

August 21, 2019

Attention: Creditors of Commerx Corporation

Dear Sirs:

Re: Meeting of Creditors to consider the Proposal of Commerx Corporation

A meeting of the creditors (the "Creditors' Meeting") of Commerx Corporation ("Commerx") will be held on **Friday, September 6, 2019 at 11:00 a.m. MDT** to consider Commerx's Proposal filed pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act* at:

**Bennett Jones LLP
4500 Bankers Hall East, 855 - 2nd Street SW
Calgary, Alberta**

Enclosed you will find the following relevant documents:

- Notice of Proposal to Creditors (Form 92);
- Statement of Affairs (Form 78);
- Proposal;
- Report of Proposal Trustee on Proposal;
- Proof of Claim (Form 31);
- Proxy (Form 36); and
- Voting Letter (Form 37).

Attendance at the Creditors' Meeting is not mandatory; however, in order to participate in the Proposal process and be eligible to receive any distributions contemplated under the Proposal, you must file a Proof of Claim with the Proposal Trustee, Hardie & Kelly Inc., prior to the commencement of the Creditors' Meeting subject to any order of the Court of Queen's Bench of Alberta otherwise allowing such claim.

If you are unable or do not wish to attend the Creditors' Meeting, you may cast your vote by submitting a properly completed *Proof of Claim* form and *Voting Letter* to the Proposal Trustee in advance of the Creditors' Meeting by email to claims@insolvency.net, mail or facsimile to 403-640-0591.

For the Proposal to be accepted, a majority in number and two-thirds in dollar value of those creditors casting a vote at the Creditors' Meeting, in person, by *Proxy* or by *Voting Letter* must vote in favour of the Proposal.

Yours truly,
Hardie & Kelly Inc., in our capacity
as Trustee of the Proposal of Commerx Corporation
and not in its personal capacity.

Per: 
Marc Kelly
Senior Vice President

enclosures: as above

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 92
Notice of Proposal to Creditors
(Section 51 of the Act)

In the matter of the proposal of
Commerx Corporation
of the City of Calgary, in the Province of Alberta

Take notice that Commerx Corporation of the City of Calgary in the Province of Alberta has lodged with us a proposal under the Bankruptcy and Insolvency Act.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.

A general meeting of the creditors will be held at the office of Bennett Jones LLP, at 4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB on the 6th day of September 2019 at 11:00 AM.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to the commencement of the meeting.

Dated at the City of Calgary in the Province of Alberta, this 21st day of August 2019.

Hardie & Kelly Inc. - Licensed Insolvency Trustee

110, 5800 2nd Street SW
Calgary AB T2H 0H2
Phone: (403) 777-9999 Fax: (403) 640-0591

(A form of proof of claim, a form of proxy and a voting letter should be enclosed with each notice.)

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-2483059
 Estate No. 25-2483059

Original

Amended

-- Form 78 --

Statement of Affairs (Business Proposal) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the matter of the proposal of
 Commerx Corporation
 of the City of Calgary, in the Province of Alberta

To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 7th day of March 2019. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

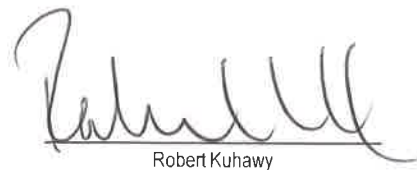
LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A" 616,404.38	1. Inventory 0.00
Balance of secured claims as per list "B" 0.00	2. Trade fixtures, etc. 0.00
Total unsecured creditors 616,404.38	3. Accounts receivable and other receivables, as per list "E"
2. Secured creditors as per list "B" 562,360.88	Good 820,569.00
3. Preferred creditors as per list "C" 0.00	Doubtful 0.00
4. Contingent, trust claims or other liabilities as per list "D"	Bad 0.00
estimated to be reclaimable for 0.00	Estimated to produce. 820,569.00
Total liabilities 1,178,765.26	4. Bills of exchange, promissory note, etc., as per list "F" 0.00
Surplus NIL	5. Deposits in financial institutions 0.00
	6. Cash 100,428.00
	7. Livestock 0.00
	8. Machinery, equipment and plant 0.00
	9. Real property or immovable as per list "G" 0.00
	10. Furniture 3,106.00
	11. RRSPs, RRIFs, life insurance, etc. 0.00
	12. Securities (shares, bonds, debentures, etc.) 0.00
	13. Interests under wills 0.00
	14. Vehicles 0.00
	15. Other property, as per list "H" 0.00
	If debtor is a corporation, add:
	Amount of subscribed capital 0.00
	Amount paid on capital 0.00
	Balance subscribed and unpaid 0.00
	Estimated to produce 0.00
	Total assets 924,103.00
	Deficiency 254,662.26

I, Robert Kuhawy, of the City of Calgary in the Province of Alberta, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 16th day of August 2019 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
 before me at the City of Calgary in the Province of Alberta, on this 16th day of August 2019.



 Marc Kelly, Commissioner of Oaths
 For the Province of Alberta
 Expires November 22, 2020



 Robert Kuhawy

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-2483059
 Estate No. 25-2483059

FORM 78 -- Continued

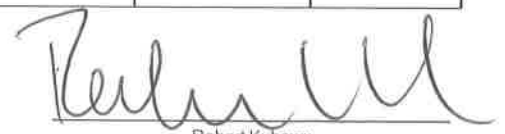
List "A"
 Unsecured Creditors

Commerx Corporation

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	642111 ALBERTA INC.	4428 MANILLA ROAD SE Calgary AB T2G 4B7	11,303.22	0.00	11,303.22
2	ADMIRAL LAW	301, 522 - 11 AVE. SW Calgary AB T2R 0C8	2,881.80	0.00	2,881.80
3	ANIXTER CANADA	200 FOSTER CRESCENT Missauga ON L5R 3Y5	935.18	0.00	935.18
4	BENNETT JONES LLP	4500, 855 -2ND STREET SW Calgary AB T2P 4K7	11,939.36	0.00	11,939.36
5	BENNETT, PERRY	C/O COMMERX CORPORATION 4428 MANILLA ROAD SE Calgary AB T2G 4B7	100,918.33	0.00	100,918.33
6	CALGARY POLICE SERVICE	ALARM BYLAW UNIT #609 Calgary AB T3J 3R2	20.00	0.00	20.00
7	CERYX INC	5000 YONGE STREET SUITE 1503 Toronto ON M2N 7E9	139.24	0.00	139.24
8	CRA - Tax - Prairies 86528 3790 RT0001	Surrey National Verification and Collection Centre 9755 King George Blvd Surrey BC V3T 5E1	24,014.71	0.00	24,014.71
9	Desjardins Card Services	c/o FCT Default Solutions PO Box 2514 Stn B London ON N6A 4G9	680.50	0.00	680.50
10	GRAINGER	100 Grainger Pkwy Lake Forrest IL 60045 USA	5,156.84	0.00	5,156.84
11	HOFFMAN DOECHIK LLP	600, 5920 MACLEOD TRAIL SOUTH Calgary AB T2H 0K2	253.75	0.00	253.75
12	KULHAWY, ROBERT	C/O COMMERX CORPORATION 4428 MANILLA ROAD SE Calgary AB T2G 4B7	246,041.60	0.00	246,041.60
13	MEMORY EXPRESS	3333 34TH AVE NE Calgary AB T1Y 6H2	1,107.11	0.00	1,107.11
14	OXFORD TECH	37047 MAYLAND HTS. Calgary AB T2E 9A7	860.92	0.00	860.92
15	PRIMUS ELECTRONICS	4180 E Sand Ridge Road Morris IL 60450 USA	1,875.93	0.00	1,875.93
16	RICOH CANADA INC	PO BOX 1600 STREETSVILLE RPO Mississauga ON L5M 0M6	716.47	0.00	716.47
17	RODPREST CLEANERS	229 CHAPALINA MEWS SE Calgary AB T2X 0A7	7,182.00	0.00	7,182.00
18	ROGERS	PO Box 8878, Stn Terminal Vanouver BC V6B 0H6	1,883.97	0.00	1,883.97
19	SUNLIFE FINANCIAL	PO BOX 11010 STATION A Montreal PE H3C 4T9	16,349.41	0.00	16,349.41
20	Telus Mobility Services Attn: Rick Wan	8th Fl - 3777 Kingsway Burnaby BC V5H 3Z7	114.99	0.00	114.99
21	Telus Residential/Business Services Attn: Rick Wan	3rd Fl - 4519 Canada Way Burnaby BC V5G 4S4	1,199.80	0.00	1,199.80
22	THOMAS PRENDERGAST Attn: John H. Yach	c/o Yach & Associates 68 Chamberlain Avenue Ottawa ON K1S 1V9	16,891.42	0.00	16,891.42

16-Aug-2019

Date


 Robert Kuhawy

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-2483059
 Estate No. 25-2483059

FORM 78 -- Continued

List "A"
 Unsecured Creditors
 Commerx Corporation

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
23	TRAGICALLY VITAL	4, 2807 - 107TH AVE SE Calgary AB T2Z 4M2	1,419.09	0.00	1,419.09
24	TRANT, PETER Attn: KEITH D. MARLOWE	C/O BLAKE, CASSELS & GRAYDON LLP 3500, 855 - 2ND STREET SW Calgary AB T2P 4J8	157,777.84	0.00	157,777.84
25	URBANCORE CLEANING	2632 24TH ST. SW Calgary AB T2T 5H9	1,622.25	0.00	1,622.25
26	VAN HOUTTE	8215, 17TH AVENUE Montreal QC H1Z 4J9	52.50	0.00	52.50
27	WASTE CONNECTIONS	285122 BLUEGRASS DRIVE Rocky View AB T1X 0P5	1,351.70	0.00	1,351.70
28	WHITE PAPER	9990 RIVER WAY Delta BC V4G 1M9	1,714.45	0.00	1,714.45
Total:			616,404.38	0.00	616,404.38

16-Aug-2019

Date



Robert Kuhawy

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-2483059
 Estate No. 25-2483059

FORM 78 -- Continued

List "B"
 Secured Creditors

Commerx Corporation

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	BALINHARD CAPITAL CORPORATION Attn: David LeGeyt	c/o Burnet, Duckworth & Palmer LLP 2400, 525 - 8th Ave SW Calgary AB T2P 1G1	523,759.00	Debts Due - Business - Trade receivables	11-Jan-2019	343,000.00		
				Debts Due - Business - Lotus/Halycon	11-Jan-2019	180,759.00	296,810.00	
				Cash on Hand - Cash in bank	11-Jan-2019	0.00	61,826.12	
2	CRA - Tax - Prairies 86528 3790 RP0001	Surrey National Verification and Collection Centre 9755 King George Blvd Surrey BC V3T 5E1	17,415.75	Cash on Hand - Cash in bank	01-Jan-2018	17,415.75		
3	CRA - Tax - Prairies 86528 3790 RP0002	Surrey National Verification and Collection Centre 9755 King George Blvd Surrey BC V3T 5E1	21,186.13	Cash on Hand - Cash in bank	01-Jan-2018	21,186.13		
Total:			562,360.88			562,360.88	358,636.12	0.00

16-Aug-2019

Date



Robert Kuhawy

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 78 -- Continued


List "C"
Preferred Creditors for Wages, Rent, etc.

Commerx Corporation

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

16-Aug-2019

Date



Robert Kuhawy

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 78 -- Continued

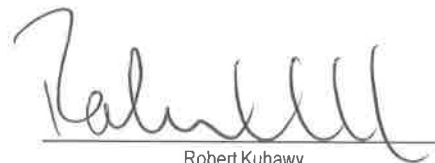
List "D"
Contingent or Other Liabilities

Commerx Corporation

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
			Total: 0.00	0.00		

16-Aug-2019

Date



Robert Kuhawy

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-2483059
 Estate No. 25-2483059

FORM 78 -- Continued

List "E"
 Debts Due to the Debtor
 Commerx Corporation

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
1	Lotus/Halycon	4428 AB	Funding	477,569.00 0.00 0.00		31-Dec-2016	477,569.00	Deemed trust
2	Trade receivables	4428 AB	Trade receivables	343,000.00 0.00 0.00		15-Aug-2019	343,000.00	Deemed trust
Total:				820,569.00 0.00 0.00			820,569.00	

16-Aug-2019

Date


 Robert Kuhawy

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 78 -- Continued

List "F"

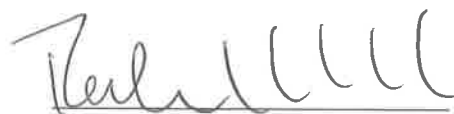
Bills of Exchange, Promissory Notes, Lien Notes, Chattel
Mortgages, etc., Available as Assets

Commerx Corporation

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
Total:				0.00		0.00	

16-Aug-2019

Date



Robert Kuhawy

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 78 -- Continued

List "G"
Real Property or Immovables Owned by Debtor

Commerx Corporation

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Total:			0.00		0.00

16-Aug-2019

Date



Robert Kuhawy

District of: Alberta
 Division No. 02 - Calgary
 Court No. 25-2483059
 Estate No. 25-2483059

FORM 78 -- Concluded

List "H"
 Property

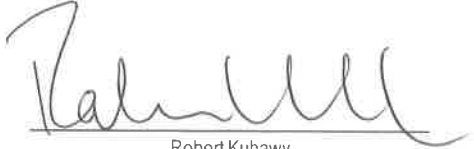
Commerx Corporation

FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand		Cash on hand	100,428.00	100,428.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant			0.00	0.00
(g) Furniture		Office furniture and equipment	0.00	3,106.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
(m) Other		Shares of Subsidiaries	0.00	0.00
		Prepaid expenses and deposits	91,704.00	0.00
		Development Costs	155,036.00	0.00
			Total:	103,534.00

16-Aug-2019

Date



Robert Kuhawy

COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
COMMERX CORPORATION

PROPOSAL

COMMERX CORPORATION, the above-named debtor, hereby submits the following Proposal (the "**Proposal**") to its creditors pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**Act**").

**PART 1
BACKGROUND**

1. COMMERX CORPORATION is a private company incorporated pursuant to the Laws of Alberta.
2. COMMERX CORPORATION is involved in the telecommunication project services, digital technology consulting and telecommunication staffing business in Calgary and elsewhere in the Province of Alberta.
3. COMMERX CORPORATION is presently insolvent and unable to pay its debts as they become due. On March 7, 2019, COMMERX CORPORATION filed a Notice of Intention to make a Proposal to its creditors under the Act.

**PART 2
INTERPRETATION**

4. In this Proposal, capitalized terms shall have the following meanings:

"**Act**" means the *Bankruptcy and Insolvency Act*, as it may be amended from time to time;

"**Approval Order**" means an Order of the Court approving this Proposal to be granted pursuant to the provisions of the Act, the appeal period having expired and no appeal having been filed, or any appeal therefrom having been dismissed and such dismissal having become final;

"**Assets**" means the assets, undertakings and property of COMMERX CORPORATION;

"**Business Day**" means a day, other than Saturday or Sunday or a day observed as a holiday pursuant to the laws of the Province of Alberta or the federal laws of Canada, on which banks are generally open for business;

"Claim" means any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of COMMEX CORPORATION to any Person whether liquidated, unliquidated, fixed, contingent, matured, legal, equitable, secured, unsecured, present, future, known or unknown, and whether by guarantee, surety or otherwise, incurred or arising or relating to the period prior to the Filing Date, or based in whole or in part on facts, contracts or arrangements which occurred or existed prior to the Filing Date, together with any other claims provable in bankruptcy on the Filing Date, including without limitation, claims arising from the repudiation, disclaimer or termination of any lease, license, contract, arrangement or contract of employment prior to the Filing Date, providing that all such claims shall be allowed without allowance for interest after the Filing Date and without allowance for penalties and net of any normal discounts. All Claims must be converted to Canadian Dollars at the Bank of Canada Daily Foreign Exchange Rate at the Filing Date;

"Court" means the Court of Queen's Bench of Alberta, In Bankruptcy and Insolvency;

"CRA" means the Canada Revenue Agency;

"Creditor" means any Person having a Claim, and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;

"Creditors' Meeting" means the meeting of Creditors called for the purpose of considering and voting upon the Proposal;

"Effective Date" means the date on which this Proposal is approved by the Court, after being approved by the requisite majority of COMMEX CORPORATION Creditors;

"Filing Date" means March 7, 2019;

"Official Receiver" shall have the meaning ascribed thereto by the Act;

"Person" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or any other entity however designated or constituted;

"Proposal" means this Proposal made pursuant to the Act, as further amended or supplemented from time to time;

"Proven Claim" means the amount claimed by a Creditor and approved by the Proposal Trustee and COMMEX CORPORATION or as may otherwise be allowed by the Court;

"Proposal Trustee" means Hardie & Kelly Inc. or its duly appointed successor or successors;

"Unaffected Claims" means Claims that are not affected by this Proposal being the fees and disbursements of the Proposal Trustee, its counsel and secured creditors in relation to this Proposal;

"Unaffected Creditors" means the Proposal Trustee its legal counsel and secured creditors in relation to this Proposal.

"Unsecured Creditor" means any Creditor who has no security against any assets of COMMEX CORPORATION with respect to its Claim, including landlords and excluding the Unaffected Creditors.

Headings

5. The divisions of this Proposal into parts, paragraphs and subparagraphs, and the insertion of headings herein is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

Numbers, etc.

6. In this Proposal, where the context requires, a word importing the singular number will include the plural and vice versa and a word or words importing gender will include all genders.

Date for Action

7. In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

Time

8. All times expressed herein are in local time in Calgary, Alberta, Canada unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified herein, the time shall be deemed to be 5:00 p.m. local time in Calgary, Alberta, Canada.

Successors and Assigns

9. This Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, personal representatives, successors and assigns of all persons named or referred to herein.

Currency

10. All references to currency in this Proposal are to lawful money of Canada ("**Canadian Dollars**").

Accounting Principles

11. Accounting terms not otherwise defined have the meanings assigned to them in accordance with Canadian generally-accepted accounting principles.

Director Claims

12. Any Claims that arose before the Filing Date regardless of the date of crystallization of such Claim and that relate to the obligations of COMMERX CORPORATION, where the current or former directors of COMMERX CORPORATION are by law liable in their capacity as directors for payments of such obligations, shall be deemed to be fully satisfied and discharged by the terms of this Proposal and shall not be enforceable against any of such current or former directors of COMMERX CORPORATION at law or in equity.

Statutory References

13. Except as otherwise provided herein, any reference in the Proposal to a statute including all regulations and amendments made under that statute or regulation(s) in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation(s).

**PART 3
OVERVIEW OF THE PROPOSAL**

Purpose of the Proposal

14. The purpose of this Proposal is to effect a compromise and arrangement of all Claims as against COMMERX CORPORATION, other than the Unaffected Claims, with a view to increasing the recovery for all stakeholders (excluding claims owing to the Unaffected Creditors) while reducing the uncertainties, risks, costs, delays and possible losses for all Creditors that will otherwise occur. COMMERX CORPORATION has concluded, and the Proposal Trustee agrees, that the general body of creditors will obtain a greater and/or sooner return on their Claims if this Proposal is approved than would result from a forced liquidation of its Assets.
15. Further, the Proposal will allow COMMERX CORPORATION to continue operations so as to avoid or minimize any adverse impact on current customers and to allow COMMERX CORPORATION the opportunity to retain and refer business to its established network of suppliers and contractors.
16. Creditors should review this Proposal before voting to accept or reject this Proposal. The transactions contemplated by this Proposal are to be implemented under the Act.

Effect of the Proposal

17. This Proposal restructures the affairs of COMMERX CORPORATION and amends the terms of any and all agreements between COMMERX CORPORATION and the Creditors, excluding the Unaffected Creditors, existing as at the Effective Date and provides the essential terms on which all Claims will be fully and finally resolved and settled. All Creditors will be stayed, excluding Unaffected Creditors, from commencing or continuing any proceeding or remedy against COMMERX CORPORATION or any of its property or Assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies owing to Creditors, to recover to enforce any judgment against COMMERX CORPORATION in respect of a Claim or to commence any formal proceedings against it other than as provided for under this Proposal.
18. For greater certainty, any and all Claims by the Unaffected Creditors remain valid and outstanding and shall not be compromised as part of the Proposal or affected in any way.
19. This Proposal, if approved, will, as of the Effective Date, be binding on COMMERX CORPORATION and the Unsecured Creditors.

**PART 4
CLASSIFICATION AND TREATMENT OF CLAIMS**

Classes of Creditors

20. There will be one class of creditor voting on the Proposal:

Class 1 – All Unsecured Creditors with Proven Claims.

Amendments to Agreements

21. Notwithstanding the terms and conditions of all agreements or other arrangements with Creditors entered into before the Filing Date, all such agreements or other arrangements will be deemed to be amended to the extent necessary as of the Effective Date to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern. All Creditors will provide such acknowledgements, agreements, discharges or other documentation as may be necessary to give effect to the intent of this Proposal.

Treatment of Claims

22. For the purposes of this Proposal, each Unsecured Creditor will receive the treatment provided for in this Proposal on account of such Claim. During the Proposal Period, and provided COMMERX CORPORATION is not in default hereunder, each Creditor will be stayed from commencing or continuing any proceeding or remedy against COMMERX CORPORATION or its property based upon a Claim existing on or before the Filing Date, including, without limitation, any proceeding or remedy to recover payment of such Claim, to realize against any security granted in respect of such Claim, to recover or enforce a judgment against COMMERX CORPORATION in respect of such Claim or to initiate any proceedings against it in respect of such Claim, other than an application or proceeding in connection with this Proposal.

Claims Bar Date

23. The Proposal Trustee shall consider any Claims lodged by a Creditor up to the date and time of the Creditors' Meeting ("**Claims Bar Date**") to consider the Proposal after which no further Claims shall be allowed in the Proposal. In the event a Claim is not filed with the Proposal Trustee prior to the Claims Bar Date, the Claim shall be forever barred and shall not be considered for acceptance as a Proven Claim forming part of this Proposal, or at all, subject to any order of the Court allowing such Claim.
24. For greater certainty, only Claims filed with the Proposal Trustee of COMMERX CORPORATION prior to the commencement of the Creditors' Meeting shall be considered as Claims by COMMERX CORPORATION and the Proposal Trustee.

Valuation and Treatment of Claims

25. COMMERX CORPORATION and the Proposal Trustee reserve the right to seek the assistance of the Court in valuing the Claim of any Creditor, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Creditor under the Proposal, as the case may be.
26. CRA claims for employee source deductions (but not GST or income tax payable claims generally) which are proven, will be paid in full without interest or penalty within 6 months of Court approval of the Proposal as required by S. 60(1.1) of the Act.

27. Upon the Approval Order being made, all amounts owing by COMMERX CORPORATION to Unsecured Creditors shall be settled and extinguished as per the following payment schedule:
- (a) Unsecured Creditors with Proven Claims will receive 100% of their Proven Claim, paid as follows:
 - (i) By December 1, 2019, all Unsecured Creditors with Proven Claims will receive an initial payment equal to the lesser of: 100% of their Proven Claims or \$2,000.00; and
 - (ii) Quarterly prorated payments starting March 1, 2020 over a two year period in respect of the balance of Unsecured Creditors' Proven Claims not satisfied from the initial payment above. Payoff could be sooner if positive cash flow allows. There will be no costs or interest accruing after the Filing Date payable to Unsecured Creditors.

Effect of Payment

28. The Unsecured Creditors will accept payment provided for in this Proposal in complete satisfaction of all their claims, certificates of pending litigation, execution or any similar charges or actions or proceedings in respect of such Claims will have no effect in law or equity against the property, Assets and undertakings of COMMERX CORPORATION. Upon the making of all payments provided for in the Proposal, any and all such certificates of pending litigation, executions or other similar charges or actions will be discharged, dismissed or vacated without costs to COMMERX CORPORATION.

Superintendent's Levy

29. The Superintendent's levy of 5% will be paid as required pursuant to s. 147 and 60(4) of the Act on all distributions to Unsecured Creditors under this Proposal.

Payment of Fees

30. All proper fees and expenses of the Proposal Trustee and reasonable legal and other professional fees on and incidental to the proceedings arising out of this Proposal and in connection with the preparation of this Proposal and in the administration of this Proposal, including advice to COMMERX CORPORATION in connection therewith, will be paid in priority to all claims of Unsecured Creditors.

PART 5 PROPOSAL TRUSTEE

Confirmation of Appointment

31. The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of COMMERX CORPORATION.

Meeting of Creditors

32. The Creditors' Meeting will be held at 11:00 a.m. on Friday, September 6, 2019 at the office of Bennett Jones LLP located at 4500 Bankers Hall East, 855 – 2nd Street SW, Calgary, Alberta unless adjourned by the Proposal Trustee. The Proposal Trustee shall preside as the chair of the Creditors' Meeting and will decide all matters relating to the conduct of the Creditors' Meeting. The only persons entitled to attend the Creditors' Meeting are those persons, including the holders of proxies, entitled to vote at the Creditors' Meeting. Any other person may be admitted on invitation of the Proposal Trustee or with the consent of the Creditors.

Proofs of Claim

33. All Creditors will be required to submit a proof of claim to the Proposal Trustee and the face amount thereof will govern for the purpose of voting at the Meeting of Creditors to be held to consider this Proposal, unless otherwise disputed or disallowed by the chair of the meeting. After the Creditors' Meeting, the Proposal Trustee will examine all proofs of claim and may require further evidence and support of the Claim or the security therefore. The provisions of s.135 of the Act will apply to all proofs of claim submitted by Creditors.

Conditions Precedent

34. As provided for in the Act, the payments and arrangements set out in this Proposal will not take effect unless the conditions set forth below are substantially satisfied on or before the Effective Date:
- a. All approvals and consents to the Proposal that may be required have been obtained;
 - b. The Approval Order has been issued; and
 - c. No order or decree restraining or enjoining the consummation of the transactions contemplated by this Proposal will have been issued.

Application for Approval Order

35. The Proposal Trustee will apply forthwith to the Court for the Approval Order upon approval by the Unsecured Creditors of this Proposal.

Discharge of Proposal Trustee

36. For greater certainty, the Proposal Trustee will not be responsible or liable for funding any payments contemplated herein nor for any obligations of COMMEX CORPORATION and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default. The Proposal Trustee will monitor and report upon the various payments to creditors required herein and shall be entitled to its discharge upon COMMEX CORPORATION making its final payment required herein.

**PART 6
RELEASE**

37. On the Effective Date, COMMEX CORPORATION including the officers and directors shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, and other recoveries on account of any liability, obligation, demand or cause of action owing to or held by any of the Creditors or any Claims by the Creditors.

**PART 7
SUPPORT AGREEMENTS**

38. COMMEX CORPORATION has reviewed the terms of this Proposal with numerous of its Unsecured Creditors and has obtained numerous binding Support Agreements to vote in favour of the terms of this Proposal.

**PART 8
MISCELLANEOUS**

Modification

39. COMMEX CORPORATION may propose amendments to the Proposal at any time prior to the conclusion of the Creditors' Meeting provided that any such amendment, in the opinion of COMMEX CORPORATION, does not reduce the rights and benefits given to Creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

Further Actions

40. COMMEX CORPORATION and the Creditors will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated hereby.

Performance

41. All obligations of COMMEX CORPORATION under this Proposal will commence as of the Effective Date. All terms of this Proposal will take effect as of the Effective Date.

Binding Effect

42. The provisions of this Proposal will be binding on the Creditors and COMMEX CORPORATION and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Approval Order after all appeal periods have expired.

Compromise Effective for all Purposes

43. The payment, compromise or other satisfaction of any Claim under this Proposal shall be binding upon such Creditor, its heirs, executors, administrators, successors and assigns, for all purposes and shall also be effective to relieve any third party directly or indirectly liable for such indebtedness, whether as guarantor, indemnitor, tenant, director, joint covenantor, principal or otherwise.

Fraudulent Conveyance

44. Section 91 through and including s. 101 of the BIA do not apply to this Proposal.

Governing Law

45. This Proposal will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.
46. Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Proposal shall be in writing and shall be effectively given and made if (i) delivered personally; (ii) sent by prepaid courier service; or (iii) sent by email transmission, in each case to the applicable address set out below:

(a) if to COMMERX CORPORATION:

robert.kulhawy@commerx.com and restructure@commerx.com

(b) if to the Proposal Trustee:

Hardie & Kelly Inc.
110, 5800 – 2nd Street SW
Calgary, AB, T2H 0H2
mkelly@insolvency.net
Attention: Marc Kelly

DATED at Calgary, in the Province of Alberta, this 16th day of August, 2019.

COMMERX CORPORATION

Per:


Robert Kulhawy
President & CEO

"I have the authority to bind the corporation"

**COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE PROPOSAL OF
COMMERX CORPORTION**

**REPORT OF PROPOSAL TRUSTEE ON PROPOSAL
HARDIE & KELLY INC.
AUGUST 16, 2019**

**REPORT OF PROPOSAL TRUSTEE ON PROPOSAL
HARDIE & KELLY INC.
AUGUST 16, 2019**

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INTRODUCTION

1. On March 7, 2019 (the “NOI Filing Date”), Commerx Corporation (“Commerx” or the “Company”) filed a Notice of Intention to Make a Proposal (the “NOI”) to its creditors pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act* (the “BIA”).
2. Hardie & Kelly Inc. is the appointed Trustee of the proceedings (the “Proposal Trustee”).
3. Since the NOI Filing Date, upon the applications of the Company, the Court of Queen’s Bench of Alberta (the “Court”) has granted three Orders extending the time in which Commerx must file its proposal to its creditors (the “Proposal”), the most recent of which extended the filing deadline to August 18, 2019.
4. On August 16, 2019, the Company filed the Proposal.
5. The purpose of this report (the “Proposal Trustee’s Report”) is to provide the Company’s creditors with information on the following:
 - Background information in respect of the Company and its current status;
 - The terms of the Proposal;
 - The Company’s current financial position and an estimated liquidation analysis;
 - The conduct of the Company;
 - The Proposal Trustee’s remuneration; and
 - The Proposal Trustee’s recommendation to creditors.

TERMS OF REFERENCE

6. In preparing this Proposal Trustee's Report to the creditors, the Proposal Trustee has relied upon unaudited financial information, records of the Company and discussions with the Company's management ("Management") and legal counsel for Mr. Robert Kulhawy, the President and CEO of the Company who was authorized by the Court to file the NOI.
7. The Proposal Trustee has not performed an audit, review or any other form of verification of such information.
8. Future oriented financial information relied upon in the Proposal Trustee's Report is based on the Company's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material. The Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of the financial information presented in the Proposal Trustee's Report, or relied upon by the Proposal Trustee in preparing the Proposal Trustee's Report.
9. The Proposal Trustee's Report has been prepared pursuant to the BIA and should not be construed or interpreted as an endorsement or recommendation to any creditor or prospective investor to advance credit or goods and services to Commerx or to invest in the Company.

BACKGROUND

10. A recent search of the Alberta Corporate Registration System (the "Corporate Registry") indicates that Commerx was incorporated in Alberta in June 2011.
11. Commerx is a private company headquartered in Calgary, Alberta and incorporated pursuant to the laws of the Province of Alberta. The Company is a global provider to digital and telecommunications customers providing software development, I.T. and telecommunications equipment installation, support and maintenance services.

12. Although the Company's head office is located in Calgary, Commerx also has 100% owned subsidiaries located in Mexico and the United States (the "Subsidiaries"); however, the Subsidiaries are not the subject of these or any restructuring proceedings.
13. As noted above, Mr. Robert Kulhawy is the President and CEO of Commerx and currently holds, directly and indirectly, approximately 25% of the voting shares of Commerx. Commerx Holdings LLC ("CHL") currently holds 51% of the voting common shares of Commerx which it acquired from Mr. Kulhawy in December 2016 (the "Share Transaction"). Lotus Innovations Private Equity Fund ("Lotus") is the parent of CHL.
14. The Share Transaction is the subject of an ongoing dispute between Mr. Kulhawy and CHL/Lotus (the "Lotus Dispute"). While it is not anticipated that the Dispute will directly impact the Company's cash flow and therefore its ability to perform the Proposal, the Proposal Trustee notes that the Company considers resolution of this matter critical to the Company's future. The Proposal Trustee understands that the Lotus Dispute is the upcoming subject of a mediation proceeding.
15. Commerx began experiencing serious liquidity issues in the summer of 2018 due in part to the Lotus Dispute. Mr. Kulhawy has advised that this was precipitated by CHL defaulting under the terms of the Share Transaction and a Shareholder Agreement dated December 30, 2016 (the "Shareholder Agreement") as the Shareholder Agreement contemplated that CHL would take certain steps to facilitate the availability of working capital for Commerx. Mr. Kulhawy advises that CHL failing to fully comply with the terms of the Shareholder Agreement was a cause of Commerx's liquidity crisis. In December, 2018, Justice Feehan of the Court found that there was sufficient *prima facie* evidence of oppressive conduct relating to commitments not being met under the agreements to justify the granting of an interim funding order for Commerx, as requested by Mr. Kulhawy.

16. In early 2019, Mr. Kulhawy discovered that CHL/Lotus had permitted a third party (the “Third Party”) to secure a charge over Commerx’s assets; however, while this charge limited Commerx’s ability to source financing, Commerx did not receive the benefit of any of the US \$1.5 Million advanced by the Third Party.
17. As a result of the foregoing, Commerx filed the NOI in an effort to attempt to stabilize its financial situation.
18. Since the NOI Filing Date, Management has:
 - Secured \$500,000 of Court approved debtor in possession lending from Balinhard Capital Corporation (“Balinhard”);
 - Stabilized operations; and
 - With the assistance of legal counsel, arranged to have the Third Party discharge its security interest at no cost or consideration on the part of Commerx.
19. Having accomplished the above, the Company is now in the position to file the Proposal.

SIGNIFICANT TERMS OF PROPOSAL

20. Capitalized terms used herein take on the definitions given to them either within the Proposal or the Proposal Trustee’s Report.
21. The key terms of the Proposal are *inter alia* as follows:
 - Unsecured creditors will receive 100% of their accepted proven claims in accordance with the following payment schedule:
 - By December 1, 2019, all Unsecured Creditors with Proven Claims will receive an initial payment equal to the lesser of: 100% of their Proven Claim or \$2,000; and

- Quarterly prorated payments commencing March 1, 2020 over a two year period in respect of the balance of Unsecured Creditors' Proven Claims not satisfied from the initial payment above. Payment in full could be sooner if positive cash flow allows for same.
 - The claims of Canada Revenue Agency in respect of employee source deductions (but not GST or income tax payable claims generally), which are proven, will be paid in full without interest or penalty within six months of Court approval of the Proposal as required by S. 60(1.1) of the BIA. Such claims are anticipated to total approximately \$39,000.
 - All distributions under the terms of the Proposal are subject to the levy payable to the Office of the Superintendent of Bankruptcy as prescribed by S.147 of the BIA.
22. The Proposal provides that the following claims shall be unaffected by the Proposal and shall be paid in accordance with the existing terms, or as otherwise agreed between Commerx and the respective parties:
- Claims by Balinhard, the only known secured creditor;
 - All proper fees and expenses of the Proposal Trustee;
 - The legal fees and disbursements of Commerx and the Proposal Trustee on and incidental to the preparation of the Proposal and any proceedings related to the Proposal; and
 - Any claim for goods and services supplied subsequent to the NOI Filing Date.

CURRENT FINANCIAL POSITION & ESTIMATED LIQUIDATION ANALYSIS

23. A copy of Commerx’s most recent available unaudited non-consolidated interim balance sheet as at June 30, 2019 (the “Balance Sheet”) is attached as Appendix “A”. The Proposal Trustee has not audited, confirmed or otherwise verified the accuracy or completeness of the information contained in the Balance Sheet.
24. Pursuant to the terms of the BIA, in the event the Proposal is not approved by both the statutory majority of creditors and the Court, the Company will be deemed to have made an immediate assignment into bankruptcy. The Proposal Trustee has prepared the following assessment of the estimated realizable value of Commerx’s assets utilizing a combination of the Balance Sheet and updated figures where appropriate:

Commerx Corporation.			
Estimated Liquidation Analysis			
as at August 16, 2019			
(unaudited)	Estimated Range		
	of Realizations		
	Low	High	Notes
Cash	\$103,568	\$103,568	a)
Accounts receivable	129,000	193,500	b)
Prepaid expenses and deposit	0	0	c)
Due from Lotus/Halcyon	0	477,569	d)
Property and equipment - net	0	0	e)
Development costs	0	0	f)
Subsidiaries	<u>200,000</u>	<u>350,000</u>	g)
	432,568	1,124,637	
Less:			
Estimated costs of realizations	<u>(100,000)</u>	<u>(150,000)</u>	
Estimated net realizations	332,568	974,637	
Less:			
CRA deemed trust claim	<u>(38,601)</u>	(38,601)	
Balinhard secured claim	<u>(523,759)</u>	(523,759)	
Estimated surplus / (shortfall)	<u>(\$229,7932)</u>	\$412,277	

25. The Proposal Trustee has the following comments with respect to the above estimated realization analysis:
- a. Cash – the current balance of cash on hand is approximately \$104,000. For purposes of this analysis it is assumed that all cash would be available as at the date of a deemed assignment into bankruptcy.
 - b. Accounts receivable – the updated current balance of accounts receivable is approximately \$343,000 of which approximately \$85,000 is greater than 120 days. We have assumed collections in the range of \$129,000 to \$193,500 in the event of a liquidation scenario based on assumed collections in the range of 50% to 75% of accounts receivable less than 120 days.
 - c. Prepaid expenses – this balance principally relates to deposits and prepayments in respect of expenses such as rent and legal fees. We have assumed nil recoveries in the event of a liquidation scenario.
 - d. Due from Lotus / Halycon – this amount relates to the Lotus Dispute. As the potential for recovery is currently uncertain, we have assumed collections ranging from 0% to 100%.
 - e. Property and equipment – based on our recent experience, we have assumed nil recoveries from office furniture and equipment.
 - f. Development Costs – this relates to capitalized software development costs. Based on our experience, we would not anticipate any realizations for this recorded asset in the event of a liquidation scenario.
 - g. Investment in Subsidiaries – Appendix “A” reflects the stand alone non-consolidated unaudited balance sheet of Commerx. As mention earlier in this Proposal Trustee’s Report, the Subsidiaries are not a party to these or any restructuring proceedings. Attached as Appendix “B” is a consolidated unaudited balance sheet as at June 30, 2019 incorporating the

Subsidiaries. In the event of a bankruptcy of Commerx, the Trustee of in Bankruptcy would control the shares of the Subsidiaries. As noted in Appendix "B", the consolidated financial statements reflect equity of approximately \$831,000, whereas Appendix "A" reflects equity of Commerx of \$23,000 on a standalone basis. By extension, the equity of the Subsidiaries is reflected as approximately \$800,000 with the difference being primarily accounted for by approximately \$600,000 of accounts receivable and \$180,000 of office equipment. The Proposal Trustee has not undertaken a detailed examination of the Subsidiaries; however, for purposes of this liquidation analysis, we have assumed a value of the shares of the Subsidiaries ranging from \$200,000 to \$350,000 representing 50% to 75% of the value of the Subsidiaries' accounts receivable less approximately \$100,000 of liabilities of the Subsidiaries which would be satisfied in the first instance.

26. Consequently, based on the above analysis and assumptions, after accounting for CRA's deemed trust claim and the secured claim of Balinhard, we estimate that the recoveries available for unsecured creditors in the event of a bankruptcy of Commerx would range from nil to approximately \$412,000. Commerx's records reflect pre-NOI claims of unsecured creditors totalling approximately \$616,000.
27. Although, the upper end of the liquidation analysis would provide that unsecured creditors might receive close to a 67% payout, we caution that this recovery level is contingent on a significant recovery from the Subsidiaries which may prove to be practically difficult. Consequently, we suggest that the Proposal which provides for payment of 100% to all unsecured creditors within two years is a more favourable alternative for unsecured creditors.
28. Appendix "A" reflects outstanding preferred class "F" shares in the amount of approximately \$1.4 Million held by Fortitude Financial Investments Inc. ("Fortitude"). Fortitude has advised that its position is that the preferred shares were to have been redeemed such that it has a debt claim for the redemption amount, not an equity claim. Commerx disputes this position and takes the view

that Fortitude has an equity interest and not a debt claim, and the Proposal is advanced on that basis because Commerx does not propose to make any payments to Fortitude. Notwithstanding this dispute, the Proposal Trustee will be serving the Proposal and related documents on Fortitude. Commerx and Fortitude are currently discussing this dispute and the Proposal Trustee will report further to creditors on this dispute, as and when appropriate.

29. During these Proposal proceedings, the Proposal Trustee has reported on certain funds (the "Nortel Funds") in the amount of approximately CDN\$135,000, being held by the Company. The Nortel Funds were subject to a trust claim by Kent Davis, based on the terms of a settlement agreement with Commerx that pre-dates these proceedings. Mr. Davis and Commerx have settled this dispute, with the approval of the Proposal Trustee. Under the settlement, Mr. Davis will receive USD\$70,000 and Commerx will retain the balance. The settlement is subject to the approval of the Court. If the Court approves the settlement, the funds retained by Commerx will be available for Commerx's use, including funding the payments to creditors under the Proposal. The Monitor believes that the settlement is reasonable, as it provides Commerx with access to a portion of the Nortel Funds, and avoids the delay, cost and risk of a contested Court application to determine the dispute.

VOTING PROCEDURE

30. There will be one class of creditor voting on the Proposal being all Unsecured Creditors with Proven Claims.
31. In order for the Proposal to be accepted, it must be approved by both:
- A majority in number and 2/3 in dollar value of each class of creditors with valid proven claims voting on the Proposal (the "Statutory Majority of Creditors"); and
 - The Court. An application for Court approval as soon as reasonably practical assuming the Proposal is approved by the Statutory Majority of Creditors.

32. In the event the Proposal is not approved by both the Statutory Majority of Creditors and the Court, Commerx shall irrevocably be deemed to have thereupon immediately made an assignment in bankruptcy.
33. The meeting of creditors to consider the Proposal (the “Creditors’ Meeting”) is scheduled for 11:00 a.m. on Friday, September 6, 2019 at the office of Bennett Jones LLP located at 4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, Alberta. **To be eligible to vote on the Proposal and participate in distributions contemplated by the Proposal, creditors must have filed with the Proposal Trustee, before the commencement of the Creditors’ Meeting, a Proof of Claim form, properly completed, signed and witnessed as required, accompanied by the appropriate supporting documentation.**
34. A blank proof of claim form, voting letter and proxy form have been included with the package of information included with this Proposal Trustee’s Report and can also be obtained from the Proposal Trustee’s website at <https://relieffromdebt.ca/commerx-corporation/>.
35. Those creditors who do not intend on having a personal representative attend the Creditors’ Meeting may submit their proof of claim form, appropriate supporting documentation and voting letter directly to the Proposal Trustee indicating their vote for or against the acceptance of the Proposal, prior to the commencement of the Creditors’ Meeting.
36. If you are planning to attend the Creditors’ Meeting in person, you are still encouraged to submit your materials to the Proposal Trustee in advance of the Creditors’ Meeting to have your vote pre-registered.
37. Failure to file a claim with the Proposal Trustee prior to the commencement of the Creditors’ Meeting will, absent leave of the Court, forever bar a creditor from being eligible to participate in the Proposal and such claim against Commerx will be extinguished.

38. As set out above, the Proposal contemplates only claims against Commerx as at the NOI Filing Date and does not address payment for goods and services supplied to the Company subsequent to the NOI Filing Date. Suppliers must make mutually satisfactory payment arrangements with the Company in the ordinary course on account of goods and services supplied to the Company after the NOI Filing Date.

CONDUCT OF DEBTOR

39. The Proposal Trustee is not aware of any preferential payments or transfers made at undervalue which would be pursuable according to the BIA; however, the Proposal Trustee has not undertaken a review of the books and records of the Company or reviewed the details of any historical transactions.
40. In the Proposal Trustee's view, Management has been working diligently and with good faith to formulate the Proposal and provide all relevant information to the Proposal Trustee.

PROPOSAL TRUSTEE'S REMUNERATION

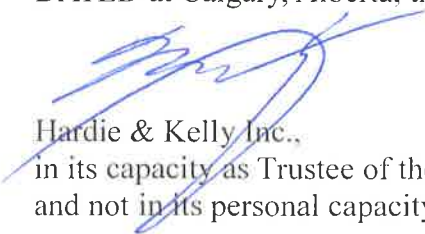
41. The Proposal Trustee's fees and expenses will be based on the time spent by the Proposal Trustee and members of its staff at their respective billing rates plus any out of pocket expenses incurred. The Company provided the Proposal Trustee with a retainer totalling \$25,000 prior to the filing of the NOI Filing Date and has replenished the retainer from time to time.

CONCLUDING SUMMARY

42. The refusal of the Proposal by either the Statutory Majority of Creditors or the Court will result in the immediate deemed assignment of Commerx into bankruptcy. As set out earlier, we estimate that there is a greater risk of recoveries to unsecured creditors if forced to rely on a liquidation process.

43. The Proposal contemplates that the general body of unsecured creditors will receive 100% of their proven claims with 17 of the 28 unsecured creditors forecasted to be paid in full upon the initial payment contemplated in December 2019 and the remaining creditors to be paid in full within two years or less.
44. Although the Proposal provides for payment of 100% of unsecured proven claims, there is inherent business and economic risk associated with Commerx being able to achieve its financial projections, which is critical in order for the Company to be able to make the scheduled distributions provided for under the Proposal. We caution that the Proposal Trustee is unable to provide any form of certainty or guarantee that Commerx will ultimately be able to achieve its financial projections or make the distributions to creditors contemplated under the Proposal.
45. Notwithstanding, the inherent business and economic risk discussed above, we recommend acceptance of the Proposal for the following reasons:
- The Proposal calls for unsecured proven creditors as of the NOI Filing Date to receive payment of 100% of their claims; and
 - It allows Commerx to continue as a going-concern and maintain employment for approximately 27 individuals.

DATED at Calgary, Alberta, this 16th day of August 2019.



Hardie & Kelly Inc.,
in its capacity as Trustee of the Proposal of Commerx Corporation
and not in its personal capacity

Per: Marc Kelly
Senior Vice President

APPENDIX "A"

Commerx Corporation
Interim Balance Sheet
as at June 30, 2019
(unaudited)

	Interim 2019
Assets	
Current assets	
Cash	\$ 224,039
Accounts receivable and other	575,705
Prepaid expenses and deposit	91,704
Total current assets	891,448
Due from Lotus / Halcyon	477,569
Property and equipment, net	3,106
Development costs	155,036
Total Assets	\$ 1,527,159
Liabilities	
Current liabilities	
Accounts payable, accrued liabilities and statutory obligations	\$ 231,733
Payable obligations - Nortel funds	131,868
Payable obligations - pre-NOI	616,405
Total current liabilities	980,006
Loan payable	523,759
Total Liabilities	1,503,765
Shareholders' equity	
Share capital - common	3,244,130
Share capital - preferred class F	1,407,830
Share capital - preferred class G	1,379,625
Total share capital	6,031,585
Deficit	(6,008,191)
Total Shareholders' Equity	23,394
Total Liabilities and Shareholders' Equity	\$ 1,527,159

APPENDIX “B”

Commerx Corporation
Interim Balance Sheet - Consolidated
as at June 30, 2019
(unaudited)

	Interim 2019
Assets	
Current assets	
Cash	\$ 277,611
Accounts receivable and other	1,206,417
Prepaid expenses and deposit	129,828
Total current assets	1,613,856
Due from Lotus / Halcyon	477,569
Property and equipment	184,725
Development costs	155,036
Total Assets	\$ 2,431,186
Liabilities	
Current liabilities	
Accounts payable, accrued liabilities and statutory obligations	\$ 328,612
Payable obligations - Nortel funds	\$ 131,868
Payable obligations - pre-NOI	616,405
Total current liabilities	1,076,885
Loan payable	523,759
Total Liabilities	1,600,644
Shareholders' equity	
Share capital - common	3,244,130
Share capital - preferred class F	1,407,830
Share capital - preferred class G	1,379,625
Total share capital	6,031,585
Deficit	(5,201,043)
Total Shareholders' Equity	830,542
Total Liabilities and Shareholders' Equity	\$ 2,431,186

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 31
Proof of Claim
(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the matter of the proposal of
Commerx Corporation
of the City of Calgary, in the Province of Alberta

All notices or correspondence regarding this claim must be forwarded to the following address:

In the matter of the proposal of Commerx Corporation of the City of Calgary in the Province of Alberta and the claim of _____, creditor.

I, _____ (name of creditor or representative of the creditor), of the city of _____ in the province of _____, do hereby certify:

1. That I am a creditor of the above named debtor (or I am _____ (position/title) of _____, creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of the filing of a Notice of a Notice of Intention to Make a Proposal, namely the **7th day of March 2019**, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ _____

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)

Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
(Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$ _____
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____,
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____,
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____,
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ _____,
- G. CLAIM AGAINST DIRECTOR \$ _____

(To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I _____ (am/am not) (or the above-named creditor _____ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____,

Witness

Creditor

Phone Number: _____
Fax Number : _____
E-mail Address : _____

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 36
Proxy
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the matter of the proposal of
Commerx Corporation
of the City of Calgary, in the Province of Alberta

I, _____, of _____, a creditor in the above matter, hereby
appoint _____, of _____, to be
my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without)
power to appoint another proxyholder in his or her place.

Dated at _____, this _____ day of _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:

Hardie & Kelly Inc. - Licensed Insolvency Trustee
110, 5800 2nd Street SW
Calgary AB T2H 0H2
Phone: (403) 777-9999 Fax: (403) 640-0591
E-mail: claims@insolvency.net

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2483059
Estate No. 25-2483059

FORM 37

Voting Letter
(Paragraph 51(1)(f) of the Act)

In the matter of the proposal of
Commerx Corporation
of the City of Calgary, in the Province of Alberta

I, _____, creditor (or I, _____, representative
of _____, creditor), of _____, a creditor in the above matter
for the sum of \$ _____, hereby request the trustee acting with respect to the proposal of
Commerx Corporation, to record my vote _____ (for or against) the acceptance of the proposal as
made on the 16th day of August 2019.

Dated at _____, this _____ day of _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:
Hardie & Kelly Inc. - Licensed Insolvency Trustee
Per:

Marc Kelly - Licensed Insolvency Trustee
110, 5800 2nd Street SW
Calgary AB T2H 0H2
Phone: (403) 777-9999 Fax: (403) 640-0591
E-mail: claims@insolvency.net