positive net aggregate mark-to-market position regarding its hedged transaction(s) with EncoreFX, and "**ITM Creditors**" means all of them;

"**Margin Deposits**" means any margin deposits or upfront deposits paid by any claimants to EncoreFX pursuant to a margin call or a request for an upfront deposit prior to the Date of Bankruptcy;

"**Monitor**" means Ernst & Young Inc., solely in its capacity as Court-Appointed Monitor of the Petitioner in the CCAA Proceedings, and not in its corporate or personal capacity;

"**Monitor's Discharge Certificate**" has the meaning given to it in Section 9.4 of this Plan and shall be substantially in the form attached hereto as Schedule "D";

"**Monitor's Plan Certificate**" has the meaning given to it in Section 9.3 of this Plan and shall be substantially in the form attached hereto as Schedule "C";

"**Order**" means any order of the CCAA Court in the CCAA Proceedings, and "**Orders**" means all of them;

"**Oversight Committee**" means the committee established pursuant to Section 7.1 of this Plan;

"**Person**" shall be broadly interpreted and includes an individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, corporation, unincorporated association or organization, syndicate, committee, the government of a country or any political subdivision thereof, or any agency, board, tribunal, commission, bureau, instrumentality or department of such government or political subdivision, or any other entity, howsoever designated or constituted, including any Taxing Authority, and the trustees, executors, administrators, or other legal representatives of an individual, and for greater certainty includes any Authorized Authority;

"**Petitioner**" means EncoreFX;

"**Plan**" means this Plan of Compromise and Arrangement, as it may be amended, restated, or supplemented from time to time in accordance with the provisions of this Plan, the Claims Process Order and the Creditor's Meeting Order;

"**Plan Implementation Date**" means the Business Day immediately following the Business Day on which the Monitor files with the CCAA Court the Monitor's Plan Certificate confirming that all conditions to implementation of this Plan as set out in Section 9.2 of this Plan have been satisfied, fulfilled or waived;

"**Priority Payments**" means payments to be made pursuant to the Plan which are required to be paid in priority to payments to Affected Creditors in accordance with Applicable Laws;

"**Proof of Assignment**" means a notice of transfer or assignment of a Claim executed by the Creditor and the transferee or assignee, together with such other evidence of such transfer or assignment as may be reasonably required by the Monitor and/or the Petitioner;

"**Proof of Claim**" means a proof of claim in the prescribed forms submitted to the Trustee or Monitor by an Affected Creditor in the BIA Proceedings or in accordance with the Claims Process Order, and "**Proofs of Claim**" means all of them;

"**Property Claim**" means a Claim solely in respect of such Property Claimant's "in flight" funds or holding account funds with the Property Claimant's account with the Petitioner as at the Date of Bankruptcy, and "**Property Claims**" means all of them;

"**Property Claim Distributions**" has the meaning given to such term in Paragraph 5.2b of this Plan;

"**Property Claimants**" has the meaning given to such term in Paragraph 3.1b of this Plan;

"**Property Deficiency Claims**" has the meaning given to such term in Paragraph 5.2b of this Plan;

"**Property Proof of Claim**" means a reclamation of property form in the prescribed form (Form 74) submitted to the Trustee or Monitor by an Affected Creditor in the BIA Proceedings or in accordance with the Claims Process Order;

"**Proven Distribution Claim**" means an Affected Claim as finally determined or allowed for distribution purposes in accordance with the Claims Process Order, any other Order and/or this Plan, as applicable, and "**Proven Distribution Claims**" means all of them;

"**Proven Voting Claim**" means the amount of an Affected Claim as finally determined or allowed for voting purposes in accordance with the Claims Process Order, any other Order and/or this Plan, as applicable, and "**Proven Voting Claims**" means all of them;

"**Remaining Funds**" means the Available Funds net of the Priority Payments, the Secured Claim Distribution, the Property Claim Distributions, the Unsecured Claim Distributions, and the Reserves.

"**Required Majority of Creditors**" means, in respect of each of the three (3) Affected Creditor Classes, that preponderance of Votes Cast whereby: (a) the number of Affirmative Votes exceeds fifty per cent (50%) of the Votes Cast; and (b) the value of the Proven Voting Claims attributable to Affirmative Votes equals or exceeds sixty-six and two-thirds per cent (66 2/3 %) of the value of the Proven Voting Claims attributable to the Votes Cast;

"**Reserves**" has the meaning given to such term in Paragraph 6.3a of this Plan;

"**Sanction Order**" means an Order sanctioning this Plan and giving all necessary directions regarding its implementation, which shall include the provisions set forth in Section 9.1 of this Plan;

"**Secured Creditor**" has the meaning given to such term in Paragraph 3.1a of this Plan;

"**Secured Claim Distribution**" has the meaning given to such term in Paragraph 5.2a of this Plan;

"**Secured Deficiency Claim**" has the meaning given to such term in Paragraph 5.2a of this Plan;

"**Secured Preferred Claim**" has the meaning given to such term in Paragraph 5.2a of this Plan;

"**Service List**" has the meaning ascribed to it in the preamble of the CCAA Conversion Order;

"**Special Crown Claims**" means Claims of the Crown for all amounts that were outstanding at the CCAA Filing Date and are of a kind that could be subject to a demand under:

a. subsection 224(1.2) of the ITA;

b. any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the ITA 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*, 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 ITA, 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 ITA, 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;

"**Tax**" or "**Taxes**" means any and all amounts subject to a withholding or remitting obligation and any 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 the Petitioner for any Taxes in respect of any taxation year or period ending on or prior to the CCAA Filing Date, and in any case where a taxation year or period commences on or prior to the CCAA Filing Date, for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the CCAA Filing Date and up to and including the CCAA Filing Date;

"**Taxing Authorities**" means Her Majesty the Queen, 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, any similar revenue or taxing authority of each and every province or territory of Canada and any political subdivision thereof, and any Canadian or foreign governmental authority exercising taxing powers in administering and/or collecting Taxes;

"**Term Sheet**" means the term sheet dated January 15, 2021 between the Trustee, Wrede and the Gustavson Parties setting out the basic terms of this Plan, which is attached hereto as Schedule "B";

"**Trustee**" means Ernst & Young Inc., solely in its capacity as Trustee in Bankruptcy of the EncoreFX in the BIA Proceedings, and not in its corporate or personal capacity;

"**Unsecured Claim Distributions**" has the meaning giving to such term in Paragraph 5.2c of this Plan;

"**USD**" or "**USD $**" means dollars denominated in the lawful currency of the United States of America;

"**Votes Cast**" means the sum of the Affirmative Votes and the Negative Votes of the Affected Creditors with Proven Voting Claims;

"**WEPPA**" means the *Wage Earner Protection Program Act*, S.C. 2005, c.47, as amended;

"**Withheld Amount**" has the meaning given to such term in Section 6.6 of this Plan; and

"**Wrede**" means Mr. Andreas Wrede.

SCHEDULE "B"

Term Sheet

TERM SHEET FOR ENCOREFX INC. PLAN

THIS TERM SHEET (THE "**TERM SHEET**") DESCRIBES THE TERMS OF PLAN OF ARRANGEMENT (THE "**PLAN**") PURSUANT TO THE COMPANIES CREDITORS ARRANGMENT ACT R.C.C. 1985, C. C-36 (THE "**CCAA**") TO BE FILED AND PRESENTED TO THE CREDITORS OF ENCOREFX INC. ("**ENCOREFX**" OR THE "**COMPANY**") AFTER THE CONVERSION OF THE BANKRUPTCY OF ENCOREFX INTO A PROCEEDING UNDER THE CCAA (THE "**CONVERSION**") PURSUANT TO S. 11.6 (B) OF THE CCAA BY AND AMONG (A) ERNST & YOUNG INC., ("EY") IN ITS CAPACITY AS THE TRUSTEE-IN-BANKRUPTCY (THE "**TRUSTEE**") OF ENCOREFX INC. ("**ENCOREFX**" OR THE "**COMPANY**"); (B) ANDREAS WREDE ("**WREDE**"); AND (C) GUSTAVSON CAPITAL CORPORATION ("**GCC**") AND PETER GUSTAVSON (TOGETHER WITH GCC, AND ANY OFFICERS OR DIRECTORS OF GCC, THE "**GUSTAVSON PARTIES**").

Term	*Summary*
Purpose:	The purpose of the Term Sheet is to set forth indicative terms for a global resolution of the various claims as against the estate of EncoreFX (the "**Estate**") and govern the distributions of all funds and other assets recovered by the Trustee and that may be recovered EY in its capacity as Monitor under the CCAA (the "**Monitor**") after the Conversion. The parties to this Term Sheet (the "**Parties**") intend to develop and finalize a Plan, consistent with this Term Sheet in all respects, to present to the creditors of EncoreFX and the Supreme Court of British Columbia (the "**Bankruptcy Court**") for approval in accordance with the CCAA.
Classes of Creditors for Distribution Purposes:	The Plan shall comprise of three (3) classes of creditors (the "**Classes**") for distribution purposes: • Secured Creditors o The class of secured creditors (the "**Secured Creditors**") shall comprise GCC with respect to its secured claim (the "**Secured Claim**"). • Property Claimants o The class of property claimants (the "**Property Claimants**") shall comprise creditors which have outstanding property claims with respect to "in flight" funds or holding account funds (the "**Property Claims**"), *provided that,* if the Bankruptcy Court determines claims related to "in flight" funds are determined to not be Property Claims such claims shall be treated as General Unsecured Claims as set forth below. The Property Claimant may also include claimants: (i) who had initiated EFT reversals and, (ii) who have paid the Trustee the full amount of their EFT reversals and costs of the Trustee related to the seeking any relief of any claimant and,

Term	*Summary*
	(iii) who had filed property proofs of claims in respect of their EFT reversals and, (iv) where the property proofs of claims filed had, in the Trustee's opinion, been properly filed in respect of Property Claims. Any property claim asserted with respect to margin deposits shall not constitute a Property Claim for the purpose of the Plan. • General Unsecured Creditors o The class of general unsecured creditors (the "**GUCs**") shall comprise any other remaining creditors which have general unsecured claims (the "**General Unsecured Claims**"), including: (a) former employees of EncoreFX (the "**Employees**") with respect to claims for termination, bonus and/or severance pay (the "**Employee Claims**"); (b) creditors with claims with respect to "in-the-money" positions; (c) creditors who have margin deposit claims; (d) creditors with "in flight" funds or holding account funds which did not submit property claims or which have property claims that have been disallowed on a final basis or determined by the Bankruptcy Court or another court of comptentent jurisdiction to not have a Property Claim; (e) trade creditors; and (e) Bank of Montreal ("**BMO**") in respect of the EFT Claim (as defined below).
Classes of Creditors for Voting Purposes	The Plan shall compromise the following Classes of creditors for voting purposes: • Property Claimants; • General Unsecured Creditors; and • Secured Creditors
Available Funds:	The funds available ("**Available Funds**") for distribution to the creditors of EncoreFX primarily comprise of the following: • Funds currently held by the Trustee (the "**Current Funds**"); • The EFT Funds (as defined below); and • Additional funds to be recovered by the Trustee and the Monitor with respect to claims made in connection with "out-of-the-money" positions held by clients of EncoreFX, and any other claims of the Estate (the "**Estate Claims**").

Term	*Summary*
Priority Payments:	From the Available Funds the Monitor shall first pay all of the priority payables as are required by law to be paid, including: • WEPPA claims; and • Amounts required to be paid by sections 6(3) and 6(5) of the CCAA. (the "**Priority Payments**")
Secured Claim Treatment:	In full and final satisfaction of the Secured Claim, GCC shall receive: (a) a distribution from the Current Funds and EFT Funds (the "**Secured Claim Distribution**") of \$12,000,000; (b) an accepted preferred claim of \$4,944,475 (the "**Secured Preferred Claim**"); (c) an accepted deficiency claim equal to \$18,944,475 (the "**Secured Deficiency Claim**").
Property Claim Treatment:	In full and final satisfaction of the Property Claims, the Property Claimants shall receive: (a) a distribution from the Current Funds and EFT Funds (the "**Property Claim Distributions**") equal to 66.67% of their respective Property Claim (the "**Property Claim Distribution**"); and (b) an accepted deficiency claim equal to the amount of their Property Claim minus any amounts received from the Property Claim Distribution (the "**Property Deficiency Claims**"). The amount of any accepted Property Claim shall be net of any amounts owing by the Property Claimant to the Estate in respect of any "out-of-the-money" positions, or any other debt owed to the Estate by the Property Claimant. Under the Plan, Wrede shall have an accepted Property Claim of \$28,966,892.58.
General Unsecured Claim Treatment:	In full and final satisfaction of the General Unsecured Claims, the GUCs may elect to receive a distribution from the Current Funds and EFT Funds (the "**Unsecured Claim Distributions**") equal to either (a) 100% of their respective General Unsecured Claim with respect to the first \$5,000 of their General Unsecured Claim, or (b) 16% of their respective General Unsecured Claim; For those GUCs who are owed \$5,000 or less, and for those GUCs who are owed between \$5,000 and \$31,250 and who elect to accept \$5,000 in full and final satisfaction of their claims (together, the "**\$5,000 Electors**"), then in each such case the \$5,000 Electors shall be deemed to have voted in favour of the Plan. The amount of any accepted General Unsecured Claim shall be net of any amounts or any other debts owed to the Estate by the GUC.
EFT Funds:	In full and final satisfaction of the Estate's rights and claims as against BMO with respect to any EFT reversals, BMO (as soon as reasonably practicable following execution of this Term Sheet and, in no event, later than the date on which the Trustee files the motion seeking the Meeting and Conversion Order (as defined below)) shall pay the Trustee \$4,342,444 and \$1,551,331 USD[1] plus the Trustee's fees and expenses of \$350,000 (the "**EFT Funds**"). Upon payment of

[1] These are amounts as of December 3, 2020, and need to be adjusted for conversion to CAD, and any further costs and recoveries by the Trustee.

Term	*Summary*
	the EFT Funds to the Trustee, BMO shall receive an accepted general unsecured claim (the "**EFT Claim**") in the amount of: • The amount of the EFT Funds paid to the Trustee; • The amount of \$3,875,426 and \$399,000 USD representing EFT reversals paid by BMO which were not reimbursed from the funds in the EncoreFX bank accounts at BMO as of the date of bankruptcy[2]; and • BMO's counsel's fees and costs estimated in the amount of \$125,000[3]; and • Other amounts owed to BMO by EncoreFX estimated in the amount of \$25,000 and \$13,000 USD[4]. For greater certainty, the Trustee shall not be required to seek the Meeting and Conversion Order until the EFT Funds are received from BMO.
EFT Recoveries:	The Trustee and the Monitor shall take reasonable actions and steps to seek recovery from clients of EncoreFX who benefited from EFT reversals (the "**EFT Reversal Clients**" or an "**EFT Reversal Client**"). BMO is to cooperate with the Trustee and the Monitor, and GCC shall fully indemnify the Trustee and BMO with respect to any costs that the Trustee, the Monitor and their counsel or BMO and its counsel may incur with respect to seeking recovery from the EFT Reversal Clients. If the Trustee or the Monitor determines that reasonable recovery efforts have been exhausted, the Trustee or the Monitor may seek an order from the Bankruptcy Court ceasing any requirement for it to further pursue the EFT Reversal Clients and may assign all of the Estate's remaining rights and claims against the EFT Reversal Clients to BMO and/or GCC. GCC shall consent to such order provided reasonable efforts have been made to seek recovery from the EFT Reversal Clients. The Trustee and the Monitor shall provide monthly invoices to GCC for the services which have been provided by the Trustee, the Monitor and its counsel for the immediately preceding month in resepct of the pursuit of recovery from the EFT Reversal Clients. GCC shall pay such invoices with 10 days of receipt. Any funds recovered by the Trustee or the Monitor from the EFT Reversal Clients prior to the Plan being approved and implemented shall be paid to BMO or any assignee of BMO and, upon such payment, BMO's unsecured claim shall be reduced accordingly.
Remaining Funds:	The Available Funds net of the Priority Payments, the Secured Claim Distribution, the Property Claim Distributions, the Unsecured Claim Distributions, and the Administrative Reserve, (the "**Remaining Funds**") shall be paid as follows:

[2] These are amouts as at December 7, 2020 and need to be adjusted for conversion to CAD.
[3] To be adjusted if actual amount of BMO's costs is different.
[4] Amounts to be confirmed, adjusted if necessary, and converted to CAD

Term	*Summary*
	• *First*, to GCC in satisfaction of the Secured Preferred Claim; and • *Second*, following payment in full of the Secured Preferred Claim, *pro-rata* among the Secured Deficiency Claim, and the Property Deficiency Claims.
Administrative Reserve:	The Trustee or the Monitor shall deposit $4,000,000 (the "**Administrative Reserve**") into a separate account for the purpose of funding the Trustee and for the Monitor to pursue the Estate Claims at the direction of the inspectors (the "**Inspectors**") and funding any other reasonable costs and expenses of the Estate. Any additional recoveries from the Trustee and/or the Monitor on account of the Estate Claims shall top up the Administrative Reserve prior to being used to fund interim distributions to creditors in accordance with the Plan.
Timing of Interim Distributions:	The Monitor shall complete the Priority Payments, Secured Claim Distribution, Property Claim Distributions, and Unsecured Claim Distributions as soon as reasonably practicable following implementation of the Plan. The Monitor shall subsequently distribute the Remaining Funds in excess of the Administrative Reserve in accordance with the Plan at intervals determined by the Oversight Committee (as herein defined) or the Bankruptcy Court, *provided however*, the Monitor shall distribute all of the Remaining Funds in excess of the Administrative Reserve if such amount is at any time in excess of $5,000,000. Any funds in the Administrative Reserve shall be distributed on the final distribution made to creditors of EncoreFX in accordance with the Plan.
Oversight Committee:	Upon the Conversion, each of GCC and Wrede shall nominate one person who together with the Monitor shall form the Oversight Committee. The purpose of the Oversight Committee shall be, *inter alia*, to review and approve settlements with OTM customers, EFT customers, Property Claimaints and generally deal with the realization of the assets of EncoreFX. The Meeting and Conversion Order shall provide that the Oversight Committee shall not incur any liability with respect to any steps and actions taken in fulfilling their mandate except for gross negligence or willful misconduct.
Releases:	Upon approval and sanctioning of the Plan, and the initial distribution from the Current Funds and the EFT Funds, the Monitor will provide a full and final release of the Estate's rights and claims against the Gustavson Parties.
Other Terms:	• Payment of the Remaining Funds by the Monitor to the creditors as set out in the distribution schedule shall, upon the discharge of the Monitor and approval of the Superintenent in Bankruptcy, operate to annul the bankruptcy of the Company, and to re-vest in the Company all of the right, title, and interest of the Monitor in the property of the Company as of the date of the discharge of the Monitor. • Unless otherwise ordered by the Bankruptcy Court, the Monitor shall not conduct any new claims process with respect of the CCAA proceedings and all steps and actions taken in the BIA proceedings shall apply *mutatis mundis* in the CCAA proceedings, including the order of the Bankruptcy

Term	Summary
	Court dated October 1, 2020 setting down the claim of Wrede to be determined by trial of an issue. • The exchange rate for claims under the Plan shall be the date of bankruptcy, unless otherwise determined by the Trustee or Monitor or as may be determined by the Bankruptcy Court. • Except as otherwise expressly set out in this Term Sheet, all currency or dollar amounts are stated in Canadian dollars.
Conditions Precedent:	The Plan and transactions, compromises and settlements contained therein shall be conditional upon: • Issurance of order by the Bankruptcy Court converting the bankruptcy proceedings to proceedings under the CCAA and establishing meeting procedures to vote on the Plan, in a form satisfactory to the Monitor, the Trustee, Wrede, and the Gustavson Parties (the "**Meeting and Conversion Order**"); • Approval of the Plan by the required majorities of the Classes in accordance with the CCAA; • Issuance of a sanction order by the Bankruptcy Court, in a form satisfactory to the Monitor, Wrede, and the Gustavson Parties (the "**Sanction Order**"); • Receipt of the EFT Funds by the Trustee; and • Disallowance of the claim of Travelers Canada on a final basis.
Binding Nature:	• Upon the execution of this Term Sheet all Parties shall be obligated to proceed in good faith as expeditiously as possible to negotiate, finalize, execute and deliver all documents contemplated hereby or as otherwise may be necessary to effectuate the terms and intent of this Term Sheet. • The Parties agree that the Bankruptcy Court shall retain jurisdiction over the Parties to enforce the terms of this Term Sheet and any definitive documentation relating thereto and any other matters related to the Proposal. • This Term Sheet may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Signatures delivered by facsimile or by email in PDF format shall constitute originals for all purposes.
Milestones:	• Time is of the essence with respect to implementing any Plan in accordance with the Term Sheet. • The Parties shall take all reasonable steps to:

Term	*Summary*
	o Obtain the issuance of the Meeting and Conversion Order by January 31, 2021; o Hold the meetings of creditors for each of the Classes by February 21, 2021 to vote on the Plan; and o Obtain the issuance of the Sanction Order by March 15, 2021.
Governing Law:	British Columbia

IN WITNESS WHEREOF, the Parties execute this Term Sheet as of January 15 , 2021.

ERNST AND YOUNG INC., IN ITS CAPACITY AS TRUSTEE-IN-BANKRUPTCY OF ENCOREFX INC., NOT IN ITS PERSONAL CAPACITY

By: ______________________

Mike Bell

GUSTAVSON CAPITAL CORPORATION

By: ______________________

Title:

____

Name: Peter Gustavson

____

Name: Andreas Wrede

IN WITNESS WHEREOF, the Parties execute this Term Sheet as of January ____, 2021.

ERNST AND YOUNG INC., IN ITS CAPACITY AS TRUSTEE-IN-BANKRUPTCY OF ENCOREFX INC., NOT IN ITS PERSONAL CAPACITY

By: ______________________________

Title

GUSTAVSON ~~CAPITAL CORPORATION~~

By: ______________________________

Title: DIRECTOR

____

Name: Peter Gustavson

____

Name: Andreas Wrede

SCHEDULE "C"

Form of Monitor's Plan Certificate

No: ______________
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 ENCOREFX INC.

PETITIONER

MONITOR'S PLAN CERTIFICATE

RECITALS

A. Pursuant to the Order of this Honourable Court dated March 30, 2021 (the "**CCAA Conversion Order**"), the Petitioner filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

B. Pursuant to the CCAA Conversion Order, Ernst & Young Inc. was appointed the Monitor of the Petitioner (the "**Monitor**") with the powers, duties and obligations set out in the CCAA Conversion Order.

C. The Petitioner has filed the Plan of Compromise and Arrangement under the CCAA dated April 6, 2021 (the "**Plan**"), which Plan has been approved by the Required Majority of Creditors and sanctioned by the Court.

D. Capitalized terms not defined herein have the meanings ascribed to them in the Plan.

THE MONITOR HEREBY CERTIFIES that the conditions precedent set out in Section 9.2 of the Plan have been satisfied or waived in accordance with the Plan on ______________, 2021 and that accordingly, the Plan Implementation Date is ______________, 2021

DATED at __________, _____________, this ___ day of _________________, 2021.

ERNST & YOUNG INC. in its capacity as Monitor of the Petitioner and not in its personal or corporate capacity

Per: ______________________________
Name:
Title:

24630646v3

SCHEDULE "D"

Form of Monitor's Discharge Certificate

No: ______________
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 ENCOREFX INC.

PETITIONER

MONITOR'S DISCHARGE CERTIFICATE

RECITALS

A. Pursuant to the Order of this Honourable Court dated March 30, 2021 (the "**CCAA Conversion Order**"), the Petitioner filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

B. Pursuant to the CCAA Conversion Order, Ernst & Young Inc. was appointed the Monitor of the Petitioner (the "**Monitor**") with the powers, duties and obligations set out in the CCAA Conversion Order.

C. The Petitioner has filed the Plan of Compromise and Arrangement under the CCAA dated April 6th, 2021 (the "**Plan**"), which Plan has been approved by the Required Majority of Creditors and sanctioned by the Court.

D. Capitalized terms not defined herein have the meanings ascribed to them in the Plan.

THE MONITOR HEREBY CERTIFIES that, in the sole opinion of the Monitor, the Monitor has completed the duties and obligations imposed upon it by the CCAA Conversion Order and the

CCAA. Accordingly, pursuant to the CCAA Conversion Order and the Plan, the Monitor is discharged.

DATED at __________, _____________, this ___ day of _________________, 2021.

ERNST & YOUNG INC. in its capacity as Monitor of the Petitioner and not in its personal or corporate capacity

Per: _______________________________
Name:
Title:

SCHEDULE "E"

CCAA Conversion Order

SCHEDULE "F"

Claims Process Order