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 THE *BANKRUPTCY AND INSOLVENCY ACT* R.S.C. 1985 c. B-3

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ENCOREFX INC.

SECOND REPORT OF THE MONITOR

ERNST & YOUNG INC.,

June 14, 2021

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SECOND REPORT OF THE MONITOR
IN THE CCAA PROCEEDINGS OF
ENCOREFX INC.
Effective as at June 14, 2021

INTRODUCTION AND PURPOSE OF THIS REPORT

1. On March 30, 2020 (the "**Bankruptcy Date**"), EncoreFX Inc. ("**EncoreFX**", the "**Petitioner**", or the "**Company**") filed an assignment into bankruptcy (the "**BIA Proceedings**"). Ernst & Young Inc. ("**EYI**") consented to act as the licensed insolvency trustee (the "**Trustee**") in the estate of EncoreFX (the "**Estate**").

2. A first meeting of creditors in the bankruptcy of EncoreFX occurred on May 7, 2020, at which point the creditors of EncoreFX, (a) affirmed the appointment of the Trustee, and (b) appointed inspectors in the Estate (the "**Inspectors**").

3. On March 11, 2021, EYI, as the proposed Monitor in these CCAA proceedings, filed a "**Proposed Monitor's Report"**, in which it, *inter alia*:

    a) the proposed conversion of the BIA Proceedings to CCAA Proceedings;

    b) described a Plan of Compromise and Arrangement (the "**Initial Plan**") that had been developed by the Monitor in consultation with key stakeholders in the Bankruptcy proceedings;

    c) sought the approval of:

        i. a "**Claims Process**" to determine the Claims of creditors and establish a claims bar date by which creditors must file a "**Proof of Claim**" in the CCAA Proceedings; and

        ii. a procedure for calling a "**Creditor's Meeting**" to consider and to vote on the Plan; and

    d) the Proposed Monitor's recommendations with respect to the foregoing.

4. On March 30, 2021, the Supreme Court of British Columbia ("**Court**") granted an initial order ("**Initial Order**") in accordance with the provisions of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the legislation being the "**CCAA**" and the EncoreFX CCAA proceedings being the "**CCAA Proceedings**") and EYI was appointed as the monitor of the Company (the "**Monitor**"). The Initial Order also authorized and directed the following:

    a) a Stay of Proceedings (a "**Stay**");

    b) a declaration that all orders pronounced by this Honourable Court in the BIA Proceedings (the "**Bankruptcy Orders**") apply to and be continued under the within CCAA Proceedings (except as amended by the terms of the Initial Order);

    c) an authorization of the filing of the proposed Plan (the "**Initial Plan**") pursuant to the provisions of the CCAA; and

    d) that the Monitor be granted enhanced powers to maintain possession and control of EncoreFX's property and to continue to carry on EncoreFX's business in a manner consistent with the preservation of the business and the property and other ancillary relief with respect to same.

5. The Monitor filed the Initial Plan with this Honourable Court on April 6, 2021.

6. On April 8, 2021 this Honourable granted the following Orders approving (collectively the "**April 8 Orders**"):

    a) a "**Claims Process Order**";

    b) a "**Creditor's Meeting Order**";

    c) the form of notice and materials to be distributed to the Affected Creditors of the Plan (the "**Claims Process Materials**" and "**Creditor's Meeting Materials**").

7. On April 27, 2021, the Monitor amended the Initial Plan in accordance with the terms of the Initial Plan and the provisions of the Creditor's Meeting Order as further detailed below (the "**Amended Plan**" and together with the Initial Plan, the "**Plan**").

8. On May 11, 2021, the Monitor convened the Creditor's Meeting in accordance with the Creditor's Meeting Order for the purpose of, *inter alia*, the Affected Creditors to vote on the Plan. The Affected Creditors voted overwhelmingly in favour of the Plan.

9. On May 18, 2021, the Monitor filed the First Report of the Monitor (the "**First Report**"), in which it described, *inter alia*, the following:

    a) the conduct and the results of the vote at the Creditors' Meeting;

    b) the Claims established against EncoreFX;

    c) the "**Disputed Claims**" (described below) and "**Disputed Claims Reserve**";

    d) the Monitor's view on the fairness of the Plan; and

    e) the Monitor's recommendations.

10. On May 21, 2021, this Honourable Court granted a "**Sanction Order"** which, *inter alia*: (i) sanctioned the Plan, (ii) approved the Disputed Claims Reserve, (iii) established and authorized an "**Oversight Committee**" as described in Paragraphs 80 to 83 of the First Report, and (iv) approved the activities of the Monitor to May 18, 2021.

11. Pursuant to Sections 11.02(1) and 11.02(2) of the CCAA, the Stay has been in effect with respect to EncoreFX since the date of the Initial Order and has been extended from time to time. The Stay of Proceedings is currently set to expire at 4:00 pm on June 22, 2021 (the "**Stay Period**").

12. The purpose of this Second Report is to provide this Honourable Court with information pertaining to, *inter alia*:

    a) an update with respect to the conditions that must be satisfied or waived in order to achieve implementation of the Plan;

    b) an overview of other administration matters remaining in the within proceedings;

c) an updated cash flow forecast for the Petitioner;

d) the request for an extension to the Stay Period to December 17, 2021, and

e) the Monitor's recommendations.

13. The Monitor has retained the services of MLT Aikins LLP ("**MLT Aikins**") to represent it in the CCAA Proceedings.

14. The Monitor has published relevant materials in these CCAA Proceedings and the BIA Proceedings on a website it has set up at www.ey.com/ca/EncoreFX (the "**Website**"). The Monitor continues to make timely updates to the Website as these CCAA Proceedings progress to ensure all stakeholders have access to the most current information.

TERMS OF REFERENCE

15. In preparing this Second Report, the Monitor has reviewed the Company's books and records, and financial information prepared by the Company. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Second Report.

16. Certain information referred to in this Second Report consists of forecasts and projections. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.

17. Future oriented financial information referred to in this Second Report was prepared based on estimates and probable and hypothetical assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are

not readily and currently ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be material.

18. This Second Report has been prepared for the use of this Honourable Court and EncoreFX's stakeholders as general information relating to the Company. Accordingly, the reader is cautioned that this Second Report may not be appropriate for any other purpose. The Monitor assumes no responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Second Report contrary to the provisions of this paragraph.

19. Capitalized terms not defined in this Second Report have the meaning ascribed to them in the Plan or any other Order referenced in the Proposed Monitor's Report, the First Report and this Second Report.

20. All references to dollars are in Canadian Currency unless otherwise noted.

BACKGROUND INFORMATION

21. Detailed information regarding the background of EncoreFX is contained in the Proposed Monitor's Report and the First Report and not replicated herein.

CONDENSED SUMMARY OF THE PLAN

22. As the Monitor notes above, various Claims including a Secured Claim and a number of Appealed Property Claims had been asserted against EncoreFX in the BIA Proceedings which were potentially subject to extensive and uncertain litigation in the BIA Proceedings. A description of these Claims is provided in the Proposed Monitor's Report.

23. The Plan sought 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 aimed 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.

24. The terms of the Plan contemplated that the Affected Creditors of EncoreFX will receive a partial payment of their Proven Claims in full satisfaction of their Proven Claims.

25. For voting and distribution purposes, the Plan had three (3) classes ("**Classes**" or "**Affected Creditor Classes**") of creditors (collectively, the "**Affected Creditors**"):

Class	Initial Proposed Settlement
General Unsecured Creditors	• Each General Unsecured Creditor with a Proven Claim, the amount of which is equal to or less than $5,000, shall receive a cash distribution in an amount equal to 100% of their Proven Claim ("**Convenience Creditors**"). • Each General Unsecured Creditor with a Proven Claim, the amount of which is greater than $5,000 but below $31,250, shall receive a cash distribution of: a) an amount equal to $5,000 if it has filed a Convenience Creditor Form with the Monitor before the Claims Bar Date; or b) a Percentage Distribution in an amount equal to 16% of their Proven Claim. In the event that a General Unsecured Creditor with a Proven Claim greater than $5,000 but less than $31,250 fails to file a Convenience Creditor Form with the Monitor on or before the Election Deadline, the General Unsecured Creditor shall be deemed to have elected to receive a Percentage Distribution. • Each General Unsecured Creditor with a Proven Claim, the amount of which is greater than $31,250, shall receive a cash distribution in an amount equal to 16% of their Proven Claim. • The Class of General Unsecured Creditors includes Affected Creditors with Claims regarding Margin Deposits.
Property Claimants[1]	• Each Property Claimant with an accepted Property Claim, shall receive a cash distribution in an amount equal to 66.67% of their respective Property Claim.
Secured Creditor	• $12,000,000.
(1) "**Property Claimants**" are comprised of Affected Creditors with **outstanding** Property Claims that properly filed in the BIA and are currently under appeal by the	

Claimant. A list of the Property Claims is posted to the Website. **The Plan does not allow for new Property Claims to be filed and does not include Affected Creditors with Claims regarding Margin Deposits as Property Claimants.**

26. Should any funds be available following the payments summarized in the table above, any "**Remaining Funds**" realized by the Monitor in completing the administration of the within proceedings shall be distributed as follows:

    a) first, to the Secured Creditor in an amount of $4,944,475; and

    b) second, proportionately to the Secured Creditor and the Property Claimants.

27. As is noted above, the Plan was sanctioned by this Honourable Court on May 21, 2021.

PLAN IMPLEMENTATION

28. The major conditions for implementation of the Plan (as described in Article 9 of the Plan) and the satisfaction date for such conditions (capitalized terms not defined herein are as defined in the Plan) include the following:

	Event	Date
1.	Plan approved by the Required Majority of Creditors in each of the three (3) Affected Creditor Classes.	Satisfied May 11, 2021
2.	Sanction Order granted by this Honourable 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.	Satisfied May 21, 2021
3.	Satisfaction of Conditions Precedent as defined in the Plan including expiration of the Appeal Periods.	Waived by the Oversight Committee on May 31
4.	Estate funds available for distribution on the Plan Implementation Date shall be sufficient to pay at least $30,000,000 on account of the Secured Claim Distribution and the Property Claim Distributions.	Satisfied (further discussed below)
5.	Plan Implementation Date (Monitor to file its certificate upon satisfaction of Conditions Precedent)	June 17, 2021

	Event	Date
6.	Subsequent Distributions (Timing of payment of any Subsequent Distributions depends on timing and outcome of future recoveries).	TBD

29. The most material condition for implementation of the Plan was that $30 million CAD (the "**Minimum Estate Funds**") be available for distribution to the Secured Creditor and Property Claimants after:

a) payment of the distribution to the General Unsecured Creditors;

b) payment of the Priority Payables;

c) an "**Administration Reserve**" of $4 million is deposited into a separate account to fund the Monitor to administer the balance of the administration including incremental recovery efforts;

d) a "**Disputed Claim Reserve**" to maintain and to hold in trust the maximum amount of funds that may be payable should the Disputed Claims become Proven Distribution Claims (further discussed below); and

e) any reserve for any amount ordered by this Honourable 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**").

30. The Minimum Estate Funds are in excess of $30 million at the date of the Initial Distribution as is shown in the table below:

In the CCAA Proceedings of EncoreFX Inc. Funds Available to the Secured Creditor and Property Claimants	
	$ CAD
Cash on Hand	42,911,646
Administration Reserve[1]	(3,000,000)
Disputed Claim Reserve	(2,777,491)
Additional Reserve	-
Total Funds Available for Initial Distributions	37,134,155
Distribution to General Unsecured Creditors, Inclusive of Priority Payables	(5,162,109)
Funds Available to the Secured Creditor and Property Claimants	**31,972,046**
Minimum Estate Funds per Amended Plan section 9.2 (a)(vii)	**30,000,000**
Total Excess Cash / (Shortfall)	**1,972,046**

[1] It was recently agreed to reduce the Administration Reserve to $3M from the $4M provided for in the Plan.

31. As is noted in the table above, the funds available for distribution exceeded the Minimum Estate Funds the Conditions Precedent relating to the Minimum Estate Funds were met.

32. The Monitor filed a copy of the "**Monitor's Plan Certificate**" with this Honourable Court on June 14, 2021 confirming that the Conditions Precedent to the Plan Implementation had been satisfied or waived in accordance with the Plan. A copy of the Monitor's Plan Certificate is attached hereto as **Appendix "A"**.

INITIAL DISTRIBUTIONS PURSUANT TO THE PLAN

33. The Monitor has prepared a schedule outlining the Initial Distributions to be made to Affected Creditors in respect of Proven Distribution Claims, as summarized below:

	No. of Creditors	Claim Amount	Eligible Intial Distribution	% Recovery	Initial Distribution Payment	% of Eligible Initial Distribution
Secured Creditor	**1**	**35,887,159**	**12,000,000**	**33%**	**11,666,451**	**97.2%**
Property Claimants	**14**	**31,327,645**	**20,886,141**	**66.67%**	**20,305,595**	**97.2%**
General Unsecured Creditors						
Convenience Creditors	137	313,245	313,245	100%	313,245	100%
Convenience Creditors Electors	155	2,259,718	691,040	31%	691,040	100%
General Unsecured Creditors	107	25,986,394	4,157,823	16%	4,157,823	100%
	399	**28,559,357**	**5,162,109**	**18%**	**5,162,109**	**100%**
Total	**414**	**95,774,162**	**38,048,250**	**40%**	**37,134,155**	**97.6%**

34. Given the Disputed Claims Reserve (noted above discussed below) and that continued funding is required to pursue a number of outstanding recovery initiatives (discussed below), cash on hand on the Plan Implementation Date, the Secured Creditor and Property Claimants will receive approximately 97.2% of their eligible Initial Distribution (the "**Eligible Initial Distribution Amount**s"). The Monitor expects that the Secured Creditor and Property Claimants will receive the remaining 2.8% of their Eligible Initial Distribution Amounts as these matters are resolved.

35. Any amounts that become available above the eligible Initial Distribution Amounts will be distributed to the Secured Creditor and the Property Claimants as described in Paragraph 27 above.

36. The General Unsecured Creditors will be paid 100% of their Eligible Initial Distribution Amounts.

37. The Monitor notes that former personnel of EncoreFX made claims under the Wage Earner Protection Program ("**WEPP**") and in doing so subrogated all or a portion of their Claims to Service Canada. The Monitor is currently working with Service Canada to determine what amounts payable to those persons should be paid directly to Service Canada.

OTHER ADMINISTRATION MATTERS

Disputed Claims Reserve

38. The Monitor described the following three Disputed Claims in its First Report (all unsecured):

No.	Creditor Name	Claimed Amount
1.	EncoreFX (Australia) Pty Ltd.	$17,076,627
2.	Traveland Leisure Vehicles Ltd.	$499,800
3.	AgraCity Crop and Nutrition Ltd.	$867,487
Total Disputed Claims as Filed		**$18,443,915**

39. The Disputed Claim of Traveland Leisure Vehicles Ltd. (the "**Traveland Claim**") has been resolved. A portion of the Traveland Claim was determined to be a Proven Distribution Claim.

40. The Disputed Claims of EncoreFX (Australia) Pty Ltd. ("**EFX AUS**") and Agracity Crop and Nutrition Ltd. ("**Agracity**" and together with EFX AUS, the "**Disputed Claimants**") have not yet been resolved and the following Disputed Claims Reserve is still required:

Creditor Name	Estimated Proven Claim Amount
EncoreFX (Australia) Pty Ltd.	$17,076,627
AgraCity Crop and Nutrition Ltd. (Note 1)	$282,689
Total Estimated Proven Claim Amount	**17,359,316**
Distribution %	x16%
Total Disputed Claim Reserve	**$2,777,491**
Note 1 – The Agracity Claim is adjusted to $282,689 to reflect the net ITM Position owing after set-off of the Double Dip Payments.	

Remaining Actions Commenced against the OTM Clients

41. In the Proposed Monitor's Report the Monitor described that subsequent to the Bankruptcy Date, the Trustee closed-out the open transactions with 288 OTM Clients resulting in OTM positions (receivables) of approximately $64 million and commenced significant collection efforts against the OTM Clients.

42. The Monitor has settled the vast majority of the OTM positions owing from the OTM Clients. Included among such settlements are all thirteen (13) OTM Client claims which were mediated in early April of 2021.

43. Should this Honourable Court grant an extension to the Stay Period, the Monitor will be continue with its collection efforts on the nineteen (19) OTM Clients with total OTM positions of approximately $3.8 million who, at the date of this Second Report, have not paid or settled their OTM positions with the Monitor.

44. The Monitor continues to be in correspondence with these OTM Clients in a final effort to reach an approved settlement. Should the Monitor not be able to reach an approved settlement with these OTM Clients in due course, the Monitor, with the approval of the Oversight Committee, will proceed with litigation for the recovery of the remaining OTM positions

SECOND CASH FLOW FORECAST

45. The Monitor, on behalf of the Petitioner, has prepared a weekly cash flow projections (the "**Second Report Forecast**") for the period of June 5, 2021 to December 17, 2021 (the "**Second Report Cash Flow Period**") should this Honourable Court grant an extension to the Stay Period.

46. A copy of the Second Report Forecast along with the notes and assumptions is attached hereto as **Appendix "B"** and is summarized and compared to actual expenses incurred below:

	Forecast	Actual	Variance	Forecast
	March 5, 2021 to June 4, 2021			June 5 to Dec 17
OPENING CASH	**41,100,390**	**41,100,390**	**-**	**42,911,646**
RECEIPTS	**1,499,052**	**1,970,281**	**471,229**	**3,303,907 ***
DISBURSEMENTS	**(42,599,443)**	**(159,025)**	**42,440,417**	**(44,713,046)**
Professional Fees	(600,000)	(38,410)	561,590	(1,550,000)
Payroll and Other Administration Expenses	(135,000)	(120,449)	14,551	(250,000)
Bank fees	(600)	(166)	434	(1,400)
Administration Reserve	(3,389,564)	-	3,389,564	(3,000,000)
Dipsuted Claims Reserve	-	-	-	(2,777,491)
Initial Distribution, inclusive of Priorty Payables	(38,474,279)	-	38,474,279	(37,134,156)
ENDING CASH	**-**	**42,911,646**	**42,911,646**	**1,502,507**
** includes receipt of $3M related to Administration Reserve*				

47. The Second Report Forecast assumes that the the administration of the within CCAA Proceedings will be funded from the Administration Reserve.

48. The anticipated cash receipts in the Second Report Forecast include additional estimated collections of approximately $300,000 from previously approved settlements with OTM Clients with payment plans.

49. The Second Report Forecast provides no estimates with respect to collections on unresolved claims against the OTM Claims. The Administration Reserve and cash-on-hand is sufficient for the Monitor to continue and wind-down these proceedings.

50. The Second Report Forecast has been prepared based on probable and hypothetical assumptions noted below. To the extent that actual events may vary from these assumptions the results will vary from the forecast and these variances may be material.

51. The Monitor will distribute any excess funds generated in the conduct of this within proceedings in accordance with the Plan.

REQUEST FOR AN EXTENSION OF THE STAY PERIOD

52. Pursuant to the Order dated April 8, 2021, the Stay Period is currently set to expire on June 22, 2021. The Monitor on behalf of the Petitioner is seeking an extension of the Stay Period to December 17, 2021.

53. The Monitor has considered the burden of evidence that resides with the Company to demonstrate that an extension of the Stay Period by this Honourable Court is warranted having regard to:

    a) the circumstances that justify the making of an extension order; and

    b) the Petitioner's actions, including whether the Petitioner is acting in good faith and with due diligence.

Circumstances that justify the extension sought

54. In the Monitor's view, the extension of the Stay Period is necessary in order to:

    a) settle or to resolve the remaining Disputed Claims;

    b) continue realization efforts on the remaining OTM Clients; and

c) to finalize implementation and the administration of the Plan.

55. Moreover, as is shown in the Second Report Forecast, the Monitor will have sufficient liquidity and cash on hand in the Administration Reserve to fund its ongoing obligations through to December 17, 2021 should this Honourable Court grant an order extending the Stay Period to December 17, 2021.

Good Faith Efforts and Due Diligence

56. The Monitor, on behalf of EncoreFX has been working in good faith and with due diligence to implement the Plan for the benefit of the Affected Creditors.

57. EncoreFX has complied with all of the requirements under the CCAA, as well as the various orders granted by this Honourable Court in this proceeding.

58. Furthermore, given that EncoreFX is not operating and the Monitor remains in control of EncoreFX's assets, there is no material prejudice to the stakeholders of EncoreFX in granting the extension to the Stay Period.

MONITOR'S RECOMMENDATIONS

59. Based on the foregoing, the Monitor recommends that this Honourable Court grant an Order to extend the Stay Period to December 17, 2021.

All of which is respectfully submitted this 14th day of June, 2021.

ERNST & YOUNG INC.
In its capacity as the Monitor of
EncoreFX Inc. and not in its personal capacity

Per:

Mike Bell, CPA, CA, CIRP, LIT
Senior Vice President

Peter Venetsanos, CPA, CA, CIRP, LIT
Vice President

APPENDINX “A”

Vancouver
14-Jun-21
REGISTRY

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

REQUISITION

REQUIRED:

Please file attached Monitor's Plan Certificate dated June 14, 2021.

Dated: June 14, 2021

Signature of William E. J. Skelly
Lawyer for applicant, Ernst & Young Inc., in its capacity as the Court-Appointed Monitor of EncoreFX Inc, and not in its personal capacity

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

MONITOR'S PLAN CERTIFICATE

RECITALS

A. Pursuant to the Order of this Honourable Court dated March 30, 2021 (the "**CCAA Initial 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 Initial Order, Ernst & Young Inc. was appointed the Monitor of the Petitioner (the "**Monitor**") with the powers, duties and obligations set out in the CCAA Initial 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 May 31, 2021 and that accordingly, the Plan Implementation Date is June 17, 2021.

DATED at Vancouver, British Columbia, this 14th day of June, 2021.

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

Per: _____

Mike Bell, Senior Vice President, Turnaround and Restructuring

APPENDINX “B”

In the CCAA Proceedings of EncoreFX Inc
Cash Flow Forecast
For the Forecast Period to December 17, 2021

APPENDIX A

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	
CURRENT ACCOUNTS		05-Jun-21	11-Jun-21	18-Jun-21	25-Jun-21	02-Jul-21	09-Jul-21	16-Jul-21	23-Jul-21	30-Jul-21	06-Aug-21	13-Aug-21	20-Aug-21	27-Aug-21	03-Sep-21	10-Sep-21	17-Sep-21	24-Sep-21	01-Oct-21	08-Oct-21	15-Oct-21	22-Oct-21	29-Oct-21	05-Nov-21	12-Nov-21	19-Nov-21	26-Nov-21	03-Dec-21	10-Dec-21	17-Dec-21	Total
OPENING CASH BALANCE	(3)	42,911,646	42,911,646	37,134,156	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	**42,911,646**
RECEIPTS		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
DISBURSEMENTS																															
Administration Reserve		-	(3,000,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,000,000)
Disputed Claims Reserve		-	(2,777,491)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,777,491)
Initial Distributions, Inclusive of Priority Payables		-	-	(37,134,156)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(37,134,156)
ENDING CASH BALANCE		**42,911,646**	**37,134,156**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**-** **0.00**
ADMINISTRATION RESERVE	(4)																														
OPENING CASH BALANCE		-	-	3,062,367	2,110,374	2,140,324	2,137,940	2,165,557	2,188,274	1,973,224	1,985,841	1,968,457	1,998,407	1,983,357	1,833,307	1,763,257	1,763,207	1,748,157	1,748,107	1,633,057	1,633,007	1,632,957	1,632,907	1,632,857	1,517,807	1,517,757	1,517,707	1,517,657	1,502,607	1,502,557	**-**
RECEIPTS																															
Fund Transfer from Current Accounts		-	3,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**3,000,000**
OTM Collections - Previously Approved	(5)	-	77,417	48,057	45,000	12,667	42,667	22,767	-	12,667	12,667	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**303,907**
		-	**3,077,417**	**48,057**	**45,000**	**12,667**	**42,667**	**22,767**	**-**	**12,667**	**12,667**	**30,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,303,907**
DISBURSEMENTS																															
Professional Fees	(6)	-	-	(1,000,000)	-	-	-	-	(200,000)	-	-	-	-	(150,000)	-	-	-	-	(100,000)	-	-	-	-	(100,000)	-	-	-	-	-	-	**(1,550,000)**
Other Administration Expenses	(7)	-	(15,000)	-	(15,000)	(15,000)	(15,000)	-	(15,000)	-	(30,000)	-	(15,000)	-	(70,000)	-	(15,000)	-	(15,000)	-	-	-	-	(15,000)	-	-	-	(15,000)	-	-	**(250,000)**
Bank Fees		-	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	**(1,400)**
		-	**(15,050)**	**(1,000,050)**	**(15,050)**	**(15,050)**	**(15,050)**	**(50)**	**(215,050)**	**(50)**	**(30,050)**	**(50)**	**(15,050)**	**(150,050)**	**(70,050)**	**(50)**	**(15,050)**	**(50)**	**(115,050)**	**(50)**	**(50)**	**(50)**	**(50)**	**(115,050)**	**(50)**	**(50)**	**(50)**	**(15,050)**	**(50)**	**(50)**	**(1,801,400)**
NET CASH FLOW		**-**	**3,062,367**	**(951,993)**	**29,950**	**(2,383)**	**27,617**	**22,717**	**(215,050)**	**12,617**	**(17,383)**	**29,950**	**(15,050)**	**(150,050)**	**(70,050)**	**(50)**	**(15,050)**	**(50)**	**(115,050)**	**(50)**	**(50)**	**(50)**	**(50)**	**(115,050)**	**(50)**	**(50)**	**(50)**	**(15,050)**	**(50)**	**(50)**	**1,502,507**
ENDING CASH BALANCE		**-**	**3,062,367**	**2,110,374**	**2,140,324**	**2,137,940**	**2,165,557**	**2,188,274**	**1,973,224**	**1,985,841**	**1,968,457**	**1,998,407**	**1,983,357**	**1,833,307**	**1,763,257**	**1,763,207**	**1,748,157**	**1,748,107**	**1,633,057**	**1,633,007**	**1,632,957**	**1,632,907**	**1,632,857**	**1,517,807**	**1,517,757**	**1,517,707**	**1,517,657**	**1,502,607**	**1,502,557**	**1,502,507**	**1,502,507**
DISPUTED CLAIM RESERVE	(8)																														
OPENING CASH BALANCE		-	-	2,777,491	2,777,491	2,777,491	2,777,491	2,777,491	2,777,491	2,777,491	2,777,491	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
RECEIPTS (Funds Transferred from Current Accounts)		-	2,777,491	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**2,777,491**
DISBURSEMENTS																															
Resolution of Disputed Claims		-	-	-	-	-	-	-	-	-	(2,777,491)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,777,491)
ENDING CASH BALANCE		**-**	**2,777,491**	**2,777,491**	**2,777,491**	**2,777,491**	**2,777,491**	**2,777,491**	**2,777,491**	**2,777,491**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

NOTES AND ASSUMPTIONS

(1) This purpose of the Second Report Forecast is to estimate the cash position over the Second Report Forecast Period should this Honourable Court extend the Stay Period to December 17, 2021.

(2) The Second Report Forecast has been prepared based on probable and hypothetical assumptions. To the extent that actual events may vary from these assumptions the results will vary from the forecast shown above and these variances may be material.

(3) The current cash postion of the Current Accounts will fund the Administration Reserve, the Disputed Claims Reserve and to pay the Initial Distributions to Affected Creditors.

(4) Future cash receipts realized and cash disbursements incurred in the continued administration of these proceedings will be deposited into and paid from the Administration Reserve account.

(5) OTM Collections - Previously Approved represent collections from OTM Clients with settlements previously approved and with payment plans.

(6) Professional fees represent professional fees of the Monitor and the Monitor's legal counsel. Current outstanding professional fees of the Monitor and Monitor's legal counsel will be paid in June 2021. Professional fees incurred over the remainig forcast will be dependant on the extent of litigation required to resolve outstanding administration matters.

(7) Other Administration Expenses include bi-weekly payroll paid to a former EncoreFX employee retained to assist the Monitor in the proceedings and other administration costs relating to IT services and general administration.

(8) The Disputed Claims Reserve represent funds held in trust until final determination or settlement of the Disputed Claims. These funds will be paid to the Dipsuted Claimants should their Disputed Claims be determined to be Proven Distribution Claims.