

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT **OF iMARKETING SOLUTIONS GROUP**
INC. and those Companies referred to on Schedule "A"

Applicants

APPLICATION RECORD
VOLUME 1 OF 2

April 11, 2013

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Schedule "A"

List of Applicants

iMarketing Solutions Group Inc.
The Responsive Marketing Group Inc.
GWE Consulting Group (USA) Inc.
Direct Contact Strategies Inc.
Front Line Support Inc.
iMark Events Inc.
RMG General Partner Inc.
Cabot Call Centre Inc.
Engage Interactive Inc.
RMG Smiths Falls LP.
RMG Thunder Bay LP
Xentel Inc. (Delaware)
Wellesley Corporation Inc. (Delaware)
US Billing Inc. (Delaware)
American Graphics & Design Inc. (Wisconsin)
Courtesy Health Watch Inc. (Delaware)
Target Outreach Inc. (Nevada)
Engage Funding Inc. (Delaware)

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TAB 1

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Applicants

NOTICE OF APPLICATION

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing on Friday, April 12, 2013, at 8:30 a.m., at Osgoode Hall, 130 Queen Street West, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least two days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date _____ Issued by _____
Local Registrar

Address of
court office: 330 University Avenue
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TO: THIS HONOURABLE COURT

AND TO: THE SERVICE LIST

SERVICE LIST

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Schedule "A"

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APPLICATION

1. **THE APPLICANTS**, iMarketing Solutions Group Inc. (“**IMSG**”) and the companies listed in Schedule “A” attached hereto (together with IMSG, the “**IMSG Group**”) make this Application for an Initial Order substantially in the form attached at Tab 3 of the Application Record, among other things:
 - (a) abridging the time for the Notice of Application and dispensing with service on any other person other than those served;
 - (b) declaring that the IMSG Group are parties to which the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) applies;
 - (c) appointing Duff & Phelps Canada Restructuring Inc. (“**Duff & Phelps**”) as monitor of the assets, business and affairs of the IMSG Group in these proceedings (in such capacity, the “**Monitor**”);
 - (d) staying all proceedings and remedies taken or that might be taken in respect of the IMSG Group or any of its property, except as otherwise set forth in the Initial Order or as otherwise permitted by law;
 - (e) authorizing the IMSG Group to carry on business in a manner consistent with the preservation of its property and the operational restructuring proposed and to make certain payments in connection with its business and the proceedings taken herein;
 - (f) authorizing the IMSG Group to take such actions as are contemplated by the DIP Term Sheet in order to obtain the proceeds of the DIP Loan, as such terms are defined in the Initial Order;

- (g) authorizing the IMSG Group to file with this Honourable Court a plan of compromise or arrangement;
- (h) approving the appointment of Illumina Partners Inc. as the Chief Restructuring Officer of the ISMG Group (the “CRO”); and
- (i) such further and other relief as counsel may request and this Honourable Court may deem just.

2. **THE GROUNDS FOR THE APPLICATION ARE:**

- (a) IMSG is a corporation incorporated pursuant to the *Business Corporations Act* (Alberta) with its registered head office in Calgary, Alberta. Its working head office is located in Toronto, Ontario;
- (b) IMSG is the direct or indirect parent company of the seventeen (17) subsidiaries set out in Schedule “A” attached hereto which together comprise the IMSG Group;
- (c) IMSG and its subsidiaries are a family of North American integrated marketing services companies that provide direct marketing solutions for not-for-profit organizations, political organizations and professional associations;
- (d) the IMSG Group is one of the largest participants in the telemarketing and fundraising industry, employing approximately 1,143 employees (662 active employees and 481 on layoff) across Canada and the United States, and has over 25 years of experience in the industry;

- (e) the Applicants have established itself themselves as North America's pre-eminent integrated marketing services companies and have a broad, varied and notable roster of clients;
- (f) the IMSG Group is facing an intense liquidity challenge such that it cannot pay its liabilities as they become due, which liabilities include ongoing operating costs as well as legacy costs incurred as a result of previous operational restructuring initiatives undertaken by the Applicants;
- (g) the balance owing to all of the IMSG Group's creditors as at the date hereof is approximately \$13.6 million;
- (h) the Applicants believe that there is significant going concern value on an entity wide basis which would result in a much greater return to the Applicants' creditors, customers, employees and stakeholders if the Applicants obtain the protection afforded under the CCAA than would otherwise be realized in a bankruptcy or any other proceeding;
- (i) the IMSG Group requires the protection of the CCAA in order to stabilize its businesses, solve the Applicants' liquidity challenge, finalize the operational restructuring initiatives that have been and are proposed to be implemented and to provide time for the Applicants to seek strategic partners, investors or plan sponsors to ensure that the Applicants' businesses continue as going concerns;
- (j) protection under the CCAA is in the best interests of the Applicants' creditors, customers, employees and stakeholders as it will maximize recoveries;

- (k) Duff & Phelps has consented to act as the Court-appointed Monitor of the IMSG Group, subject to Court approval;
- (l) IMSG and Illumina have entered into an agreement whereby Illumina has agreed to act as CRO of the IMSG Group, subject to Court approval;
- (m) the provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
- (n) Rules 2.03, 3.02, 14.05(2), 16 and 38 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg 194, as amended;
- (o) Section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended; and
- (p) such further and other grounds as counsel may advise and this Honourable Court may deem just.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of this application:

- (a) Affidavit of Andrew Langhorne sworn April 11, 2013, and the exhibits attached thereto;
- (b) the Consent of Duff & Phelps to act as Monitor; and
- (c) such further and other evidence as counsel may advise and this Honourable Court may permit.

April 11, 2013

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INC. and those Companies referred to on Schedule "A"

Court File No.:

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at **Toronto**

NOTICE OF APPLICATION

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TAB 2

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and those Companies referred to on Schedule "A"

Applicants

**AFFIDAVIT OF ANDREW LANGHORNE
(Sworn April 11, 2013)**

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and those Companies referred to on Schedule "A"

Applicants

**AFFIDAVIT OF ANDREW LANGHORNE
(Sworn April 11, 2013)**

I, Andrew Langhorne, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND
SAY AS FOLLOWS:**

1. I am the Chief Executive Officer (the "CEO") of iMarketing Solutions Group Inc. ("IMSG") and as such I have personal knowledge of the matters to which I herein depose. Where the source of my information or belief is other than my own personal knowledge, I have identified the source and the basis for my information and believe it to be true.

2. All references to currency in this Affidavit are to Canadian Dollars, unless otherwise indicated.

I. RELIEF SOUGHT

3. This Affidavit is sworn in support of an application (the "**Application**") for an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended (the "**CCAA**"), in respect of the Applicants (as defined below), among other things:

- (a) abridging the time for service of the Notice of Application and dispensing with service on any other person other than those served;
 - (b) declaring that the Applicants are parties to which the CCAA applies;
 - (c) appointing Duff & Phelps Canada Restructuring Inc. (“**Duff & Phelps**”) as Monitor of the Applicants in these proceedings (the “**Proposed Monitor**”);
 - (d) staying all proceedings and remedies taken or that might be taken in respect of the Applicants or any of their property, except as otherwise set forth in the Initial Order or as otherwise permitted by law;
 - (e) authorizing the Applicants to carry on business in a manner consistent with the preservation of their property and the operational restructuring proposed and to make certain payments in connection with their business and the proceedings taken herein;
 - (f) authorizing the Applicants to enter into the DIP Term Sheet and approving the DIP Charge (both terms as defined below);
 - (g) approving the Administrative Charge (as defined below);
 - (h) approving the D&O Charge (as defined below);
 - (i) approving the appointment of Illumina Partners Inc. (“**Illumina**”) as the Chief Restructuring Officer (the “**CRO**”); and
 - (j) permitting the Applicants to file with the Court a plan of compromise or arrangement.
4. The IMMSG Group (as defined below) is facing an intense liquidity challenge such that it cannot pay all liabilities as they become due, which liabilities include ongoing operating costs, as well as legacy costs incurred as a result of previous operational restructuring initiatives already undertaken. These initiatives were implemented with a view to returning the business of the IMMSG Group to profitability, scheduled to occur this year, as discussed in more detail below.
5. The purpose of this Application is to:

- (a) stabilize the Applicants' businesses by staying any creditor actions;
- (b) solve the Applicants' liquidity challenge by virtue of the DIP Financing (as defined below);
- (c) finalize the operational restructuring initiatives that have been and are proposed to be implemented by the Applicants; and
- (d) provide time for the Applicants to seek strategic partners, investors or plan sponsors to ensure that the Applicants' businesses continue as going concerns for the benefit of customers, suppliers, employees and other stakeholders.

II. OVERVIEW, BUSINESS OPERATIONS AND CORPORATE STRUCTURE

6. IMMSG is the direct or indirect parent company of the twenty-two (22) subsidiaries identified in the simplified corporate chart annexed hereto and marked as Exhibit "A". IMMSG and its subsidiaries are a family of North American integrated marketing services companies that provide direct marketing solutions for not-for-profit organizations, political organizations and professional associations. With the exception of SPUCC, MLHL, RMG Quebec, Professionally Speaking and Advanced Communications (all as defined below), the remaining subsidiaries along with IMMSG comprise the Applicants in these proceedings (collectively, the "IMMSG Group" or the "Applicants"). Attached hereto and marked as Exhibit "B" is a list of entities forming the IMMSG Group.

7. The Applicants are one of the largest participants in the telemarketing and fundraising industry, employing approximately 1,143 employees (662 active employees and 481 on layoff), across North America. Operating under its previous name, Xentel DM Incorporated ("Xentel"), Xentel acquired The Responsive Marketing Group Inc. ("RMG") in March 2010, IMMSG and its predecessor corporations have operated in the telemarketing and fundraising sector for over 25 years. The Applicants have established themselves as North America's pre-eminent integrated marketing services company bringing market products, services and expertise to bear in a broad range of markets and on behalf of a broad, varied and notable roster of clients.

8. IMMSG was incorporated pursuant to the provisions of the *Business Corporations Act (Alberta)*, R.S.A. 2009, C. B-9, as amended, and its registered head office is in Calgary, Alberta

9. Prior to December 3, 2012, IMMSG was a publicly traded company listed on the TSX Venture Exchange (the “**TSX-V**”) under the symbol “**XDM**”. After the aforementioned date, IMMSG voluntarily delisted its common shares from the TSX-V and began listing its common shares on the Canadian National Stock Exchange under the symbol “**IMR**”.

10. As at April 8, 2013, the issued and outstanding capital of IMMSG consisted of 32,395,409 Class A common shares. There are no other classes of shares outstanding at this time. As at April 8, 2013, IMMSG’s largest shareholders include the following:

- (a) Shotgun Fund Management Inc., Shotgun Fund Management II Inc. and Shotgun Fund Management III Inc. (“**SF III**”) (together, the “**Shotgun Funds**”), managed by Argosy Partners Ltd. (“**Argosy**”), that own approximately 28% of the outstanding common shares in aggregate;
- (b) two of IMMSG’s current directors who directly or indirectly own approximately 13% of the outstanding common shares in IMMSG; and
- (c) two of IMMSG’s former directors who directly or indirectly own approximately 32% of the outstanding common shares in IMMSG.

11. Each of the other Applicants is a direct or indirect wholly-owned subsidiary of IMMSG.

12. As depicted in the corporate chart annexed as Exhibit “**A**”, IMMSG owns all of the issued and outstanding shares of RMG, Direct Contact Strategies Inc. (“**Direct Contact**”), Front Line Support Inc. (“**Front Line**”) and iMark Events Inc. (“**iMark**”). RMG, in turn, owns all of the issued and outstanding shares of Cabot Call Centre Inc. (“**Cabot Call**”), Special Projects Unit Call Centre Inc. (“**SPUCC**”) and Engage Interactive Inc. (“**Engage**”). RMG also owns all of the issued and outstanding shares of RMG General Partner Inc. (“**RMG GP**”), which owns 0.01% of the issued and outstanding shares or

partnership units in MLHL Marketing Inc. (“**MLHL**”), RMG Smiths Falls, LP (“**RMG Smiths Falls**”), RMG Thunder Bay, LP (“**RMG Thunder Bay**”) and RMG Quebec, LP (“**RMG Quebec**”). The remaining 99.9% of issued and outstanding shares or partnership units in the aforementioned companies are owned by RMG. As at the date of this Affidavit, SPUCC, MLHL and RMG Quebec are inactive corporations.

13. IMMSG also owns all of the issued and outstanding shares in GWE Consulting Group (USA) Inc. (“**GWE**”). GWE is incorporated under the laws of the State of Washington and holds IMMSG’s investments in IMMSG’s operations in the United States (“**U.S.**”).

14. GWE owns all of the issued and outstanding shares in Xentel Inc. (“**Xentel**”) and Wellesley Corporation Inc. (“**Wellesley**”). Xentel owns all of the issued and outstanding shares in US Billing Inc. (“**US Billing**”), American Graphics & Design Inc. (“**American Graphics**”), Advanced Communications Inc. (“**Advanced Communications**”) and Professionally Speaking Inc. (“**Professionally Speaking**”). As at the date of this Affidavit, Advanced Communications and Professionally Speaking are inactive corporations. Wellesley owns all of the issued and outstanding shares in Courtesy Health Watch Inc. (“**Courtesy Health**”), Target Outreach Inc. (“**Target**”) and Engage Funding Inc. (“**Engage**”).

A. Management of the Applicants

15. The Board of Directors of IMMSG is currently comprised of four directors. None of the directors are non-independent, as defined by the *Ontario Securities Act*, National Policy 58-201.

16. It is expected that the existing senior management team, comprised of Michael Davis, IMMSG’s Founder and Managing Director, Political, and myself, will remain in place on the Board as well during this restructuring. Notwithstanding this expectation, as part of the Application, the Applicants are seeking the Court’s approval of the appointment of Illumina as the CRO of the IMMSG Group.

B. Integration of the Applicants and Centre of Main Interest

17. The Applicants are of the view that the restructuring of the operations of the IMSG Group as a whole to be undertaken under the CCAA may involve a restructuring, sale and/or recapitalization of certain businesses. All options will be explored to maximize value for stakeholders and to continue to service customers. It is anticipated that this process will require a judicial proceeding and approval in Canada as well as the U.S., in view of the assets and operations located there. The cross-border scope of the business, assets and operations of the Applicants accentuate the need for a co-ordinated proceeding, as is available under the CCAA and Chapter 15 of the U.S. *Bankruptcy Code*.

18. The IMSG Group's business is fully integrated, including between the Canadian and the U.S. operations. The restructuring of the IMSG Group can be administered most efficiently through a single, centralized restructuring process. Such a process will minimize the cost of the restructuring, including the time necessary to effect the restructuring, sale or refinancing effort and thereby maximize the overall value of the assets and operations for the benefit of all of the Applicants' creditors, customers and stakeholders.

19. The Applicants centre of main interest ("COMI") is Ontario. Although IMSG's registered head office is located in Calgary, Alberta, the majority of all business operations are run out of IMSG's head office in Toronto. The primary corporate, management, banking, accounting and strategic functions for all Applicants are undertaken from IMSG's head office in Ontario, although client-facing interactions often occur in the location of each subsidiary.

20. It is contemplated that the CCAA proceeding in Canada will be the primary court supervised process for the restructuring of the IMSG Group. While the restructuring will be undertaken in Canada, the Applicants will seek an Order pursuant to Chapter 15 of the U.S. *Bankruptcy Code* to have this proceeding recognized as a foreign main proceeding in order to facilitate the implementation of matters in the U.S. that have been approved in this CCAA proceeding.

21. In support of the Applicants' position that the Applicants' COMI is Ontario, the Applicants rely on the following:

- (a) all corporate strategic decision-making for the IMMSG Group occurs at IMMSG's Toronto office and the CEO and Chief Financial Officer ("CFO") have their primary business office in Ontario;
- (b) as CEO of IMMSG, I am involved, along with other members of the senior management team, in all material decisions regarding the operations of all Applicants, including the approval of all terms and conditions of any material contracts, and all such decisions are directed from, made in or monitored from our offices in Ontario;
- (c) all treasury management functions, including a centralized cash management system for the IMMSG Group, are conducted from IMMSG's office in Ontario;
- (d) financial reporting of the Applicants is done on a consolidated basis (except where separate entity reporting is required by taxing authorities) and the audited financial statements are prepared in Ontario;
- (e) budgeting for each of the Applicants is approved at IMMSG's office in Ontario;
- (f) accounting is performed and the books and records are maintained at IMMSG's head office in Ontario;
- (g) human resource policy and administration, including certain human resource functions such as employee recruitment strategy and the administration of employee benefits, are performed and located in Ontario;
- (h) investor communication functions are undertaken at the Ontario office;
- (i) the vast majority of corporate minute books for each Applicant is located and maintained in Ontario;

- (j) the only credit facilities made available to any of the Applicants are with lenders who manage such facilities in Toronto, Ontario, and certain of the credit facilities and security granted in respect thereof are governed by Ontario law (as discussed below); and
- (k) the Board of Directors' meetings are customarily held in Ontario.

22. The business operations of the Applicants, including those limited partnership subsidiaries, are functionally integrated. There are many suppliers, creditors and other stakeholders of the IMSG Group that are common to several of the Applicants.

23. In addition to the credit facility advanced to IMSG by SF LP III (described in greater detail below), the Canadian Imperial Bank of Commerce ("CIBC") made a credit facility available to RMG (the "CIBC Credit Facility"), which credit facility was secured by a security interest over the assets of RMG and which was guaranteed by certain subsidiaries of RMG, namely Cabot Call, SPUC, Engage, MLHL, RMG Smiths Falls, RMG Thunder Bay and RMG Quebec on an unsecured basis.

24. In addition, as described in more detail below, the cash management arrangements among the Applicants are completely integrated, with the companies borrowing and advancing funds within the IMSG Group as needed, demonstrating that the operations of the IMSG Group, including the limited partnerships, are functionally, financially and operationally integrated. As such, there is a need to deal with the restructuring in a procedurally consolidated manner. As the operations of the IMSG Group are managed centrally at the IMSG level, the Applicants are of the view that Ontario is the most appropriate forum for overseeing the restructuring of the entire IMSG Group.

III. THE APPLICANTS' BUSINESSES

25. The Applicants provide direct marketing solutions for not-for-profit organizations, political organizations and professional associations. The IMSG Group's core businesses include: (i) tele-fundraising and outreach; (ii) data development; (iii) direct mail fundraising and outreach; (iv) data

management; (v) publishing; (vi) social media; (vii) secure caging (an industry term for the process or act of collecting donations, processing donor mail and depositing contributions to customer accounts); and (viii) marketing list rentals (the renting of donor lists to third parties in exchange for a fee).

26. The IMMSG Group's Canadian operations are located in the provinces of Ontario, British Columbia, Alberta, Manitoba, Quebec and New Brunswick. The IMMSG Group's U.S. operations are located in the states of Wisconsin, Colorado, Pennsylvania, Missouri, Virginia, New Mexico and Florida. For the nine (9) months ended September 30, 2012, the IMMSG Group's Canadian operations accounted for approximately 57% of the Applicants' gross margin while U.S. operations accounted for the remaining 43%. In 2013, the Applicants' Canadian operations were expected to account for 53% of the total gross margin.

27. As at April 5, 2013, the Applicants employed approximately 1,143 employees (662 active employees and 481 on layoff) almost evenly divided between Canada and the U.S. The Applicants' employees are not unionized and there are no pension plans in place.

A. Core Businesses and Services

28. The IMMSG Group's core businesses and services are structured as three divisions: (i) not-for-profit; (ii) political; and (iii) community fundraising. The core businesses and services provided to these divisions include the following:

(a) Fee for Service Fundraising and Data Development

29. Donor and voter prospecting and renewal services are contracted by not-for-profit, charitable and political organizations. The Applicants offer an integrated, all-inclusive service from database creation through to processing the collection of donations. The Applicants charge a fee-for-service based upon the hours of work involved, usually in the context of a three to five year contract.

(b) Direct Voter Contact

30. On behalf of their political clients, the Applicants conduct direct tele-service contact with potential voters to assist in the assessment and evaluation of political and consumer attitudes. Revenue generation is based on a fee-for-service where the client is charged based upon the hours of work or presentations made by the Applicants.

(c) Performance Based Fundraising

31. Fundraising services are provided to community based not-for-profit and charitable organizations on a performance basis. The Applicants offer an integrated, all-inclusive service from database creation through to processing the collection of donations. The Applicants charge percentage based fees based upon the total dollars raised. This work can include a minimum client guarantee usually in the context of a three to five year contract.

B. Facilities

32. The Applicants operate out of twenty-five (25) leased premises located across Canada and the U.S. With the exception of the head office located in Toronto and a smaller corporate office for the U.S. operations located in Milwaukee, Wisconsin, the remaining leased premises are comprised of contact centres from which the Applicants operate their business. Attached hereto as Exhibit "C" is a list of the Applicants' leased premises.

33. In addition to the aforementioned leased premises, the Applicants have closed several contact centres over the past eighteen (18) months resulting in the early exit of several leased premises. In certain instances, the Applicants have either listed the vacated premises for sublease or negotiated settlements with the relevant landlords. Attached hereto as Exhibit "D" is a list of the leased premises vacated by the Applicants within the last eighteen (18) months.

34. IMMSG also recently executed an offer to lease premises at Portage Place in Winnipeg, Manitoba. The date of scheduled occupancy for the Portage Place premises is June 15, 2013. IMMSG also recently entered into an agreement to lease additional premises in Virginia. The Virginia premises were recently renovated and are ready for immediate occupancy, however, the Applicants have not yet occupied the premises.

C. Licenses

35. In Canada, there are three levels of government registration that are required to permit the Canadian Applicants to operate both as a general business and as a fundraising business. At the federal level, the Canadian Radio-television and Telecommunications Commission (the “CRTC”) is the main regulating body for telemarketing business in Canada. The CRTC requires IMMSG to register with the national “Do Not Call List” (the “DNCL”) (described in greater detail below), including all of the Canadian Applicants’ operating names and outgoing phone numbers.

36. At the provincial level, in both Alberta and Saskatchewan, business licence registrations are required (either provincial or extra-provincial) for all companies conducting business within the province. Further, both provinces require entities conducting telemarketing businesses within the provinces to be registered and licensed under their respective statutes governing charitable fundraising. British Columbia requires all telemarketing organizations to register all call centre locations that call into the province.

37. At the municipal level, one of the cities in which the Applicants have a contact centre, Burnaby, British Columbia, requires business licenses in order to operate.

38. Within the U.S., the majority of states in which the IMMSG Group operates require the registration and purchase of a professional fundraiser (“PFR”) license. Some states require the filing of an annual return as part of the PFR licensing requirement. Further to this, several states require registration with the local “do-not call” list and subsequent purchase of a “do-not-call” list subscription.

D. Employees

39. The Applicants employ approximately 1,143 employees (662 active employees and 481 on layoff) across Canada and the U.S. The vast majority of employees work in the Applicants' contact centres as telesales representatives. The Applicants' employees are not unionized and there are no pension plans in place. While the distribution of the workforce is relatively even between Canada and the U.S., the costs associated with the Applicants' Canadian employees are higher due to the fact that more senior level employees and management are located in Canada. In addition, the market wage for Canadian employees is higher and the cost of benefits to employees is also higher in Canada.

40. As described below, the Applicants terminated the employment of a number of employees as a result of the elimination of certain legacy systems, the closure of the Applicants' specialty entertainment business in September 2012 (described in greater detail below) and as part of the Applicants' previous efforts to restructure the operations of their businesses in 2011 and 2012. In addition, based on their business requirements, and in an effort to find the most cost effective way to deliver service to their clients, the Applicants constantly adjust their workforce in the relevant contact centres. The Applicants' current business requirements are such that there is a decreased need for acquisition calling in the short term. As a result, in late March 2013 IMSG laid off approximately 400 front line contact centre employees and laid off or terminated related management employees at those contact centres.

E. Financing Activities in 2012

41. On October 12, 2012, IMSG secured bridge loan financing in the amount of \$1,500,000 (the "**Bridge Loan**"). The Bridge Loan was provided by Shotgun Fund Limited Partnership III ("**SF LP III**") by its general partner, SF III, and a holding company, NH Holdings Ltd., controlled by, among others, Michael Davis, a director and officer of IMSG. The purpose of the Bridge Loan was to address short-term liquidity issues and to improve IMSG's financial position. The net proceeds from the Bridge Loan were used for general working capital and operational restructuring purposes.

42. The Bridge Loan was evidenced by a promissory note (the “**Promissory Note**”) having a one year term. The Promissory Note was secured by a security agreement dated October 10, 2012 in favour of SF LP III as well as a securities pledge agreement of that same date, pledging as collateral security certain of IMMSG’s shares in RMG and Direct Contact. Attached hereto and marked as Exhibits “**E**”, “**F**” and “**G**” are true copies of the Promissory Note, the security agreement dated October 10, 2012 and the securities pledge agreement dated October 10, 2012, respectively.

43. In addition, two of IMMSG’s U.S. subsidiaries, GWE and Target, guaranteed IMMSG’s indebtedness under the Bridge Loan pursuant to a guarantee dated October 10, 2012. GWE and Target also granted security over all of their assets pursuant to a security agreement dated October 10, 2012. Lastly, IMMSG provided further security by pledging the shares directly held by IMMSG in its U.S. subsidiaries pursuant to a pledge agreement dated October 10, 2012. Attached hereto as Exhibits “**H**”, “**I**” and “**J**” are true copies of the U.S. guaranty, the U.S. security agreement and the U.S. pledge agreement, respectively, all of which are dated October 10, 2012.

44. Pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transaction* (“**MI 61-101**”), the Bridge Loan was considered a “related party transaction”, however, IMMSG was exempt from the formal valuation requirements of MI 61-101 as no securities of IMMSG were listed or quoted for trading on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market or a stock exchange outside of Canada and the U.S. at the time of the Bridge Loan transaction. IMMSG was also exempt from obtaining minority approval in connection with the Bridge Loan due to the fact that (i) neither the fair market value of the Promissory Note nor the consideration received in respect thereof exceeded \$2,500,000; (ii) IMMSG had one or more independent directors in respect of the Bridge Loan who were not employees of IMMSG; and (iii) all of the independent directors approved the Bridge Loan.

45. On December 4, 2012, IMSG completed a private placement offering (the “**Offering**”) of a secured convertible promissory note (the “**Convertible Note**”). The gross proceeds from the Offering, a portion of which were to pay off IMSG’s debt under the Bridge Loan and the Promissory Note, were \$3,500,000 and the sole subscriber was SF LP III. Attached hereto as Exhibit “**K**” is a true copy of the Convertible Note.

46. The Convertible Note has a maturity date of December 4, 2015. IMSG granted SF LP III a security interest in all of its assets pursuant to a security agreement dated December 4, 2012 (the “**SF LP III Security Agreement**”) as well as a securities pledge agreement of that same date, pledging as collateral certain of IMSG’s shares in RMG and Direct Contact. Attached Exhibits “**L**” and “**M**” are true copies of the SF LP III Security Agreement and the securities pledge agreement dated December 4, 2012.

47. In addition, two of IMSG’s U.S. subsidiaries, GWE and Target, guaranteed IMSG’s indebtedness under the Convertible Note pursuant to a guarantee dated December 4, 2012. GWE and Target also granted security over all of their assets pursuant to a security agreement dated December 4, 2012. Lastly, IMSG provided further security by pledging the shares directly held by IMSG in any of its U.S. subsidiaries pursuant to a pledge agreement dated December 4, 2012. Attached as Exhibits “**N**”, “**O**” and “**P**” are true copies of the U.S. guaranty, the U.S. security agreement and the U.S. pledge agreement, respectively, all of which are dated December 4, 2012.

48. The net proceeds from the Offering were used to repay the principal amount, together with all accrued interest, owed by IMSG under the Bridge Loan and the Promissory Note. The balance of the net proceeds were used to fund the Applicants general working capital requirements.

F. Key Factors Affecting the Business

49. The IMSG Group’s operations and financial results are influenced by a number of factors, many of which are beyond the Applicants’ control. The most significant factors, in no particular order of importance, are: (i) reliance on key clients; (ii) database attrition; and (iii) government regulation.

50. The Applicants have strong relationships with several hundred clients and no one customer, at this time, accounts for more than 10% of the Applicants' consolidated annual revenues. However, it is critical for the preservation and continuation of the Applicants' client relationships that they be permitted to restructure their businesses.

51. On an annual basis, there is considerable attrition to the Applicants' database due to consumer apathy, changing financial circumstances, a change of spending patterns and relocation which emphasizes the need for constant database renewal. The Applicants are committed to replenishing their transactional database and to maintaining a strategy to do so on an ongoing basis.

52. Certain aspects of the Applicants' business are regulated by state, provincial and federal governments. As a member of the Canadian Marketing Association and the Direct Marketing Association, the Applicants actively promote responsible, consumer-friendly practices, industry codes of conduct and self-regulation.

53. On September 30, 2008, the CRTC launched the DNCL operated by Bell Canada. Consumers are able to register their telephone numbers and the DNCL list is available for a fee to all organizations that use the telephone to contact consumers. Subject to certain exemptions, all such organizations are required to remove those numbers on the DNCL from their telemarketing lists or face fines and possible loss of telephone service.

54. Other issues and risks that affect the Applicants' businesses include the following:

- (a) the Applicants' businesses are labour intensive with approximately 40% of all costs expended on payroll costs of contact centre personnel. The teleservices industry is characterized by high turnover and, accordingly, labour costs are directly affected by unemployment rates and personnel availability which vary regionally and nationally; and

- (b) a significant portion of the Applicants' revenues are derived from marketing campaigns in which orders or donations are fulfilled through the mail. While the Applicants are increasing the use of credit cards and third parties in the fulfillment process, the Applicants continue to rely upon a timely and effective postal service.

G. Bank Accounts and Cash Management

55. The Applicants manage a centralized cash management system out of the head office located in Toronto. As a result of separate pre-existing banking relationships with RMG and Xentel that pre-date the RMG-acquisition in 2010, the centralized cash management system operates with multiple financial institutions in Canada and the U.S. The daily financial requirements of the Applicants are funded by cash receipts and drawdowns under the CIBC Credit Facility. Other than CIBC, there is no credit or overdraft provided by any of the aforementioned financial institutions and, as such, funds are transferred to the appropriate bank account to cover cheques, wire transfers, automatic clearing house payments or direct debits from those bank accounts.

56. In addition to the centralized cash management system operated out of Toronto, IMSG operates bank accounts for a number of its clients involved in the community fund-raising business in both Canada and the U.S. pursuant to contractual agreements (the "**Client Account Agreements**"). Attached hereto as Exhibit "**Q**" is a true copy of a typical Client Account Agreement with the name of the client redacted.

57. Pursuant to the Client Account Agreements, funds raised by the IMSG Group are deposited into accounts that have been set up and administered by the Applicants but which are in the name of the Applicants' clients. Most clients choose to have the funds deposited into these accounts "swept" by the Applicants pursuant to a separate debit authorization form (the "**Debit Authorization Agreements**"). Attached hereto as Exhibit "**R**" is a true copy of a typical Debit Authorization Agreement with the name of the client redacted.

58. Pursuant to the Client Account Agreements and the Debit Authorization Agreements, the Applicants have complete dominion over and are the administrators of the accounts.

59. The usual operation of the client accounts is as follows:

- (a) money from the Applicants' fund-raising efforts is deposited into the client accounts either directly (by way of credit card pledges) or by way of deposits from mail-in pledges;
- (b) on a periodic basis when invoices are rendered, the Applicants "sweep" funds from the client accounts to the Applicants' own accounts in accordance with the Debit Authorization Agreements. Generally, the Debit Authorization Agreements provide that the Applicants are authorized to transfer 100% of the funds raised and deposited into the client accounts; and
- (c) subsequently, the Applicants provide clients with an accounting and a payment of that portion of the funds raised that is owed to the clients pursuant to their agreements.

60. As a result of the Client Account Agreements and the Debit Authorization Agreements, the Applicants have approximately 120 bank accounts that they manage, most of which are active. These banking arrangements apply only to the Applicants' community fund raising line of business and not the political or not-for-profit lines of business which are generally based on a "fee for service" arrangement whereby the Applicants invoice their clients and the invoices are paid by clients in the normal course.

61. Historically, the Applicants have been relatively current in paying the percentage of funds raised by the Applicants and payable to their clients, however, as the cash flow difficulties of the Applicants have increased in recent months, the timing of these payments has lagged. As of the date of this Affidavit, approximately twenty-seven (27) clients in Canada are owed \$480,000 for periods prior to and including March 2013. All amounts owing to the Applicants' U.S. clients in the community fund raising line of business have been paid until the end of March 2013 and the only amounts that remain outstanding are those currently payable in the month of April 2013.

62. The Applicants, with the consent of the DIP Lender (as defined below), intend to aggressively fund these client payments over the first 4-8 weeks of this restructuring process which will bring them current. These payments have been factored into the Cash Flow Forecast (as defined below).

Funding of Canadian Operations

63. Of the thirteen Canadian Applicants, three (RMG GP, RMG Quebec and RMG Smiths Falls) do not maintain their own bank accounts and one (SPUCC) maintains its own bank account but does not issue cheques from or deposit any funds into its account. RMG maintains an account with CIBC and also maintains a U.S. bank account. The cash deposited into the RMG account with CIBC comes from ordinary course deposits from customers.

64. IMMSG maintains accounts with Bank of Nova Scotia and JP Morgan Chase (“**JP Morgan**”). To the extent that funds are needed by the Canadian Applicants, funds are provided from accounts held by IMMSG or RMG.

65. IMMSG is responsible for all payroll obligations owed to the Applicants’ corporate and management staff and RMG Smiths Falls is responsible for all payroll obligations owed to the Applicants’ Canadian employees.

Funding of U.S. Operations

66. Of the ten U.S. Applicants, five (GWE, Wellesley, Advanced Communications, Professionally Speaking and Engage) do not maintain their own bank accounts. Target maintains a zero balance account with JP Morgan as deposits made to the account are transferred to the Xentel account and Target’s bills are paid from the Xentel account.

67. Xentel maintains accounts with JP Morgan and Bank of America. In addition to ordinary course deposits from consumers, cash transfers into the Xentel account come from the Applicants' other U.S. bank accounts and Canadian bank accounts. Xentel's bills are paid from its own account.

68. US Billing maintains an account with JP Morgan. In addition to ordinary course deposits from consumers, cash transfers into the US Billing account come from the Xentel account with JP Morgan. US Billing's bills are paid from its own account.

69. Like Target, American Graphics maintains a zero balance account with JP Morgan as deposits made to the account are transferred to the Xentel account and American Graphics' bills are paid from the Xentel account.

70. Courtesy Health maintains an account with JP Morgan. In addition to ordinary course deposits from consumers, cash transfers into the Courtesy Health account come from the Xentel account with JP Morgan. Courtesy Health's bills are paid from its own account.

71. Each one of Target, Xentel, U.S. Billing, American Graphics and Courtesy Health maintains a separate payroll account.

72. Cash requirements of the U.S. operations are funded through the bank account maintained by Xentel with JP Morgan. As such, if net cash is required by one of the U.S. subsidiaries to pay third party suppliers, it is borrowed from Xentel, in whose name the main account for the Applicants' U.S. subsidiaries is held. If Xentel does not have sufficient cash on deposit, to the extent required, RMG will transfer funds to the Xentel account. Similarly, if RMG does not have sufficient cash on deposit, to the extent required, Xentel will transfer funds to the RMG account.

IV. CURRENT STATUS OF THE COMPANY

A. Immediate Liquidity Issue

73. Despite the Applicants' implementation of initiatives designed to generate cost savings and stimulate revenue generation, the Applicants face a short term liquidity challenge that renders them incapable of paying all of their liabilities as they become due.

74. To further exacerbate this challenge, the Applicants are under ever increasing pressure from their creditors to pay outstanding accounts, including certain suppliers of goods and services that are critical to the ongoing operation of the Applicants' businesses. At present, the Applicants are under constant threat from their landlords and critical suppliers who threaten to take enforcement actions to bar the Applicants from their business premises and to discontinue the supply of goods and services necessary for the Applicants to operate their businesses.

75. In my business opinion, without an immediate stay of proceedings to prevent their creditors from taking any further enforcement actions, the Applicants' businesses cannot survive.

B. Financial Status

76. IMMSG's annual audited financial statements are prepared on a consolidated basis and include all of the Applicants. The most recent audited statements are for the fiscal year ending December 31, 2011, a copy of which is annexed hereto and marked as Exhibit "S".

77. The Applicants have also prepared unaudited consolidated financial statements for the IMMSG Group as at September 30, 2012 which were filed on November 28, 2012, a copy of which is annexed hereto and marked as Exhibit "T".

78. Audited financial statements for the most recent fiscal year ending December 31, 2012 are not yet available as at the date of this Affidavit.

79. While the IMMSG Group has historically been profitable, generating positive net income of approximately \$2.3 million and \$232,000 as recently as the fiscal years ending December 31, 2009 and 2010, over the most recent twenty-four (24) month period it has generally incurred significant losses and, at present, the Applicants lack sufficient liquidity to continue operating their businesses. For the three (3) months ended September 30, 2012, the IMMSG Group generated a loss of \$3.3 million and negative EBITDA from continuing operations of \$2.4 million. For the nine (9) months ending September 30, 2012, the loss generated was \$4.7 million and the negative EBITDA from continuing operations was \$3.0 million. In September 2012, the Applicants discontinued their specialty entertainment business which was conducted by an entity operating under the name iMark Events. iMark Events arranged special fundraising events for the Applicants' clients and was responsible for the event itself in addition to the collection of donations.

80. Although the IMMSG Group has not finalized its audited financial statements for the year ending December 31, 2012, it does expect to report continued material losses from ongoing operations as well as additional restructuring costs and losses from discontinued operations. For the first quarter of 2013, I expect that the IMMSG Group will continue to show negative EBITDA and net losses, although the magnitude of such losses is expected to be materially lower than the quarterly results in 2012. The losses for the first quarter of 2013 can be attributed in part to the numerous operational issues related to mail fulfillment that the Applicants identified in January 2013 and that are described in greater detail below. I believe that the IMMSG Group will generate positive cash flow from ongoing operations shortly following the commencement of these proceedings.

a) Indebtedness to Secured Lenders

81. As security for its indebtedness to CIBC under the CIBC Credit Facility, RMG granted CIBC a first ranking security interest in all of RMG's personal property pursuant to a general security agreement (the "CIBC GSA"). The CIBC Credit Facility is also guaranteed by most of the Applicants that are

subsidiaries of RMG, with the exception of RMG GP. The amount owing on the CIBC Credit Facility as at April 8, 2013 is approximately \$2.0 million.

82. As security for its indebtedness to SF LP III under the Convertible Note, IMSG granted SF LP III a security interest in all of its assets pursuant to the SF LP III Security Agreement as well as a securities pledge agreement pledging as collateral certain of IMSG's shares in RMG and Direct Contact. The Convertible Note is also guaranteed by two of IMSG's U.S. subsidiaries, GWE and Target, who also granted SF LP III a security interest in all of their assets. IMSG also provided a pledge of shares directly held by IMSG in any of its U.S. subsidiaries as security for its indebtedness under the Convertible Note. The amount owing under the Convertible Note as at April 8, 2013 is approximately \$3.8 million.

83. Other than in respect of equipment leases, purchase money security interests or similar arrangements, no other parties have a registered security interest against any of the Applicants in Ontario, Quebec, Alberta, New Brunswick or Newfoundland, with the exception of SF LP III which has registered a financing statement against IMSG. Summaries of searches conducted under the *Personal Property Security Act* against each of the Applicants in the Province of Ontario, and equivalent searches conducted in the Provinces of Quebec, Alberta, New Brunswick and Newfoundland are annexed hereto and marked as Exhibit "U".

84. Similarly, other than in respect of equipment leases, purchase money security interests or similar arrangements, no other parties have a registered security interest against any of the Applicants in Delaware. Further searches for Washington, Nevada and Wisconsin will be conducted by the Applicants' U.S. counsel. Summaries of searches conducted pursuant to the *Uniform Commercial Code* in respect of each of the Applicants in Delaware are annexed hereto and marked as Exhibit "V". The searches revealed two registrations in favour of JP Morgan against Xentel and Courtesy Health, however, no amounts are owing to JP Morgan in respect of those registrations and the Applicants intend to seek the discharge of those registrations.

(b) Other Liabilities

85. As at April 5, 2013, the most significant liabilities of the Applicants, other than their indebtedness to CIBC (approximately \$2.0 million) and SF LP III (\$3.8 million) described above, are as follows:

	(\$millions)
Unpaid Statutory Withholdings	\$0.2
Tax Authorities	\$1.2
Trade Creditors	\$4.3
Estimated Severance Obligations (as at April 5, 2013)	\$0.9
Estimated Future Obligations Relating to Abandoned Facilities	\$0.8
Rental Arrears	<u>\$0.4</u>
	\$7.8

86. As part of the Applicants' efforts to restructure their businesses, as described in greater detail below, they implemented a number of cash conservation and restructuring initiatives over the past six (6) months. These initiatives were implemented with a view to generating more revenue, generating revenue faster, increasing contribution margin, reducing discretionary spending, lowering fixed costs, deferring certain costs and generating working capital. Notwithstanding the implementation of the restructuring initiatives, the Applicants have been unable to overcome the short term liquidity challenge that renders them incapable of meeting their liabilities as they become due.

C. Inter-Company Accounts

87. Since the Applicants operate as an integrated business and employ a centralized cash management system, there are significant inter-company amounts owing among the various members of the IMSG Group at any given time.

88. Intercompany activity within the IMSG Group is quite extensive due to the following:
- (a) the nature of the operations and the regulatory regime in which the Applicants operate creates the need for a complex corporate structure with multiple entities;
 - (b) the desire to create a flexible cost structure and manage volume by having certain contact centres handle outbound telemarketing for multiple lines of business;
 - (c) the desire to have accountability and reporting capability by geography, line of business and contact centre, which do not easily map to legal entity;
 - (d) the desire to have certain procurement services, such as telecom, negotiated on a global basis to benefit from economies of scale and to ensure a consistent standardized level of service and performance; and
 - (e) the consolidation of certain activities that benefit all of the Applicants such as the mail fulfillment operations (described in greater detail below) that are concentrated in the subsidiary, US Billing, and the publishing and design operations that are concentrated in the subsidiary, American Graphics.

89. The IMSG Group uses intercompany accounts to record activities between the various Applicants and these activities are recorded on a legal entity basis. General ledgers are maintained for the active Applicants to record all activity relating to those Applicants. Generally speaking, intercompany activities do not relate to the sale of goods and services between Applicants but instead relate to the movement of funds and/or the payment of expenses by one Applicant for the benefit of another Applicant. By way of example, the following represent the types of intercompany transactions engaged in by the Applicants and the manner in which they are recorded:

- (a) upon the transfer of funds from one Applicant to the other, the transaction is recorded as an intercompany receivable from the receiving entity;
- (b) upon the payment of a direct operating expense, such as an amount paid to a trade creditor or a landlord, by one Applicant on behalf of another Applicant, the payment is recorded as an intercompany receivable; and

- (c) upon payment and subsequent allocation of costs which are billed on a corporate wide basis, the relevant Applicant is charged and this is recorded as an intercompany receivable by the Applicant that made the payment.

Banking, Clearing and Accounting

90. The offsets to intercompany transfers are intercompany liabilities between the respective entities. Historically, these intercompany balances have not been reconciled or cleared regularly and have been allowed to accumulate as described below.

91. The balances among the Canadian operations are effectively offset, as they are all owned by the same legal entity. The same offsetting of balances applies to the U.S. operations as they are all owned by the same legal entity.

D. Causes of Insolvency

92. The Applicants had negative cash flow from operations in the amount of \$4.7 million for the nine (9) months ending September 30, 2012 and net losses and negative cash flow for the last quarter of 2012 and the first quarter of 2013 are also expected.

93. Pursuant to the Convertible Note, IMMSG is indebted to SF LP III in the amount of \$3.5 million plus accrued and unpaid interest in the amount of approximately \$300,000.

94. As at April 8, 2013, the Applicants owe the amount of approximately \$2.0 million under the CIBC Credit Facility. CIBC has not demanded payment in respect of the CIBC Credit Facility.

95. IMMSG is also indebted to certain tax authorities, including the Canada Revenue Agency which is owed approximately \$690,000 for unremitted HST. In addition, there are unremitted statutory withholdings in the amount of \$235,000 relating to payroll obligations for the months of March and April 2013.

96. The Applicants are also indebted to the tax authorities of the States of Tennessee and Wisconsin pursuant to settlement agreements between IMSG and the respective state tax authorities. The settlement agreements date from 2011 and provide for monthly payments. IMSG is current in its monthly payment obligations under the tax settlement agreements and the balance owing is approximately \$268,000. The Cash Flow Forecast (as defined and described below) includes the Applicants' continued payments on account of the tax settlement agreements which will be in the aggregate amount of \$84,200 for the sixteen (16) week period covered by the Cash Flow Forecast.

97. As at April 6, 2013, the Applicants owe trade suppliers in excess of \$4.7 million. Included among those trade suppliers, the Applicants have identified certain suppliers who provide goods and services critical to the Applicants' ongoing operations (the "**Critical Suppliers**"). Attached hereto and marked as Exhibit "**W**" is a list of the Applicants' Critical Suppliers.

98. The amount owed to Critical Suppliers as at April 1, 2013 is approximately \$1.47 million. This amount includes approximately \$254,000 owing to Bell Aliant which provides IT services for the entire IMSG Group. It also includes amounts owing to Cenveo and Marudas in the aggregate amount of approximately \$227,000. Cenveo and Marudas are of critical importance to the Applicants' mail fulfillment operations. Other Critical Suppliers include courier and telephone service providers without whom the Applicants cannot operate their businesses.

E. Efforts to Restructure

99. Over the past two years, the Applicants have taken steps to address the challenges facing them by implementing a number of initiatives to lower operating costs through process efficiencies and higher productivity. These initiatives were designed first and foremost to provide a better solution for the Applicants' customers in a more cost-effective manner. They were also designed to facilitate delivery of a more integrated solution that leveraged the capabilities of the Applicants' data and donor databases.

100. In 2011, the Applicants commenced the implementation of a restructuring plan that was intended to transform their business. It was also intended to streamline, rationalize and consolidate the separate operations of the former RMG and Xentel companies which came together in March 2010, as both RMG and Xentel continued to operate on two different platforms, structures, systems and operating models resulting in the duplication of staff and physical facilities. The restructuring plan called for significant changes to the Applicants' corporate structure, operations and management to bring these together under a single operating model. These changes included major investments in new systems, processes and facilities with the objective of increasing the Applicants' future profitability and providing clients with greater value-added solutions.

101. The Applicants' restructuring plan resulted in substantial one-time costs due to the termination of many long-serving employees, closure of the Applicants' specialty event business, certain other wind down costs and other significant capital expenditures. Furthermore, until the Applicants' legacy systems and processes could be migrated, the cost to maintain staff and support legacy operation systems has resulted in significant duplicative costs while significant investment and costs have been expended in developing and implementing new systems.

102. The Applicants' restructuring plan has also taken longer than expected to implement and anticipated operating results have not been achieved, resulting in the Applicants' costs being higher than expected and savings being delayed. Notwithstanding the delays and higher than expected costs associated with the Applicants' restructuring plan, in December 2012 the Applicants developed what they believed to be a realistically profitable plan for 2013 and made certain aggressive changes in early 2013 to address both ongoing and legacy cash flow requirements through self-generated cash flow from profitable operations. However, with the recent failure of the Applicants' mail fulfillment operations, described below, the Applicants have continued to sustain significant financial losses despite implementing the restructuring plan.

Mail Fulfillment Operations

103. One of the Applicants' core businesses is fundraising on behalf of not-for-profit, charitable and political organizations. In that regard, the Applicants offer an integrated, all-inclusive service from database creation through to processing the collection of donations. The Applicants' outbound tele-fundraising operations obtain pledges on the telephone from consumers on behalf of the Applicants' clients.

104. A significant majority of those pledges are processed on the telephone via the consumer's credit card. The remaining portion of pledges require an initial mail fulfillment package that is sent to consumers along with reminder mailings to collect outstanding pledges. As such, effective mail fulfillment operations are critical to the successful operation of the Applicants' business as donors who do not receive pledge packages generally do not pay.

105. During November and December 2012, a series of issues arose with the Applicants' mail fulfillment operations which are centred in Milwaukee, Wisconsin. These issues were caused by a number of factors, including:

- (a) mail production consolidation;
- (b) an outdated legacy data and print management system began to fail;
- (c) reporting from the aforementioned legacy data system did not provide early warnings to management regarding the system failure;
- (d) cash flow issues affected mail production by delaying the timely delivery of supplies and postage, as well as maintenance, including the servicing of printers; and
- (e) a critical system support staff member for the legacy systems who had been contracted to stay until the new systems were functional prematurely left his position with the Applicants.

106. As a result of the above-noted issues, largely originating from the legacy data and print management system, senior management was forced to accelerate the implementation of new database and print management systems. On December 21, 2012, the Applicants moved the majority of their clients from the old legacy systems and onto the new database and print management systems.

107. Issues with the implementation of the new print management system software resulted in significant delays to the Applicants' mail fulfillment packages with the result that limited mail was delivered to donors during the month of January 2013. These issues first came to light in January 2013.

108. In trying to correct the issues arising from the implementation of the new print management systems which caused a severe backlog in the Applicants' mail fulfillment operations, further errors and delays exacerbated an already difficult situation. As a result, the Applicants' mail fulfillment operations delayed the delivery of packages throughout the month of February 2013.

109. Senior management has determined that the transition from the old data and print management systems to the new systems caused a domino-like effect which included:

- (a) conversion to the new print management system took longer than anticipated and had significant implementation problems;
- (b) as a result of the delay, the haste in converting to the new print management system overwhelmed the mail plant;
- (c) cash flow issues delayed the planned software and equipment upgrades for the consolidated mail plant, a critical component that would have alerted senior management to problems sooner and would have helped resolve problems once they were identified; and
- (d) cash flow issues affected mail production by delaying the timely delivery of supplies and maintenance.

110. The Applicants' senior management and staff have focused on resolving the issues that caused the failure of the Applicants' mail fulfillment operations and a disaster recovery plan has been developed that will be implemented in the future to prevent or mitigate a similar situation in the future.

111. Unfortunately, as set out above, a significant majority of pledges require an initial mail fulfillment package that is sent to consumers and only after customers have honoured those pledges and the pledges have been received do the Applicants receive cash and record any revenue. Combined with an already weakened financial position, the failure of the Applicants' mail fulfillment operations resulted in a severe and acute liquidity crisis that the Applicants cannot hope to weather without filing for protection under the CCAA.

V. FILING FOR PROTECTION

A. Overview of Restructuring Plan

112. The Applicants believe that there is significant going concern value on an entity wide basis which, if protected through a CCAA process, would result in a much greater return to the Applicants' creditors and stakeholders than a bankruptcy or any other proceeding. As integral components of the IMMSG Group, it is critical that CCAA protection also be extended to the limited partnerships.

113. The Applicants have been in business for more than 25 years, have enjoyed many years of profitability, have previously survived economic downturns in the industry and have knowledge, experience, expertise and history in their particular lines of business. The Applicants have proven themselves very skilled, capable and effective at raising funds for many worthwhile not-for-profit organizations as well as other organizations and associations that rely on the Applicants' fundraising abilities for part of their operating budgets. It is critical for the preservation and continuation of these client relationships that the Applicants be permitted to restructure their businesses.

114. The Applicants intend to return to Court in the short term to seek approval of an investment, financing or sale solicitation process to identify strategic opportunities. Given that the Applicants are significant participants in this industry, the prospects for a successful process are encouraging.

B. Cash Flows

115. The Applicants have prepared estimated cash flow forecasts for the period April 15, 2013 to August 2, 2013 on a consolidated basis (the “**Cash Flow Forecast**”). As described above, the factors influencing the Cash Flow Forecast are both volatile and variable. Attached hereto as Exhibit “**X**” is a true copy of the Cash Flow Forecast.

116. The proposed Monitor in this proceeding, Duff & Phelps, has reviewed the Cash Flow Forecast. The Cash Flow Forecast indicates that, in the absence of any DIP Financing (as defined below), the Applicants have insufficient cash to continue to operate and operations will cease immediately. The Applicants’ need for protection is immediate and urgent. Their liquidity is insufficient to meet their obligations as they become due.

117. The Applicants’ creditors have made it clear to the Applicants that they will not continue supplying the Applicants with goods and services unless amounts owed to them are paid immediately. Based on the Cash Flow Forecast, there is simply no way that the Applicants can satisfy their creditors’ demands as the lack of liquidity is insurmountable and will result in the Applicants having to cease operations immediately unless DIP Financing is obtained.

C. DIP Financing

118. The MSG Group will require additional emergency funding in order to implement this restructuring. SF LP III (hereinafter (the “**DIP Lender**”) has agreed to provide debtor in possession financing (“**DIP Financing**”) to the Applicants up to the aggregate amount of \$1.0 million, subject to the Applicants obtaining an Initial Order in this proceeding on the terms requested granting the DIP Lender a charge over all of the property, assets and undertaking of the Applicants in priority to all creditors (except

CIBC in respect of its existing security against the assets of RMG) to secure the DIP Financing. A term sheet describing the amount, priority, terms and conditions of the DIP Financing to be provided by the DIP Lender (the “**DIP Term Sheet**”) is annexed hereto and marked as Exhibit “Y”.

119. The DIP Term Sheet provides for a maturity date of August 1, 2013 (the “**Maturity Date**”) by which date IMSG, as borrower, is to repay the DIP Financing, in full. The Maturity Date may be extended at IMSG’s request and with the DIP Lender’s prior written consent for such period as the parties may agree. As security for the DIP Financing, all of IMSG’s subsidiaries shall absolutely and unconditionally guarantee IMSG’s indebtedness under the DIP Term Sheet on a joint and several basis and the DIP Lender will be granted the DIP Charge over all assets of the Applicants, subordinate only to the CIBC charge against RMG. IMSG, with the Monitor’s assistance, shall keep the DIP Lender apprised of IMSG’s cash flow requirements and provide the DIP Lender with revised cash flow projections on a weekly basis.

120. It is absolutely critical that the Applicants obtain the DIP Financing in order to implement the restructuring of their businesses. The Applicants approached other lenders regarding the provision of DIP financing but were unable to secure such financing on beneficial terms and conditions. Failing to approve and obtain the DIP Financing will be catastrophic for the Applicants and for the prospects of a successful restructuring of their businesses.

121. The Monitor will provide oversight and will report to the Court with respect to the Applicants’ actual results relative to the estimated Cash Flow Forecast during this proceeding.

D. Chapter 15 Proceeding in the U.S.

122. As the U.S. subsidiaries are incorporated under the laws of Delaware, Washington, Nevada and Wisconsin, and because the IMSG Group has operations in the U.S., the Applicants intend to seek recognition of these proceedings as the foreign main proceeding by the U.S. Bankruptcy Court forthwith. Accordingly, if the Initial Order is granted, the Applicants intend to immediately commence auxiliary

proceedings under Chapter 15 of the U.S. *Bankruptcy Code* pursuant to which they will seek to have the CCAA proceedings recognized as a foreign main proceeding and the Initial Order enforced in the U.S. This will include an immediate request for an order granting provisional relief under the U.S. *Bankruptcy Code* and preventing any steps from being taken that would impair the Applicants' ability to carry on their business operations in the U.S., pending further order of the Court.

123. The Chapter 15 Petitions to be filed will name IMSG as the Foreign Representative in respect of each Applicant, in accordance with the draft Initial Order sought in the Application.

E. The Initial Order

124. Pursuant to the DIP Term Sheet, the DIP Financing is conditional upon the Applicants obtaining an Initial Order that provides that the DIP Lender shall be entitled to the benefit of a charge (the "**DIP Charge**") on all of the property, assets and undertaking of the Applicants to secure the repayment and the payment of all amounts owing by IMSG and its subsidiaries as guarantors pursuant to the DIP Term Sheet, including all principal, interest, fees, liabilities and obligations under the DIP Credit Documentation (as defined in the DIP Term Sheet).

125. With respect to RMG and solely in respect of RMG, the security interest of CIBC, to the extent such charge is properly perfected against the assets of RMG, shall rank first, followed by the Administration Charge (as defined below), the DIP Charge, the Inter-Company Charge (as defined in the draft Initial Order) and the Directors' Charge (as defined below).

126. The Applicants also request that the Court grant a modest charge in favour of the Applicants' counsel, in favour of the Monitor and its counsel and in favour of the CRO and its counsel, to secure the payment of fees and expenses incurred in connection with this proceeding (the "**Administration Charge**"). The Applicants seek an Administration Charge in the amount of \$300,000, to secure payment of the fees and expenses of the Applicants' counsel, the Monitor and its counsel and the CRO and its counsel.

127. Finally, IMSG's Board of Directors is comprised of four directors, representing a diverse base of business skills and experiences. These directors have considerable knowledge and experience in dealing with the business of the IMSG Group and provide direction to management on several key initiatives. The Applicants are of the view that the continued participation of the existing directors and officers will be a key element to a successful restructuring.

128. I am concerned that certain of the directors and officers may receive advice to resign if they are not granted the protection of a directors' charge as provided for in the draft Initial Order (the "**Directors' Charge**"). I also believe that, given their experience in the affairs of the Applicants, the services of the directors and officers are essential to a successful proceeding and that the Directors' Charge over all the assets of the Applicants should therefore be granted.

129. Management estimates that the post-filing priority payables in respect of which the directors have personal liability at any point in time during the CCAA process is approximately \$1.3 million, taking into account the maximum wages due at any one time (\$900,000) and accrued vacation pay (\$200,000) and the collection of sales taxes on the Applicants' sales (\$200,000). This amount does not include any termination or severance payments that may at any time be owing. The Applicants therefore request a Directors' Charge in the amount of \$1.3 million to secure such obligations. The Applicants have sought guidance from the Monitor in respect of comparable CCAA filings in suggesting this number.

130. The Directors' Charge requested in the Initial Order will be in addition to the existing directors' and officers' insurance policy (the "**D&O Policy**"). The D&O Policy has a limit of liability in the amount of \$5.0 million.

131. As described above, due to the integrated manner in which the IMSG Group operates, on occasion cash is advanced to or charges are incurred by one Applicant on behalf of another Applicant. The Applicants propose to maintain their existing cash management and accounting system during this proceeding under the oversight of the Monitor, which is acceptable to the DIP Lender. The Applicants

also want to ensure that no creditor of any individual Applicant is prejudiced by the inter-company flow of funds or incurring of liabilities from and after the date of filing. It is proposed that, to the extent one Applicant advances money to or incurs a cost on behalf of another Applicant, they will obtain a non-priming secured charge from the recipient Applicant for that amount. The intercompany charge will attempt to maintain the relative priority and value of each Applicant's estate and ensure that one Applicant does not finance, at the expense of its stakeholders, the operations of another Applicant. It is proposed that the inter-company charge sought as part of the Initial Order will commence as of the date of the Initial Order.

132. I have reviewed the model form of Initial Order that is used for proceedings before the Commercial Court in Toronto under the CCAA (the "**Model Order**"). Certain amendments to the Model Order are requested to be made, all of which are necessary to the Applicants' ability to continue business operations in order to effect a successful restructuring.

F. The CRO

133. IMMSG retained Upkar Arora CA, ICD.D, co-founder and Managing Director of Illumina, an independent financial advisory firm that provides financial, operational and strategic advisory services to mid-sized businesses, on September 24, 2012 as interim CFO upon the resignation of IMMSG's previous CFO. It was expected that Mr. Arora's appointment would last for three (3) months during which time he would, among other things, assist IMMSG's board of directors in selecting a new CFO.

134. Mr. Arora has remained in the position of interim CFO and, in that capacity, currently oversees the financial affairs of the Applicants both in Canada and the U.S.

135. Mr. Arora has intimate knowledge of the Applicants' operations, financial status and efforts that have been undertaken by the Applicants to restructure their business. I believe that Mr. Arora's knowledge and experience will be an asset to the Applicants and will be of great assistance to the Proposed Monitor in guiding the Applicants through this restructuring process.

136. As such, the Applicants request that the Court approve the appointment of the CRO and the monthly fees provided for in the CRO retention agreement executed by IMSG and Illumina dated April 11, 2013 (“CRO Agreement”) and attached hereto as Exhibit “Z”. The Applicants shall attend before the Court at a later date to seek approval of the success fee provided for in the CRO Agreement.

G. The Monitor

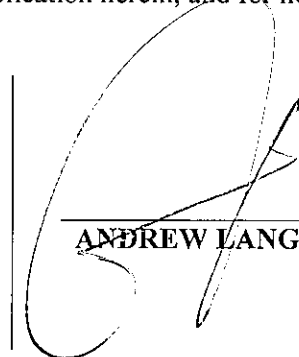
137. The Applicants propose that Duff & Phelps be appointed Monitor for this proceeding. Duff & Phelps is not the auditor for the Applicants. Duff & Phelps has consented to act as Monitor and its written consent is being filed with this Honourable Court. Attached hereto and marked as Exhibit “AA” is a true copy of the Duff & Phelps consent.

138. I swear this Affidavit in support of the Applicants’ request that an Initial Order be granted under the CCAA in the form annexed to the Notice of Application herein, and for no other or improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, this 11th day of
April, 2013.


Commissioner for Taking Affidavits

DANNY NUNES


ANDREW LANGHORNE

Schedule "A"

List of Applicants

iMarketing Solutions Group Inc.
The Responsive Marketing Group Inc.
GWE Consulting Group (USA) Inc.
Direct Contact Strategies Inc.
Front Line Support Inc.
iMark Events Inc.
RMG General Partner Inc.
Cabot Call Centre Inc.
Engage Interactive Inc.
RMG Smiths Falls LP.
RMG Thunder Bay LP
Xentel Inc. (Delaware)
Wellesley Corporation Inc. (Delaware)
US Billing Inc. (Delaware)
American Graphics & Design Inc. (Wisconsin)
Courtesy Health Watch Inc. (Delaware)
Target Outreach Inc. (Nevada)
Engage Funding Inc. (Delaware)

Exhibit “A”



Corporate Structure – EXISTING v2

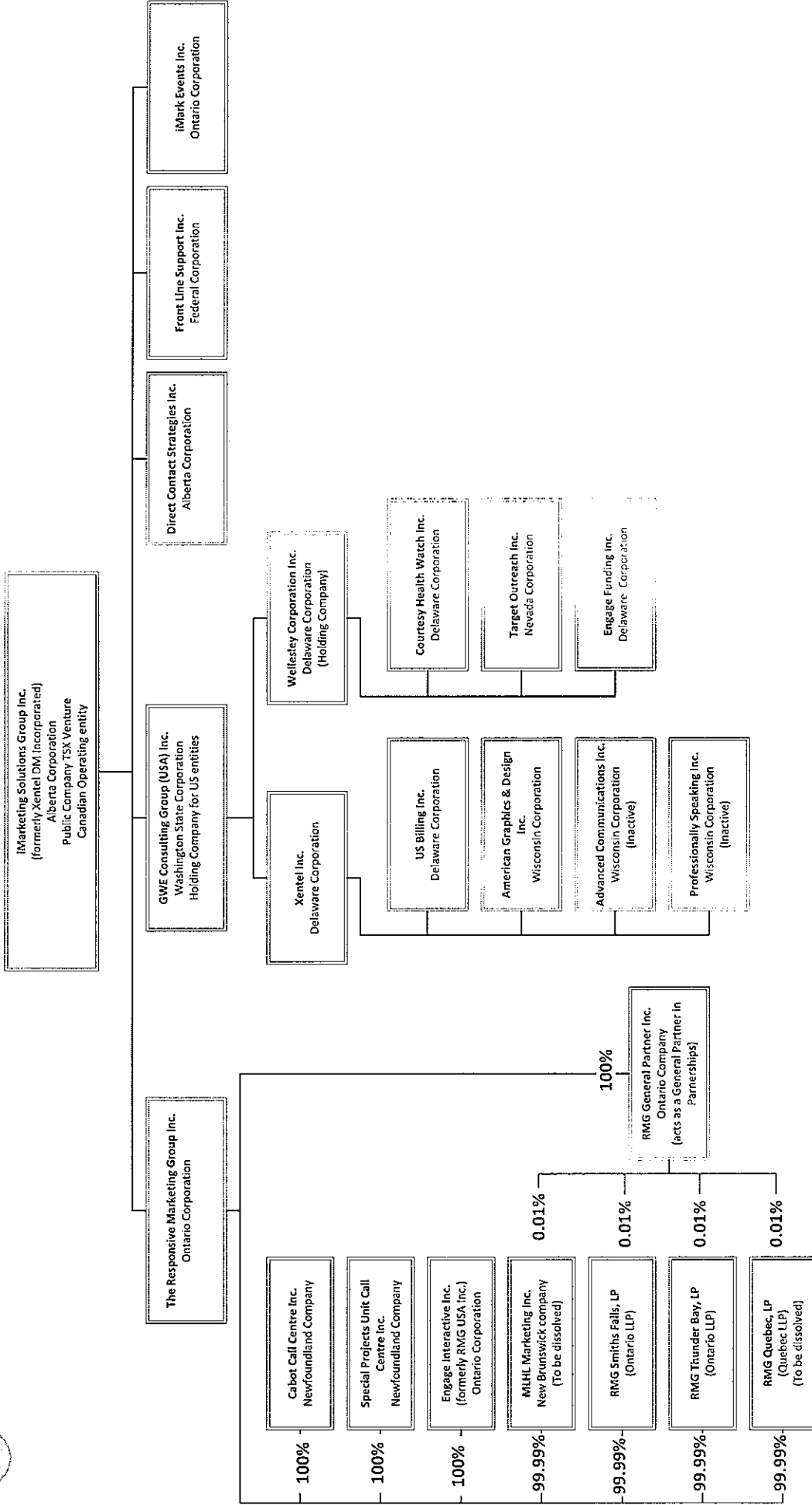


Exhibit “B”

Schedule "A"

List of Applicants

iMarketing Solutions Group Inc.

The Responsive Marketing Group Inc.

GWE Consulting Group (USA) Inc.

Direct Contact Strategies Inc.

Front Line Support Inc.

iMark Events Inc.

RMG General Partner Inc.

Cabot Call Centre Inc.

Engage Interactive Inc.

RMG Smiths Falls LP.

RMG Thunder Bay LP

Xentel Inc. (Delaware)

Wellesley Corporation Inc. (Delaware)

US Billing Inc. (Delaware)

American Graphics & Design Inc. (Wisconsin)

Courtesy Health Watch Inc. (Delaware)

Target Outreach Inc. (Nevada)

Engage Funding Inc. (Delaware)

Exhibit “C”

iMarketing Solutions Group Inc.
 Listing of Rental Facilities
 As at April 1,13

Account	Country	Item	Location	City	Lease Start	Lease End	Net Rent Amount per Month	Entity Expense	Legal Entity
	CA	1	2368 King George HWY, Suite 100	Miramichi, NB	1-Dec-05	30-Mar-14	15,000	MHLH	
	CA	2	294 Albert Street, Suite 300	Ottawa, ON	1-Aug-11	31-Jul-16	13,913	RMG	iMSG
	CA	6	611 Academy Road	Winnipeg, MB	1-Apr-13	30-Jun-13		ENG	iMSG
	CA	7	393 Portage Avenue, Unit 210	Winnipeg, MB	1-Jul-13	30-Jun-20		ENG	iMSG
	CA	15	3292 Production Way, Suite 205	Burnaby, BC	1-Aug-11	31-Jul-18	17,153	RMG	iMSG
	CA	13	Suite 500, 210 Dundas	Toronto, ON	1-Sep-12	31-Oct-17	19,919	iMSG	iMSG
	CA	14	suite 600, 481 University Avenue	Toronto, ON	1-Sep-12	31-Oct-17	49,820	iMSG	iMSG
	US	19	11074 W. National Ave.	West Allis, WI	1-Oct-07	30-Sep-13	4,884	CHW	XI
	US	21	1020 S. Koeller Street	Oshkosh, WI	26-Mar-12	31-Dec-20	6,383	TOI	TOI
	US	22	700 West Virginia	Milwaukee, WI	1-Dec-11	30-Nov-16	8,474	AGD	
	US	25	1780 South Bellair Street, Suite 200	Denver, CO	1-Nov-12	31-Mar-19	11,558		XI
	US	26	161 Old Route 30	Greensburg, PA	1-Oct-10	30-Sep-17	4,117	XI	XI
	US	28	750 West Virginia	Milwaukee, WI	1-Dec-11	30-Nov-16	6,274	USB	iMSG
	US	29	2650 Hanley Road	St Louis, MO	1-Oct-12	31-Dec-19	9,208	XI	XI
	US	27	Hampton, Virginia	Hampton, VI	1-Apr-13	1-Apr-20	11,027		
	CA	3	717 Hewitson Street	Thunder Bay, ON	1-Mar-10	28-Feb-15	10,913	RMG	
	CA	12	Suite 102 & 105 - 4014 MacLeod Trail S	Calgary, AB	1-Oct-06	31-Aug-14	7,380	iMSG	iMSG
	CA	17	4575 San Mateo NE	Albuquerque, NM	1-Jan-12	31-Dec-14	4,265	XI	XI
	US		4575 San Mateo NE	Albuquerque, NM	1-Jan-12	31-Dec-14	14,278	XI	XI
	CA	4	Unit D7 - 800 Rosser Ave., The Town Centre Mall (Regina added for three months place holder)	Brandon, MB	1-Dec-11	30-Nov-14	7,061	ENG	iMSG
	CA	8	Suite 600 - 20 Hughson Street South	Hamilton, ON	1-Feb-09	30-Jun-14	9,757	FLSC	iMSG
	CA	9	2075 University Street, Ste 303	Montreal, QC	1-May-11	30-Apr-14	6,795	iMSG	iMSG
	CA	16	341 State Street	Madison, WI	1-Aug-11	31-Jul-14	4,539	CHW	XI
	US	18	600 West Virginia	Milwaukee, WI	1-Jul-11	30-Jun-14	3,074	CHW	XI
	US	20	777 Penn Center Blvd.	Pittsburgh, PA	1-Oct-10	31-Dec-13	5,653	TOI	XI
	US	23	5159 S. University Drive	Davie, FL	1-Aug-12	31-Jan-13	6,862	XI	XI

Exhibit “D”

iMarketing Solutions Group Inc.

Abandoned Lease Facilities

As At April 11, 2013

<u>Country</u>	<u>Location</u>	<u>City</u>	<u>Lease Start</u>	<u>Lease End</u>
CA	Suite 600 - 20 Hughson Street South	Hamilton, ON	Sunday, February 01, 2009	Monday, June 30, 2014
CA	2075 University Street, Ste 303	Montreal, QC	Sunday, May 01, 2011	Wednesday, April 30, 2014
CA	10109 106th Street, Suite 501	Edmonton, AB	Sunday, January 01, 2012	Saturday, December 31, 2016
US	600 West Virginia	Milwaukee, Wisconsin	Friday, July 01, 2011	Monday, June 30, 2014
US	777 Penn Center Blvd.	Pittsburgh, Pennsylvania	Friday, October 01, 2010	Tuesday, December 31, 2013
US	859 Layton Avenue	Milwaukee, Wisconsin	Wednesday, February 01, 2006	Thursday, February 28, 2013
US	161 Old Route 30	Greensburg, Pennsylvania	Friday, October 01, 2010	Saturday, September 30, 2017

Exhibit “E”

Unless permitted under securities legislation, the holder of this security must not trade the security before February 11, 2013.

GRID PROMISSORY NOTE

Dated: October 10, 2012

FOR VALUE RECEIVED, the undersigned, iMARKETING SOLUTIONS GROUP INC. (the **Maker**), acknowledges itself indebted and unconditionally promises to pay to or to the order of, SHOTGUN FUND LIMITED PARTNERSHIP III, acting as agent for its own benefit as a lender and as agent for the benefit of other lenders (the **Agent**), NH HOLDINGS LTD., as a lender, and the other parties that may from time to time become lenders under this Note (collectively, together with the Agent in its capacity as a lender, the **Lenders**) at the Agent's offices at 141 Adelaide Street West, Toronto, Ontario, M5H 3L5 or such other place as the Agent may, from time to time, designate, the principal amount outstanding as recorded by the Agent in the column entitled "Unpaid Principal Balance" on the record (the **Grid**) attached to and forming part of this Note on October 10, 2013 (the **Maturity Date**), with interest on such Unpaid Principal Balance, calculated in the manner and payable at the times specified by this Note. The Unpaid Principal Balance shall not, at any time, exceed \$1,500,000 in lawful money of Canada.

The Agent, for its own benefit as a lender and as agent for the benefit of the other Lenders, shall and is unconditionally and absolutely authorized and directed by the Maker to record on the Grid (a) the date and amount of each advance made by each Lender and the resulting increase in the Unpaid Principal Balance, and (b) the date and amount of each repayment on account of principal or interest repaid to the Agent, for its own benefit as a lender and as agent for the benefit of the other Lenders, and the resulting decrease of the Unpaid Principal Balance. Such notations, in the absence of manifest mathematical error, is *prima facie* evidence of such advances, repayments and the Unpaid Principal Balances; provided that the failure of the Agent to record the same shall not affect the obligations of the Maker to pay such amounts to the Agent or the Lenders.

The Unpaid Principal Balance shall bear interest from this date both before and after the occurrence of an Event of Default (as hereinafter defined) at the rate of 20% per annum compounded semi-annually. Overdue interest shall bear interest at the same rate, calculated as aforesaid. Interest (along with the Unpaid Principal Balance) shall be payable on the Maturity Date.

The Maker shall not have the right or privilege of prepaying the whole or any portion of the Unpaid Principal Balance, together with any interest accrued thereon as set out above, without the prior written consent of the Agent.

This Note is secured by *inter alia*, a security agreement executed by the Maker and the Agent on the date hereof.

The Maker covenants that it shall, at all times that this Note remains unpaid:

- (a) preserve and maintain, and cause each of its subsidiaries to preserve and maintain, its corporate or partnership existence, as the case may be;

- (b) comply, and cause each of its subsidiaries to comply, with the requirements of all applicable laws, rules, regulation, by-laws, judgments, orders, decisions and awards;
- (c) conduct, and cause each of its subsidiaries to conduct their respective business in accordance with good business practice;
- (d) pay or cause to be paid and cause each of its subsidiaries to pay or cause to be paid, when due, (i) all taxes, assessments and governmental charges or levies imposed upon it, including but not limited to any statutory deductions or upon its income, sales, capital or profit or any other property belonging to it or upon its subsidiaries, and (ii) all claims which, if unpaid, might by law become a lien upon the assets except any such tax, assessment charge, levy or claim which is being contested in good faith and by proper proceedings and in respect of which the Maker or its subsidiaries have established adequate reserves in accordance with generally accepted accounting principles;
- (e) at any reasonable time or times, permit or cause its subsidiaries to permit the Agent to visit the properties of the Maker and the subsidiaries, and to discuss their affairs, finances and accounts with the officer appointed as (or performing the functions of) the chief financial officer of the Maker;
- (f) not issue any securities in respect of itself and each of its material subsidiaries, without the prior consent of the Holder;
- (g) maintain, in respect of itself and each of its Subsidiaries(as herein defined), insurance at all times with responsible insurance carriers and in such amounts and covering such risks as are usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Maker or any of its Subsidiaries, as the case may be, operate, such policies, in the case of property insurance policies, to show the Agent as a loss payee or additional insured, as applicable, under a mortgage clause in a form approved by the Insurance Bureau of Canada or the equivalent governing body of the United States of America, as applicable;
- (h) maintain all registrations necessary to perfect and maintain the priority and enforceability of any security given to the Lenders by the Maker or its subsidiaries (as the case may be from time to time) in connection with this Note (the Security) and promptly cure or cause to be cured any defeats in the execution and delivery of the Security and at its expense, execute and deliver or cause to be executed and delivered, all such agreements, instruments and other documents as the Agent may consider necessary or desirable for the foregoing purposes; and
- (i) at its cost and expense, upon the request of the Agent, execute and deliver or cause to be executed and delivered to the Agent such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of the Agent to carry out more effectively the provisions and purposes of this Note.

In this Note, the occurrence of each or any of the following events constitutes an "Event of Default":

- (a) the Maker fails to pay any amount owing to the Agent or any Lender under this Note on the date on which such amount is due;
- (b) the Maker or any of its Subsidiaries fail to perform, observe or comply with any other covenant or provision of this Note or any Security, and, where in the opinion such failure is capable of being rectified or cured, such failure remains unremedied for 15 days;
- (c) any representation or warranty made by the Maker or any of its Subsidiaries in any security agreement, document or instrument given by the Maker or any of its subsidiaries to the Agent and the Lenders is or becomes incorrect or misleading;
- (d) a default or breach of any covenant, condition or agreement contained in any agreement, contract or similar instrument to which the Maker or any of its material subsidiaries is a party or to which any of their property or assets may be subject for which breach, non-performance, cancellation, failure to renew, termination, revocation or lapse could reasonably be expected to have a material adverse effect on the Maker or the material subsidiary as applicable, including but not limited to those certain subscription agreements entered into between each Lender and the Holder as of the date hereof (the **Material Agreements**), shall occur or any Material Agreement fails to remain in full force or effect or any action shall be taken to discontinue or to asset the invalidity or unenforceability of any Material Agreement;
- (e) the Maker or any of its Subsidiaries who have granted security to the Lenders (the **Subsidiaries**) cease to carry on any material part of its business;
- (f) the Maker or any of its Subsidiaries fail to pay the principal of, or premium or interest on, any of its debt (excluding debt under this Note) which is outstanding in an aggregate principal amount exceeding \$50,000 when such amount becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to the debt or any other event occurs or condition exists, and continues after the applicable grace period, if any, specified in any agreement or instrument relating to any debt of the Maker of any of its Subsidiaries, if the effect of such event is to accelerate, or permit the acceleration of the debt; unless such debt; (i) is being contested in good faith; and (ii) the Agent nor the Lender are prejudiced thereby as determined by the Agent acting reasonably;
- (g) any judgment or order for the payment of money in excess of \$50,000 is rendered against the Maker and/or any of its Subsidiaries and either (i) enforcement proceedings have been commenced by a creditor upon the judgment or order, or (ii) there is any period of 15 consecutive days during which a stay of enforcement of the judgment or order, by reason of a pending appeal or otherwise, is not in effect;
- (h) any loss, theft, damage or destruction occurs with respect to any property or assets of the Maker and the amount not covered by insurance exceeds \$100,000;

- (i) the Maker and/or any of its subsidiaries, as the case may be, sells, transfers or otherwise disposes of, or enters into an agreement to sell, transfer or otherwise dispose of, all or substantially all of its respective assets;
- (j) the Maker and/or any of its subsidiaries, as the case may be (i) becomes insolvent or generally not able to pay its debts as they become due, (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors, (iii) threatens to institute, institutes or has instituted against it any proceeding seeking (x) to adjudicate it a bankrupt or insolvent, (y) liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving its creditors, or (z) the entry of an order for relief or the appointment of a receiver, trustee, liquidator, administrator or other similar official for it or for any substantial part of its properties and assets, and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs, or (iv) takes any corporate action to authorize any of the above actions;
- (k) there has occurred or been threatened, in the reasonable opinion of the Agent, a material adverse change in, or development likely to have a material adverse effect on, the assets, business, operations, prospects, undertaking or condition (financial or otherwise) of the Maker or any of its subsidiaries, as the case may be; or
- (l) the audited consolidated financial statements of the Maker are qualified in any material respect by the Maker's independent auditors.

Notwithstanding any other provision of this Note, upon the occurrence of an Event of Default, the Unpaid Principal Balance then outstanding, together with all accrued and unpaid interest thereon, shall, at the sole option of the Agent, become immediately due and payable.

Each Lender irrevocably appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Note as are delegated to it by the terms of this Note, together with the powers reasonably incidental thereto. As to any matters not expressly provided for by this Note, the Agent shall act or refrain from acting (and shall be fully protected in so doing) upon the joint instructions of the Lenders. The Agent shall not be required to take any action which (i) exposes it to personal liability; (ii) is contrary to this Note or any applicable law, rule, regulation, judgment or order; (iii) would require it to become registered to do business in any jurisdiction; or (iv) would subject it to taxation.

The Agent has no duties or obligations other than as set out in this Note and there shall not be construed against the Agent any implied duties (including fiduciary duties), obligations or covenants. The Agent may execute or perform, and may delegate the execution and performance of, any of its powers, rights, discretions and duties under, *inter alia*, this Note and any security and/or other documents entered into between the parties as of the date of this Note and from time to time (the **Loan Documents**) through or to any persons designated by it.

References in any of the Loan Documents to the Agent shall include references to any such persons.

The Agent is not obliged to (i) take or refrain from taking any action or exercise or refrain from exercising any right or discretion under the Loan Documents; or (ii) incur or subject itself to any cost in connection with the Loan Documents, unless it is first specifically indemnified or furnished with security by the Lenders, in form and substance satisfactory to it (which may include further agreements of indemnity or the deposit of funds).

Neither the Agent nor its directors, officers, agents or employees shall be liable to any Lender for any action taken or omitted to be taken by it or them in connection with the Loan Documents except for its or their own gross negligence or wilful misconduct. Without limiting the generality of the foregoing, the Agent (i) may consult with legal counsel (including legal counsel for Maker), independent accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in accordance with their advice; (ii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for the form, substance, accuracy or completeness of any Loan Document or any other documents or information made available to the Lenders; (iii) has no duty to inspect the property or assets (including books and records) of Maker or any other person; (iv) has no duty to ascertain or inquire as to the existence of an Event of Default or the observance of any of the terms or conditions of the Loan Documents; (v) is not responsible to any Lender for the execution, enforceability, genuineness, sufficiency or value of any of the Loan Documents; and (vi) shall incur no liability by acting upon any notice, certificate or other instrument believed by it to be genuine and signed or sent by the proper person.

The Agent in its capacity as a Lender, has the same rights and powers under this Note with respect to its commitment as any other Lender and may exercise such rights and powers as though it were not the Agent. The term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include the Agent in its individual capacity.

Each Lender hereby designates and appoints the Agent to hold any security given by the Maker to the Agent for the rateable benefit of the Lenders.

Each Lender acknowledges that it has, independently and without reliance upon the Agent, made its own credit analysis and decision to enter into this Note. Each Lender also acknowledges that it will, independently and without reliance upon the Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Note.

Each Lender shall indemnify and save the Agent harmless (to the extent not reimbursed by Maker) rateably (according to the amount of its commitment) from any claim or loss suffered by, imposed upon or asserted against the Agent as a result of, or arising out of, the Loan Documents or any action taken or omitted by the Agent under the Loan Documents provided that no Lender shall be liable for any part of such loss resulting from the gross negligence or wilful misconduct of the Agent in its capacity as Agent. Without limiting the foregoing, each Lender shall reimburse the Agent upon demand for its rateable share of any out-of-pocket expenses incurred by the Agent in connection with the preparation, execution, administration or enforcement of, or legal advice in respect of rights or responsibilities under, the Loan Documents (to the extent not reimbursed by Maker).

Each Lender agrees with each of the other Lenders that, except as otherwise expressly provided in this Note, none of the Lenders has or shall have any duty or obligation, or shall in any way be liable to any of the other Lenders in respect of the Loan Documents or any action taken or omitted to be taken in connection with them.

To the fullest extent permitted by law, the Maker waives:

- (a) diligence, presentment, demand and protest, and notice of presentment, dishonour, intent to accelerate, acceleration, protest, non-payment, release, compromise, settlement, extension or renewal of this Note; and
- (b) the benefit of all applicable valuation, appraisal and exemption laws.

In the event the Agent, for its own benefit as a lender and as agent for the benefit of the other Lenders, retains counsel to collect, enforce or protect its interests with respect to this Note, the Maker shall pay all costs and expenses of such collection, enforcement or protection, including legal fees, whether or not a legal action is commenced.

The Maker agrees that all amounts under this Note are payable without set-off, withholding, deduction, claim, counterclaim, defence or recoupment, all of which are hereby waived by the Maker.

Upon request of the Agent, the Maker shall, from time to time, execute and deliver acknowledgements of its liability and the continuing existence of the Agent's claims against the Maker pursuant to this Note. In addition, any limitation periods under the *Limitations Act, 2002* (Ontario), as amended, applicable to this Note are excluded.

Time is of the essence with this Note.

This Note may be executed in any number of counterparts (including by way of facsimile or other electronic means) and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

This Note is binding upon the Maker and its successors and assigns and enures to the benefit of the Agent and the Lenders and their respective successors and assigns. The Agent and any Lender may at any time assign all or any of their rights and benefits hereunder and all references to the "Agent" or "Lenders" are deemed to include a reference to their respective successors and assigns. The Maker may not assign any of its rights or obligations hereunder.

This Note is governed by and is to be interpreted, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF the Maker has executed this Note as of the date first above written.

IMARKETING SOLUTIONS GROUP INC.

By: 

Authorized Signing Officer

Accepted, acknowledged and agreed by the Agent and the Lenders this 10th day of October, 2012.

**SHOTGUN FUND LIMITED PARTNERSHIP III, by
its general partner, SF FUND MANAGEMENT III
INC.**

By: _____

Authorized Signing Officer

NH HOLDINGS LTD.

By: 

Authorized Signing Officer

(Signature Page to Note)

IN WITNESS WHEREOF the Maker has executed this Note as of the date first above written.

IMARKETING SOLUTIONS GROUP INC.

By: _____
Authorized Signing Officer

Accepted, acknowledged and agreed by the Agent and the Lenders this 10th day of October, 2012.

**SHOTGUN FUND LIMITED PARTNERSHIP III, by
its general partner, SF FUND MANAGEMENT III
INC.**

By:  _____
Authorized Signing Officer

NH HOLDINGS LTD.

By: _____
Authorized Signing Officer

(Signature Page to Note)

ADVANCES AND REPAYMENT OF PRINCIPAL

Date	Amount of Advance and Lender	Principal Repaid or Prepaid	Unpaid Principal Balance	Notion Made By
October 10, 2012	\$1,250,000 by Shotgun Fund Limited Partnership III	N/A	\$1,250,000	_____
October 10, 2012	\$250,000 by NH Holdings Ltd.	N/A	\$1,500,000	_____

Exhibit “F”

THIS SECURITY AGREEMENT is dated October 10, 2012 and made between:

- (1) **iMARKETING SOLUTIONS GROUP INC.**, a corporation formed under the laws of Alberta (the **Corporation**); and
- (2) **SHOTGUN FUND LIMITED PARTNERSHIP III**, a limited partnership formed under the laws of Ontario, by its general partner, **SF FUND MANAGEMENT III INC.**, a corporation formed under the laws of Ontario.

RECITALS:

- (A) Shotgun Fund Limited Partnership III, as collateral agent (in such capacity, the **Agent**) and the other lenders that may from time to time be parties to the promissory note (collectively, together with the Agent in its capacity as a lender, the **Lenders**) have agreed to make certain funds available to the Corporation upon the terms and conditions contained in a promissory note among the Corporation and the Agent and the Lenders dated as of this date (such promissory note as it may at any time or from time to time, be amended, supplemented, restated or replaced, the **Note**).
- (B) The Agent is to hold for its own benefit and is to act as collateral agent under the Note, *inter alia*, to hold as agent for the rateable benefit of the other Lenders, and any and all security for the payment and performance of the obligations of the Corporation under the Note.
- (C) The Corporation has agreed to execute and deliver this security agreement to and in favour of the Agent as security for the payment and performance of the Corporation's obligations to the Agent and the Lenders under the Note.

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Corporation and the Agent agree as follows:

Article 1 – Security

1.1 Statutory and Other References

Terms defined in the *Personal Property Security Act* (Ontario) (as amended from time to time, the **PPSA**) and used in this security agreement have the same meanings. Any reference to the **STA** is a reference to the *Securities Transfer Act, 2006* (Ontario) or, to the extent applicable, similar legislation of any other jurisdiction, as amended from time to time. Where a reference is made to the Agent, it includes, as applicable, any nominee appointed by the Agent to hold or otherwise take possession of the Collateral.

1.2 Grant of Security

The Corporation grants to the Agent, for its own benefit as a lender and as agent for the benefit of the other Lenders, a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Agent, for its own benefit as a lender and as agent for

the benefit of the other Lenders, all the personal property and undertaking of the Corporation now owned or hereafter acquired (collectively, the **Collateral**) including, without limitation, any and all of the:

- (a) inventory of the Corporation including goods held for sale, lease or resale, goods provided or to be provided to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured for packing and materials used or consumed in the business of the Corporation;
- (b) equipment, machinery, furniture, fixtures, vehicles and other goods of every kind and description of the Corporation and all licences and other rights and all records, files, charts, plans, drawings, specifications, manuals and documents relating thereto;
- (c) accounts due or accruing due to the Corporation and all agreements, books, invoices, documents and papers recording, evidencing or relating thereto;
- (d) money, documents of title, chattel paper, instruments, securities and all other financial assets of the Corporation;
- (e) securities accounts of the Corporation and all of the credit balances, security entitlements, other financial assets and items or property standing to the credit of the Corporation from time to time in such securities accounts;
- (f) intangibles of the Corporation including all security interests, goodwill, choses in action, contracts and contractual rights, licences and benefits;
- (g) all trade marks, trade mark registrations and pending trade mark applications, patents and pending patent applications, copyrights, proprietary and non-public business information, trade and business names, web names and worldwide web addresses and other intellectual property and industrial property of the Corporation (collectively, the **Intellectual Property**);
- (h) all authorizations, permits, approvals, grants, licenses, consents, rights, franchises, privileges, orders, awards or the like issued or granted by law or by rule or regulation of any public body issued or granted to the Corporation;
- (i) substitutions and replacements of, and increases, additions and, where applicable, accessions to, the property described in Sections 1.2(a)-(h) inclusive; and
- (j) proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Sections 1.2(a)-(i) inclusive or the proceeds of such proceeds.

1.3 Obligations Secured

- (a) The security interest, assignment, mortgage, charge, hypothecation and pledge granted hereby (collectively, the **Security Interest**) secures the payment and performance of all debts, liabilities and obligations present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time

to time due or accruing due, and owing by or otherwise payable by the Corporation to the Agent and the Lenders, however or wherever incurred, and in any currency, and whether incurred by the Corporation alone or with another or others and whether as principal, guarantor or surety (collectively, and together with the expenses, costs and charges set out in Section 1.3(b), the **Obligations**).

- (b) All expenses, costs and charges incurred by or on behalf of the Agent and the Lenders in connection with this security agreement, the Security Interest or the realization of the Collateral, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of, or of taking or defending any action in connection with, taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral or other lawful exercises of the powers conferred by the Note are payable on demand and shall be added to and form a part of the Obligations.

1.4 Attachment, Perfection, Possession and Control

- (a) The Corporation acknowledges that (i) value has been given, (ii) it has rights in the Collateral or the power to transfer rights in the Collateral to the Agent (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a copy of this security agreement.
- (b) The Corporation shall promptly inform the Agent in writing of the acquisition by the Corporation of any personal property which is not adequately described in this security agreement, and the Corporation shall execute and deliver, from time to time, at its own expense, amendments to this security agreement and its schedules (if any) or additional security agreements or schedules as may be required by the Agent in order to preserve, protect and perfect its Security Interest in such personal property.
- (c) If the Corporation acquires Collateral consisting of chattel paper, instruments or negotiable documents of title (collectively, **Negotiable Collateral**), the Corporation shall, immediately upon receipt thereof, deliver to the Agent the Negotiable Collateral and shall, at the request of the Agent (i) endorse the same for transfer in blank or as the Agent may direct, (ii) cause any transfer to be registered wherever, in the opinion of the Agent, such registration may be required or advisable, and (iii) deliver to the Agent any and all consents or other documents which may be necessary or desirable to transfer the Negotiable Collateral.

1.5 Scope of Security Interest

- (a) The Security Interest with respect to the trade-marks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Agent, but does not constitute an assignment or mortgage of such Collateral to the Agent or any Lenders. Until the Security Interest becomes enforceable, the grant of the Security Interest in the Intellectual Property will not affect in any way the Corporation's rights to commercially exploit it or defend or enforce the Corporation's rights in it or with respect to it.

- (b) The Security Interest does not extend to consumer goods.
- (c) The Security Interest does not extend or apply to the last day of the term of any lease or sublease or any agreement for a lease or sublease, now held or hereafter acquired by the Corporation in respect of real property, but the Corporation shall stand possessed of any such last day upon trust to assign and dispose of it as the Agent may direct.

1.6 Care and Custody of Collateral

- (a) The Agent and the Lenders have no obligation to keep Collateral in their possession identifiable.
- (b) The Agent and the Lenders shall exercise in the physical keeping of any Negotiable Collateral or securities, only the same degree of care as it would exercise in respect of its own such property kept at the same place.
- (c) The Agent may, both before and after the Security Interest has become enforceable, (i) notify any person obligated on an account, chattel paper or instrument to make payments to the Agent whether or not the Corporation was previously making collections on such accounts, chattel paper or instruments, and (ii) assume control of any proceeds arising from the Collateral.

1.7 Amalgamation

In the event the Corporation amalgamates with any other corporation or corporations, it is the intention of the parties that the Security Interest will (a) extend to all of the property and assets that (i) any of the amalgamating corporations own, or (ii) the amalgamated corporation thereafter acquires, and (b) secure the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by any of the amalgamating corporations and the amalgamated corporation to the Agent and the Lenders in any currency, pursuant to or in connection with the Note whether incurred prior to, or at the time of, or subsequent to, any amalgamation. The Security Interest will attach to the property and assets of the amalgamating corporations not previously subject to this security agreement at the time of amalgamation and to any property or assets thereafter owned or acquired by the amalgamated corporation when same becomes owned or is acquired. Upon any such amalgamation, the defined term **Corporation** means, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term **Collateral** means all of the property, assets, undertaking and interests described in (a) above, and the defined term **Obligations** means the obligations described in (b) above.

Article 2 – Enforcement

2.1 Enforcement

The Security Interest shall be and become enforceable against the Corporation upon the occurrence and during the continuance of an Event of Default.

2.2 Remedies

Whenever the Security Interest becomes enforceable, the Agent may, in its sole discretion, realize upon the Collateral and enforce its rights and the rights of the Lenders by:

- (a) entering onto any premises where Collateral consisting of tangible personal property may be located;
- (b) entering into possession of the Collateral by any method permitted by law;
- (c) selling or leasing all or any part of the Collateral;
- (d) holding, storing or keeping idle or operating all or any part of the Collateral;
- (e) collecting any proceeds arising in respect of the Collateral;
- (f) collecting, realizing, selling, or otherwise dealing with, the accounts;
- (g) issuing any instructions or entitlement orders to an issuer or securities intermediary;
- (h) instructing a financial institution to transfer funds held by it to an account maintained by the Agent;
- (i) appointing by instrument in writing a receiver (which term as used in this security agreement includes a receiver and manager) or agent of all or any part of the Collateral and removing or replacing from time to time any receiver or agent;
- (j) instituting proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;
- (k) instituting proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;
- (l) filing proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Corporation; and
- (m) exercising any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

2.3 Additional Rights

In addition to the remedies set forth in Section 2.2, the Agent may, in its sole discretion, either directly or through its agents or nominees, whenever the Security Interest has become enforceable pursuant to Section 2.1:

- (a) require the Corporation, at the Corporation's expense, to assemble the Collateral at a place or places designated by notice in writing and the Corporation agrees to so assemble the Collateral;

- (b) require the Corporation, by notice in writing, to disclose to the Agent the location or locations of the Collateral and the Corporation agrees to make such disclosure when so requested;
- (c) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Corporation or otherwise;
- (d) carry on all or any part of the business of the Corporation and, to the exclusion of all others including the Corporation, enter upon, occupy and use all or any of the premises, buildings, and other property of, or used or occupied by, the Corporation, free of charge, and the Agent and the Lenders are not liable to the Corporation for any act, omission or negligence (other than gross negligence or willful misconduct) in so doing or for any rent, charges, depreciation or damages incurred in connection with, or resulting from, such action;
- (e) borrow for the purpose of carrying on the business of the Corporation or for the maintenance, preservation or protection of the Collateral and grant security interests in the Collateral, whether or not in priority to the Security Interest, to secure repayment;
- (f) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Corporation; and
- (g) at any public or private sale, bid for and purchase any or all of the Collateral offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Corporation or any other person with respect to such holding, retention or disposition, except as required by law.

2.4 Concerning a Receiver

- (a) Upon the Security Interest becoming enforceable pursuant to Section 2.1, any receiver appointed by the Agent shall be vested with all rights and remedies which could have been exercised by the Agent in respect of the Corporation or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The choice of receiver and its remuneration are within the sole and unfettered discretion of the Agent.
- (b) Any receiver appointed by the Agent shall act as agent for the Agent for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Corporation. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Corporation or as agent for the Agent as the Agent may determine in its discretion. The Corporation agrees to ratify and confirm all actions of the receiver acting as agent

for the Corporation, and to release and indemnify the receiver in respect of all such actions.

- (c) The Agent, in appointing or refraining from appointing any receiver, shall not incur any liability to the receiver, the Corporation or otherwise and is not responsible for any misconduct or negligence of such receiver.

2.5 Exercise of Remedies

Any remedy may be exercised separately or in combination and is in addition to, and not in substitution for, any other rights or remedies the Agent and the Lenders may have, however created. The Agent and the Lenders are not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to any other rights of the Agent and the Lenders in respect of the Obligations including the right to claim for any deficiency.

2.6 Appointment of Attorney

The Corporation irrevocably appoints the Agent (and its officers) as attorney of the Corporation (with full power of substitution) to do, make and execute, in the name of and on behalf of the Corporation, upon the occurrence and during the continuance of an Event of Default all such further acts, documents, matters and things which the Agent may deem necessary or advisable to accomplish the purposes of this security agreement including the execution, endorsement and delivery of documents and any notices, receipts, assignments or verifications of the accounts. All acts of the attorney are hereby ratified and approved, and the attorney shall not be liable for any act, failure to act or any other matter or thing, except to the extent caused by its own gross negligence or wilful misconduct. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Corporation. This power of attorney extends to and is binding upon the Corporation's successors and permitted assigns. The Corporation authorizes the Agent to (a) delegate in writing to another person any power and authority of the Corporation under this power of attorney as may be necessary or desirable in the opinion of the Agent, and (b) revoke or suspend such delegation.

2.7 Dealing with the Collateral

- (a) The Agent and the Lenders are not obliged to exhaust their recourse against the Corporation or any other person or against any other security they may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Agent considers desirable.
- (b) The Agent and the Lenders may grant extensions or other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Corporation and with other persons, guarantors, sureties or security as they may see fit, acting reasonably, without prejudice to the Obligations, the liability of the Corporation or the rights of the Agent and the Lenders in respect of the Collateral.

- (c) The Agent and the Lenders are not (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.
- (d) To the extent that applicable law imposes duties on the Agent to exercise remedies in a commercially reasonable manner, and without prejudice to the ability of the Agent to dispose of the Collateral in any such manner, the Corporation acknowledges and agrees that it is not commercially unreasonable for the Agent to, and the Agent may, in its discretion (i) incur expenses reasonably deemed significant by the Agent to prepare the Collateral for disposition, (ii) exercise collection remedies directly or through the use of collection agencies, (iii) dispose of Collateral by way of public auction, public tender or private contract, with or without advertising and without any other formality, (iv) dispose of Collateral to a Lender or to a customer or client of the Agent or the Lenders, (v) contact other persons, whether or not in the same business as the Corporation, for expressions of interest in acquiring all or any portion of the Collateral, (vi) hire one or more professional auctioneers to assist in the disposition of the Collateral, whether or not the Collateral is of a specialized nature, (vii) establish an upset or reserve bid or price in respect of the Collateral, and (viii) establish such terms as to credit or otherwise as the Agent may determine.
- (e) The Corporation acknowledges that the Agent may be unable to complete a public sale of any or all of the Collateral consisting of investment property by reason of certain prohibitions contained in applicable securities laws or otherwise. In connection therewith, it may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire the Collateral for their own account for investment and not with a view to the distribution or resale thereof. Any such private sale may result in prices and other terms less favourable to the seller than if such sale were a public sale and, notwithstanding such circumstances, the Corporation agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner by reason of it being a private sale. The Agent is under no obligation to delay a sale of any or all of the Collateral for the period of time necessary to permit the issuer thereof to register such Collateral for public sale under applicable securities law or otherwise, even if the issuer agrees to do so.

2.8 Application of Proceeds

Any and all moneys realized by the Agent pursuant to this security agreement shall be applied by the Agent to such part of to the Obligations as the Agent in its sole discretion determines. The Agent may, at all times and from time to time, change any application so made in accordance with the Note.

2.9 No Waiver

No delay or omission by the Agent, at any time or times, to require strict performance by the Corporation of any provision of this security agreement waives, affects or diminishes any right of the Agent thereafter to demand strict compliance and performance therewith.

2.10 Dealings by Third Parties

- (a) No person dealing with the Agent, any of the Lenders or an agent or receiver is required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which such person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Agent or the Lenders by the Corporation, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other dealing by the Agent or any Lender with the Collateral, or (vi) how any money paid to the Agent or Lenders has been applied.
- (b) Any purchaser of Collateral shall hold the Collateral absolutely, free from any claim or right of any kind whatever, including any equity of redemption, of the Corporation. The Corporation waives (to the fullest extent permitted by law) as against any such purchaser, all rights of redemption, stay or appraisal which the Corporation has or may have under any rule of law or statute now existing or hereafter adopted.

2.11 Corporation Liable for Deficiency

The Corporation is liable to the Agent and the Lenders for any deficiency after the proceeds of any sale or other disposition of Collateral are received by the Agent.

Article 3 – General

3.1 Notices

To be effective, a notice must be in writing and delivered (a) personally, either to the individual designated below for that party, or to an individual having apparent authority to accept deliveries on behalf of that individual at its address set out below, (b) by fax, or (c) by registered mail, to the address set out opposite the party's name below or to any other address for a party as that party from time to time designates to the other parties in the same manner:

in the case of the Corporation, to:

481 University Avenue, 6th Floor
Toronto, Ontario
M5G 2E9

Attention: Andrew Langhorne

with a copy to (which shall not constitute notice):

Charlie MacCready
c/o Heenan Blaikie LLP

333 Bay Street
P.O. Box 2900
Bay Adelaide Centre
Toronto, Ontario
M5H 2T4

in the case of the Agent, to:

141 Adelaide Street West, Suite 760
Toronto, Ontario
M5H 3L5

Attention: Richard Reid

with a copy to (which shall not constitute notice):

Michael Caruso
c/o Norton Rose Canada LLP
200 Bay Street, Suite 3800
Toronto, Ontario
M5J 2Z4

Any notice is effective (i) if personally delivered as described above, on the day of delivery if that day is a business day and it was delivered before 5:00 p.m. local time in the place of delivery or receipt, and otherwise on the next business day, (ii) if sent by fax, on the day of transmission, if that day is a business day and the fax transmission was made before 5:00 p.m. local time in the place of delivery or receipt, and otherwise on the next business day, or (iii) if by registered mail, on the fourth business day following the day on which it is mailed, except that if at any time between the date of mailing and the fourth business day thereafter there is a disruption of postal service, Notice must be given by means other than mail. For the purpose of this Section 3.1, "business day" means any day of the year other than Saturday or Sunday or any day in which major banks are closed for business in Toronto, Ontario or Calgary, Alberta.

3.2 Capitalized Terms

- (a) Capitalized terms used in this security agreement and not otherwise defined have the respective meanings given to them in the Note.
- (b) Except as otherwise provided in this security agreement, any reference to this security agreement or the Note refers to this security agreement or such Note as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented.

3.3 Discharge

The Security Interest will be discharged upon, but only upon, (a) full and indefeasible payment and performance of the Obligations, (b) the Agent and the Lenders having no obligations to further advance funds under the Note, and (c) at the request and expense of the Corporation. In that connection, the Agent will execute and deliver to the Corporation such releases and discharges as the Corporation may reasonably require.

3.4 Amendment

This security agreement may only be amended, supplemented or otherwise modified by written agreement of the Agent and the Corporation.

3.5 Waivers, etc.

- (a) No consent or waiver by the Agent in connection with this security agreement is binding unless made in writing and signed by an authorized officer of the Agent. Any consent or waiver given under this security agreement is effective only in the specific instance and for the specific purpose for which it was given. No waiver of any of the provisions of this security agreement constitutes a waiver of any other provision.
- (b) A failure or delay on the part of the Agent or a Lender in exercising a right or remedy under this security agreement does not operate as a waiver of, or impair, any rights or remedies of the Agent or the Lenders however arising. A single or partial exercise of a right or remedy on the part of the Agent or a Lender does not preclude any other or further exercise of that right or remedy or the exercise of any other rights or remedies by the Agent and the Lenders.

3.6 No Merger

This security agreement shall not operate by way of merger of any of the Obligations and no judgment recovered by the Agent or any of the Lenders will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Agent and the Lenders in respect of the Obligations.

3.7 Further Assurances

The Corporation shall from time to time, whether before or after the Security Interest has become enforceable, do all acts and things and execute and deliver all transfers, assignments and agreements as the Agent may reasonably require for (a) protecting the Collateral, (b) perfecting the Security Interest, (c) obtaining control of the Collateral, (d) exercising all powers, authorities and discretions conferred upon the Agent, and (e) otherwise enabling the Agent and the Lenders to obtain the full benefits of this security agreement and the rights and powers herein granted. The Corporation shall, from time to time after the Security Interest has become enforceable, do all acts and things and execute and deliver all transfers, assignments and agreements as the Agent may require for facilitating the sale or other disposition of the Collateral in connection with its realization.

3.8 Supplemental Security

This security agreement is in addition to and without prejudice to all other security now held or which may hereafter be held by the Agent and the Lenders.

3.9 Successors and Assigns

This security agreement is binding upon the Corporation, its successors and assigns, and enures to the benefit of the Agent, the Lenders and their respective successors and

assigns. This security agreement and all rights of the Agent and the Lenders are assignable without the consent of, or notice to the Corporation, and in any action brought by an assignee to enforce this security agreement or any right or remedy, the Corporation will not assert against the assignee any claim or defence which the Corporation now has or hereafter may have against the Agent and the Lenders. Neither this security agreement nor any rights, duties or obligations under this security agreement are assignable or transferable by the Corporation.

3.10 Headings, etc.

The division of this security agreement into articles and sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this security agreement.

3.11 Gender and Number

Any reference in this security agreement to gender includes all genders and words importing the singular include the plural and *vice versa*.

3.12 Waiver of Delivery

To the extent permitted by applicable law, the Corporation waives its right to receive a copy of any financing statement or financing change statement registered by or on behalf of the Agent, or any verification statement with respect to any financing or financing change statement registered by or on behalf of the Agent.

3.13 Entire Agreement

The provisions set forth in this security agreement constitute the entire enforceable agreement between the parties and supercede all prior oral or written agreements, understandings, representations and warranties and course of conduct and dealing between the parties with respect to the matters referred to in this security agreement.

3.14 Severability

If any provision of this security agreement is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this security agreement and the remaining provisions will continue in full force and effect.

3.15 Conflict

In the event of any conflict between the provisions of this security agreement and the provisions of the Note which cannot be resolved by both provisions being complied with, the provisions contained in the Note will prevail to the extent of such conflict.

3.16 Governing Law and Submission to Jurisdiction

- (a) This security agreement is governed by and is to be interpreted, construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to conflict of law principles.

- (b) The Corporation irrevocably and unconditionally (i) submits to the non-exclusive jurisdiction of the courts of Ontario, (ii) agrees that all claims in respect of any suit, action or proceeding may be heard and determined in such court, (iii) waives, to the fullest extent permitted by law, any objection which it may have based upon doctrines of venue or *forum inconveniens*.

3.17 Counterparts

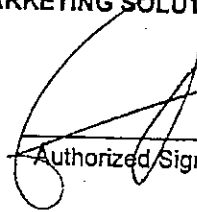
This security agreement may be executed in any number of separate counterparts (including by facsimile or other electronic means) and all such signed counterparts will together constitute one and the same agreement. To evidence its execution of an original counterpart of this security agreement, a party may send a copy of its original signature on the execution page hereof to the other parties by facsimile or other means of recorded electronic transmission and such transmission with an acknowledgement of receipt shall constitute delivery of an executed copy of this security agreement to the receiving party.

[remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF the Corporation and the Agent have executed and delivered this security agreement.

IMARKETING SOLUTIONS GROUP INC.

By:



Authorized Signing Officer

**SHOTGUN FUND LIMITED PARTNERSHIP III,
by its general partner, SF FUND
MANAGEMENT III INC.**

By:

Authorized Signing Officer

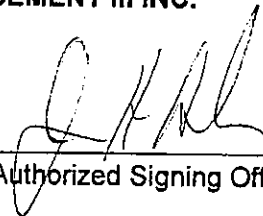
(Signature Page for Security Agreement)

IN WITNESS WHEREOF the Corporation and the Agent have executed and delivered this security agreement.

IMARKETING SOLUTIONS GROUP INC.

By: _____
Authorized Signing Officer

**SHOTGUN FUND LIMITED PARTNERSHIP III,
by its general partner, SF FUND
MANAGEMENT III INC.**

By:  _____
Authorized Signing Officer

(Signature Page for Security Agreement)

Exhibit “G”

THIS SECURITIES PLEDGE AGREEMENT is dated October 10, 2012 and made between:

- (1) **IMARKETING SOLUTIONS GROUP INC.**, a corporation formed under the laws of Alberta (the **Corporation**); and
- (2) **SHOTGUN FUND LIMITED PARTNERSHIP III**, a limited partnership formed under the laws of Ontario, by its general partner, **SF FUND MANAGEMENT III INC.**, a corporation formed under the laws of Ontario

RECITALS:

- (A) Shotgun Fund Limited Partnership III, as collateral agent (in such capacity, the **Agent**) and such other lenders as may from time to time be parties to the Note (as herein defined) (collectively, together with the Agent in its capacity as a lender, the **Lenders**) have agreed to make certain funds available to the Corporation upon the terms and conditions contained in a promissory note between the Corporation, the Agent and the Lenders dated as of this date (such promissory note as it may at any time or from time to time be amended, supplemented, restated or replaced, the **Note**).
- (B) The Agent is to hold for its own benefit and is to act as collateral agent under the Note, *inter alia*, to hold as agent for the rateable benefit of the other Lenders, and any all security for the payment and performance of the obligations of the Corporation under the Note.
- (C) The Corporation has agreed to execute and deliver this agreement to and in favour of the Agent as security for the payment and performance of the Corporation's obligations to the Agent and the Lenders under the Note.

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Corporation, the Corporation and the Agent agree as follows:

Article 1 – Security

1.1 Terms Incorporated by Reference

Terms defined in the *Personal Property Security Act (Ontario)* (as amended from time to time, the **PPSA**) and used in this agreement have the same meanings. Any reference to the **STA** in this agreement means the *Securities Transfer Act, 2006 (Ontario)*, as amended from time to time. Where a reference is made to the Agent, it shall be deemed to include, as applicable, any nominee appointed by the Agent to hold or otherwise take possession of the Collateral.

1.2 Grant of Security

- (a) The Corporation assigns, mortgages, charges, hypothecates and pledges to the Agent, for its own benefit as a Lender and as agent for the rateable benefit of itself and the other Lenders and grants to the Agent, for its own benefit as a Lender and as agent for the rateable benefit of itself and the other Lenders a

security interest in, the following property and assets (collectively, the **Collateral**): (i) all certificated and uncertificated securities registered in the name of the Corporation and described in Schedule A (collectively, the **Pledged Securities**), (ii) all options, warrants and rights, (A) as an addition to, (B) in substitution of, or (C) in exchange for, the Pledged Securities, (iii) all dividends, money, instruments and other property from time to time received, receivable or otherwise distributed in respect of, or in exchange for, the Pledged Securities, (iv) all other rights and claims of the Corporation in respect of, or in connection with, the foregoing, and (v) all proceeds in any form arising out of, or derived, directly or indirectly, from, any of the foregoing.

- (b) For greater certainty, the Collateral includes any substitutions or additions arising out of any consolidation, subdivision, reclassification, stock dividend or similar increase or decrease in, or alteration to, the capital of any issuer of the Pledged Securities.

1.3 Obligations Secured

- (a) The assignments, mortgages, charges, hypothecations, pledges and security interests granted hereby (the **Security Interest**) secure the payment and performance of all debts, liabilities and obligations (including interest that but for the filing of a petition in bankruptcy, would accrue on such debts, liabilities and obligations) present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due, and owing by or otherwise payable by the Corporation to the Agent and the Lenders, however or wherever incurred, and in any currency, and whether incurred by the Corporation alone or with another or others and whether as principal, guarantor or surety (collectively, and together with the expenses, costs and charges set out in Section 1.3(b), the **Obligations**).
- (b) All expenses, costs and charges incurred by or on behalf of the Agent and the Lenders in connection with this agreement, the Security Interest or the realization of the Collateral including all legal fees, court costs, receiver's or agent's remuneration and other expenses of, or of taking or defending any action in connection with, taking possession of, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral or other lawful exercise of the powers conferred by the Note are to be added to and form a part of the Obligations.

1.4 Attachment, Perfection and Control

- (a) The Corporation acknowledges that (i) value has been given, (ii) it has rights in the Collateral (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a duplicate original copy of this agreement.
- (b) The Corporation will deliver to the Agent, immediately upon receipt thereof, any and all certificates representing the Pledged Securities duly endorsed for transfer, and accompanied by a duly executed stock power of attorney or similar transfer form constituting an effective endorsement.

- (c) If the Corporation becomes entitled to receive or receives any certificate (including, without limitation, any certificate representing a stock dividend or any certificate issued in connection with any reclassification, increase or reduction of capital or any reorganization), option, warrant or right (if in deliverable form) in respect of the Collateral, whether in addition to, in substitution for, as a conversion of, or in exchange for, any of the Collateral, the Corporation will accept it as the agent of the Agent and hold the same in trust for the Agent and the Lenders in the form received, and will immediately deliver it to the Agent together with a duly executed stock power of attorney or transfer form constituting an effective endorsement, as applicable.
- (d) If and to the extent any of the Pledged Securities are or become uncertificated, the Corporation will enter into and cause the holder/securities intermediary of such uncertificated securities to enter into such custodial, control or other similar agreements as the Agent reasonably requires in order to ensure that the Agent has control (as such term is used in the STA and the PPSA) of the uncertificated Pledged Securities.
- (e) At the election of the Agent and immediately upon written notice being provided by the Agent to the Corporation, the Corporation will take all action required to cause the Collateral consisting of (i) certificated securities to be transferred to and registered in the name of the Agent or its nominee on the records of the issuer thereof, and (ii) uncertificated securities to be registered in the name of the Agent or its nominee on the records of the issuer thereof. The Corporation covenants that, at the time of any such transfer, it will provide all required consents and approvals and cause the issuer of the Pledged Securities to make appropriate notations on its securities register or issue such shares, as applicable.

1.5 Care and Custody of Collateral

The Agent is not required to see to the collection of dividends on, or exercise any option or right in connection with, the Collateral. It has no obligation to protect or preserve the Collateral from depreciating in value or becoming worthless and is hereby released from all responsibility for any loss or diminution of value. The Agent is bound to exercise in the physical keeping of the Collateral only the same degree of care as it would exercise with respect to its own investment property kept at the same place.

1.6 Absence of Fiduciary Relationship

No implied agreements, covenants or obligations on the part of the Agent or any of the Lenders with respect to the Corporation or an issuer of any of the Collateral are to be read into this Agreement against the Agent or any of the Lenders. The Agent and the Lenders do not owe any fiduciary duty to the Corporation, any issuer of the Collateral or any other person.

1.7 Representations and Warranties of the Corporation

The Corporation represents and warrants that:

- (a) it is the registered, legal and beneficial owner of the Collateral;

- (b) the Collateral is free and clear of all liens, mortgages, charges and security interests whatsoever other than those created in favour of the Agent;
- (c) Schedule A correctly sets out the issuer, the certificate number and the number and class of the Pledged Securities as at the date hereof and the Pledged Securities represent all of the issued and outstanding certificated and uncertificated securities owned by the Corporation at the date hereof.
- (d) the Pledged Securities have been validly issued and are fully paid and non-assessable;
- (e) this agreement creates a legal, valid and binding agreement of the Corporation enforceable in accordance with its terms and the Security Interest in the Collateral is a perfected security interest for purposes of the PPSA;
- (f) no person, other than the Corporation, has any option, warrant, call, commitment, conversion, right of exchange or other agreement or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an option, warrant, right, call, commitment, conversion right, right of exchange or other agreement to acquire any right or interest in the Collateral;
- (g) there are no restrictions on the voting rights associated with any of the Collateral;
- (h) the Corporation is not bound by nor is it a party to any unanimous shareholder agreement or declaration (as such terms are defined in the Business Corporations Act (Ontario)) relating to the Collateral.

All representations and warranties made by the Corporation in this agreement (a) are material, (b) have been relied on by the Agent and the Lenders, (c) will remain true and correct, and (d) will survive the execution and delivery of this agreement, any investigation made at any time by or on behalf of the Agent and the Lenders and any disposition or payment of the Obligations.

1.8 Additional Covenants of the Corporation

- (a) The Corporation will not, without the prior written consent of the Agent, sell, transfer, exchange, release, abandon or otherwise dispose of, absolutely or by way of security, any of its right, title or interest in and to any of the Collateral.
- (b) The Corporation will promptly deliver to the Agent copies of all notices or other communications received by it in respect of the Collateral.

1.9 Rights of the Corporation

- (a) Until the Security Interest becomes enforceable, the Corporation may vote the Pledged Securities, give consents, ratifications or waivers, exercise all rights of conversion or other similar rights with respect to the Collateral and receive all dividends and other distributions, money or property relating to the Collateral. Whenever the Security Interest becomes enforceable, all rights of the Corporation to vote, make entitlement orders, give consents, ratifications or waivers, exercise other rights or receive dividends or other money or property will

cease and all such rights will become vested solely and absolutely in the Agent, for and on behalf of the Lenders.

- (b) Any dividends or other distributions received by the Corporation contrary to Section 1.9(a) are received by the Corporation as trustee for the Agent and the Lenders and will be immediately paid over to the Agent.

Article 2 – Enforcement

2.1 Enforcement

The Security Interest shall be and become enforceable against the Corporation upon the occurrence and during the continuance of an Event of Default.

2.2 Remedies

Whenever the Security Interest becomes enforceable, the Agent may, at any time in its sole discretion:

- (a) realize upon or otherwise dispose of or contract to dispose of the Collateral by sale, transfer, delivery or otherwise;
- (b) obtain possession or control of any Collateral which it does not already hold or control, by any method permitted by law;
- (c) notify any parties obligated in respect of any Collateral to make payment thereof to the Agent or as it may direct;
- (d) file proofs of claim and other documents in order to have the claims of the Agent and the Lenders lodged in any bankruptcy, winding-up or other judicial proceeding relating to the Corporation;
- (e) exchange any and all of the Collateral upon the merger, consolidation, reorganization, recapitalization or other readjustment of any issuer thereof, or upon the exercise by any issuer of any right, privilege or option pertaining to any of the Collateral, and in connection therewith, deposit and deliver or direct the sale or other disposition of any of the Collateral with any committee, depository, securities intermediary, clearing house (whether CDS or otherwise), transfer agent, registrar or other designated agency upon such terms and conditions as it may determine; or
- (f) exercise and enforce all rights and remedies of a holder of the Collateral as if the Agent were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Agent if not already done), all without demand of performance or other demand, advertisement or notice of any kind to or upon the Corporation.

Any remedy may be exercised separately or in combination and is in addition to, and not in substitution for, any other rights the Agent and the Lenders may have, however created. The Agent shall not be bound to exercise any right or remedy, and the exercise

of rights and remedies is without prejudice to the rights of the Agent and the Lenders in respect of the Obligations including the right to claim for any deficiency.

2.3 Standards of Sale

Without prejudice to the ability of the Agent to dispose of the Collateral in any manner which is commercially reasonable, the Corporation acknowledges that a disposition of Collateral by the Agent which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Collateral may be the Agent, a Lender or a customer or client of the person;
- (d) any sale conducted by the Agent shall be at such time and place, on such notice and in accordance with such procedures as the Agent, in its sole discretion, may deem advantageous;
- (e) Collateral may be disposed of in any manner and on any terms necessary to avoid violation of applicable law or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;
- (f) the Agent may establish an upset or reserve bid or price in respect of the Collateral; and
- (g) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Agent, in its sole discretion, may deem advantageous.

2.4 Dealing with the Collateral

- (a) The Agent and the Lenders are not obliged to exhaust their recourse against the Corporation or any other person or against any other security they may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Agent may consider desirable.
- (b) The Agent and the Lenders may grant extensions or other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Corporation and with other persons, sureties or security as it may see fit acting reasonably without prejudice to the Obligations, the liability of the Corporation or the rights of the Agent and the Lenders in respect of the Collateral.
- (c) The Agent and the Lenders are not (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of

any persons, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

2.5 Appointment of Attorney

The Corporation irrevocably appoints the Agent (and its officers) as attorney of the Corporation (with full power of substitution) to do, make, execute and deliver in the name of and on behalf of the Corporation upon the occurrence and during the continuance of an Event of Default all such acts, documents, deeds and things which the Agent may deem necessary or advisable to accomplish the purposes of this agreement including the endorsement and delivery of the Collateral to the Agent and its transferees. The Agent is empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Collateral to the same extent as the Corporation might do. This power of attorney is an addition to, and not in substitution for, any stock power of attorney delivered by the Corporation and such powers of attorney may be relied upon by the Agent severally or in combination. All acts of the attorney are hereby ratified and approved, and the attorney shall not be liable for any act, failure to act or any other matter or thing in connection therewith, except to the extent caused by its own gross negligence or wilful misconduct. This appointment and power of substitution, being coupled with an interest, are irrevocable and will not terminate upon the bankruptcy, dissolution, winding up or insolvency of the Corporation.

2.6 Dealings by Third Parties

- (a) No person dealing with the Agent, any of the Lenders or an agent or receiver thereof is required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which such person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Agent or the Lenders by the Corporation, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale, lease or other disposition is made, (v) the propriety or regularity of any sale or other dealing by the Agent, any Agent, any Lender or any other person with the Collateral, or (vi) how any money paid to the Agent, Lenders or agent or receiver has been applied.
- (b) Any purchaser of Collateral from the Agent or the Lenders shall hold the Collateral absolutely, free from any claim or right of any kind whatever, including any equity of redemption, of the Corporation. The Corporation waives (to the fullest extent permitted by law) as against any such purchaser, all rights of redemption, stay or appraisal which the Corporation has or may have under any rule of law or statute now existing or hereafter adopted.

2.7 Application of Proceeds

Any and all moneys realized by the Agent, whether pursuant to this agreement or otherwise, may be applied by the Agent to such part of the Obligations as the Agent in its sole discretion determines. The Agent has, at all times and from time to time, the right to change any application so made.

2.8 Corporation Liable for Deficiency

The Corporation is liable to the Agent and the Lenders for any deficiency after the proceeds of any sale or other disposition of Collateral are received by the Agent.

Article 3 – General

3.1 Notices

To be effective, a notice must be in writing and delivered (a) personally, either to the individual designated below for that party, or to an individual having apparent authority to accept deliveries on behalf of that individual at its address set out below, (b) by fax, or (c) by registered mail, to the address set out opposite the party's name below or to any other address for a party as that party from time to time designates to the other parties in the same manner:

in the case of the Corporation, to:

481 University Avenue, 6th Floor
Toronto, Ontario
M5G 2E9

Attention: Andrew Langhorne

with a copy to (which shall not constitute notice):

Charlie MacCready
c/o Heenan Blaikie LLP
333 Bay Street
P.O. Box 2900
Bay Adelaide Centre
Toronto, Ontario
M5H 2T4

in the case of the Agent, to:

141 Adelaide Street West, Suite 760
Toronto, Ontario
M5H 3L5

Attention: Richard Reid

with a copy to (which shall not constitute notice):

Michael Caruso
c/o Norton Rose Canada LLP
200 Bay Street, Suite 3800
Toronto, Ontario
M5J 2Z4

Any notice is effective (i) if personally delivered as described above, on the day of delivery if that day is a business day and it was delivered before 5:00 p.m. local time in the place of delivery or

receipt, and otherwise on the next business day, (ii) if sent by fax, on the day of transmission, if that day is a business day and the fax transmission was made before 5:00 p.m. local time in the place of delivery or receipt, and otherwise on the next business day, or (iii) if by registered mail, on the fourth business day following the day on which it is mailed, except that if at any time between the date of mailing and the fourth business day thereafter there is a disruption of postal service, Notice must be given by means other than mail. For the purpose of this Section 3.1, "business day" means any day of the year other than Saturday or Sunday or any day in which major banks are closed for business in Toronto, Ontario or Calgary, Alberta.

3.2 Capitalized Terms

Capitalized terms used in this agreement and not otherwise defined have the respective meanings given to them in the Note.

3.3 Discharge

The Security Interest will be discharged upon, but only upon, full payment and performance of the Obligations and at the request and expense of the Corporation. In that connection, the Agent will execute and deliver to the Corporation such releases and discharges as the Corporation may reasonably require.

3.4 Amendment

This agreement may only be amended, supplemented or otherwise modified by written agreement of the Agent and the Corporation.

3.5 Waivers, etc.

- (a) No consent or waiver by the Agent in connection with this agreement is binding unless made in writing and signed by an authorized officer of the Agent. Any consent or waiver given under this agreement is effective only in the specific instance and for the specific purpose for which it was given. No waiver of any of the provisions of this agreement constitutes a waiver of any other provision.
- (b) A failure or delay on the part of the Agent in exercising a right or remedy under this agreement does not operate as a waiver of, or impair, any rights or remedies of the Agent however arising. A single or partial exercise of a right or remedy on the part of the Agent does not preclude any other or further exercise of that right or remedy or the exercise of any other rights or remedies by the Agent.

3.6 No Merger

This agreement does not operate by way of merger of any of the Obligations and no judgment recovered by the Agent or any of the Lenders will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Agent and the Lenders in respect of the Obligations.

3.7 Further Assurances

The Corporation will from time to time, whether before or after the Security Interest has become enforceable, do all acts and things and execute and deliver all transfers, assignments and agreements as the Agent may reasonably require for (a) protecting the Collateral, (b) perfecting the Security Interest, (c) obtaining control of the Collateral, (d) exercising all powers, authorities and discretions conferred upon the Agent, and (e) otherwise enabling the Agent to obtain the full benefits of this agreement and the rights and powers herein granted. The Corporation will, from time to time after the Security Interest has become enforceable, do all acts and things and execute and deliver all transfers, assignments and agreements as the Agent may require for facilitating the sale or other disposition of the Collateral in connection with its realization.

3.8 Supplemental Security

This agreement is in addition to, and without prejudice to, all other security now held or which may hereafter be held by the Agent and the Lenders.

3.9 Successors and Assigns

This agreement is binding upon the Corporation, its successors and assigns, and enures to the benefit of the Agent and its successors and assigns. All rights of the Agent are assignable without any requirement of consent on the part of the Corporation and in any action brought by an assignee to enforce any such right, the Corporation will not assert against the assignee any claim or defence which the Corporation now has or hereafter may have against the Agent or any of the Lenders. The Corporation may not assign, transfer or delegate any of its rights, duties or obligations under this agreement without the prior written consent of the Agent.

3.10 Headings, etc.

The division of this agreement into articles and sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this agreement.

3.11 Gender and Number

Any reference in this agreement to gender includes all genders and words importing the singular include the plural and vice versa.

3.12 Severability

If any provision of this agreement is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this agreement and the remaining provisions will continue in full force and effect, without amendment or limitation.

3.13 Governing Law and Submission to Jurisdiction

- (a) This agreement is governed by and is to be interpreted, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to conflict of law principles.
- (b) The Corporation irrevocably and unconditionally (i) submits and attorns to the non-exclusive jurisdiction of the courts of Ontario, (ii) agrees that all claims in respect of any suit, action or proceeding may be heard and determined in such court, (iii) waives, to the fullest extent permitted by law, any objection which it may have based upon doctrines of venue or forum inconveniens.

3.14 Counterparts

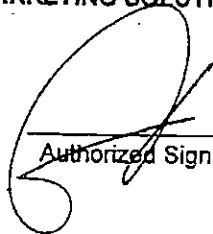
This agreement may be executed in any number of separate counterparts (including by facsimile or other electronic means) and all such signed counterparts will together constitute one and the same agreement. To evidence its execution of an original counterpart of this agreement, a party may send a copy of its original signature on the execution page hereof to the other parties by facsimile or other means of recorded electronic transmission and such transmission with an acknowledgement of receipt shall constitute delivery of an executed copy of this agreement to the receiving party.

[remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF the Corporation and the Agent have executed and delivered this agreement.

IMARKETING SOLUTIONS GROUP INC.

By:



Authorized Signing Officer

**SHOTGUN FUND LIMITED PARTNERSHIP III,
by its general partner, SF FUND
MANAGEMENT III INC.**

By:

Authorized Signing Officer

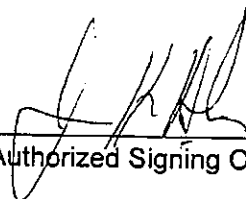
(Signature Page for Securities Pledge Agreement)

IN WITNESS WHEREOF the Corporation and the Agent have executed and delivered this agreement.

IMARKETING SOLUTIONS GROUP INC.

By: _____
Authorized Signing Officer

SHOTGUN FUND LIMITED PARTNERSHIP III,
by its general partner, **SF FUND**
MANAGEMENT III INC.

By:  _____
Authorized Signing Officer

(Signature Page for Securities Pledge Agreement)

SCHEDULE A
PLEDGED SECURITIES

ISSUER	CLASS OF SECURITIES	NUMBER OF SECURITIES	CERTIFICATE NUMBER
The Responsive Marketing Group Inc.	Class A	5,000,000	CA-3
The Responsive Marketing Group Inc.	Class B	526,316	CB-2
The Responsive Marketing Group Inc.	Class C	5,000,000	CC-2
Direct Contact Strategies Inc.	Common	100	C3

Exhibit “H”

U.S. GUARANTY

This U.S. GUARANTY (this "Guaranty"), dated as of October 10, 2012, is made by GWE CONSULTING GROUP (USA), INC., a Washington corporation ("GWE"), TARGET OUTREACH, INC., a Nevada corporation ("Target"), and each other person who shall hereafter become a party hereto by execution of a Guaranty Joinder (as hereinafter defined) (each a "Guarantor" and collectively the "Guarantors") in favor of SHOTGUN FUND LIMITED PARTNERSHIP III, in its capacity as agent (in such capacity, the "Agent") for various lenders from time to time parties to the Note referred to below (the "Lenders"). All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Note.

RECITALS

A. Pursuant to that certain Grid Promissory Note of even date herewith (as the same may be amended, restated, supplemented, subdivided, reissued, refinanced or replaced, the "Note") made by iMarketing Solutions Group Inc., an Alberta corporation and direct or indirect parent corporation of each Guarantor ("Parent"), the Lenders have agreed to make certain loans and advances to Parent to be evidenced by such Note.

B. It is a condition to Lenders agreeing to make the loans and advances to Parent pursuant to the Note that each Guarantor enter into this Guaranty in order to ensure the prompt and complete payment and performance of the Obligations (as hereinafter defined) thereunder.

C. Each Guarantor is a direct or indirect subsidiary of Parent and, as such, will materially benefit from such extensions of credit to Parent and the entry into this Guaranty is in the best business interest of such Guarantor.

In consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Guaranty.

Each Guarantor hereby jointly and severally, unconditionally, absolutely, continually and irrevocably guarantees to the Agent, for the ratable benefit of the Lenders, the prompt and complete payment and performance in full when due or declared due and at all such times of the Obligations (as hereinafter defined). For all purposes of this Guaranty, "Obligations" means: (a) all debts, liabilities and obligations (including interest that but for the filing of a petition in bankruptcy, would accrue on such debts, liabilities and obligations, whether or not allowed as a claim in any such proceeding) of any kind, whether present or future, direct or indirect, absolute or contingent, liquidated or unliquidated, matured or unmatured, voluntary or involuntary at any time or from time to time due or accruing and owing by or otherwise payable by Parent and/or any of its subsidiaries to Agent and/or any of the Lenders, however or wherever incurred, and in any currency, and whether incurred by Parent alone or with others and whether as principal, guarantor or surety, and whether for or constituting interest, principal, indemnities, losses, claims, reimbursements, costs, fees, premiums, penalties, damages, expenses or otherwise, including but not limited to, in each case, under and pursuant to the Note and the other Loan Documents (as hereinafter defined), (b) all fees, expenses, costs and other charges incurred by or on behalf of or owing to the Agent and/or any of the Lenders (including attorneys' fees and expenses) in

connection with this Guaranty, the Note, any such other Obligations or any of the other instruments, documents, agreements executed and or delivered by any person or entity in connection therewith or pursuant thereto (including any security agreements or pledge agreements, collectively, the "Loan Documents") or the enforcement against or realization upon any collateral for any such Obligations ("Collateral"), including all legal fees, court costs, receiver's or agent's remuneration and other expenses of, or of taking or defending any action in connection with, taking possession of, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral or other lawful exercise of the powers conferred by the Loan Documents and (c) each of Guarantors' and Parent's (collectively, the "Loan Parties") prompt, full and faithful performance, observance and discharge of each and every other agreement, undertaking, covenant and provision to be performed, observed or discharged by any such Loan Party under or pursuant to the Loan Documents. The Guarantors' obligations to the Agent under this Guaranty are hereinafter collectively referred to as the "Guarantors' Obligations" and, with respect to each Guarantor individually, the "Guarantor's Obligations".

Notwithstanding the foregoing, the liability of each Guarantor with respect to the Guarantors' Obligations shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of any similar federal law or applicable state law. Each Guarantor agrees that it is jointly and severally, directly and primarily liable (subject to the limitation in the immediately preceding sentence) for the Obligations. The Guarantors' Obligations are secured by various security documents (such documents, collectively, the "Security Documents"), including, without limitation, that certain U.S. Security Agreement of even date herewith (as the same may be amended, restated, supplemented, subdivided, reissued, refinanced or replaced, the "Security Agreement"), by and among the GWE, Target, each other grantor signatory thereto and the Agent.

2. Payment.

Each Guarantor shall be primarily liable (and not just as a surety) for the Guarantors' Obligations and shall be liable for payment of all such Guarantors' Obligations when due, whether at maturity, upon acceleration or otherwise, whether or not demand therefor has been made on Parent or any other obligor or Guarantor thereon or thereof or Parent, any other obligor or any other Guarantor has failed to make any such payment.

3. Absolute Rights and Obligations.

This is a guaranty of payment and not of collection. Each Guarantor's liability for the Guarantors' Obligations under this Guaranty shall be joint and several, absolute and unconditional irrespective of, and each Guarantor hereby expressly waives, to the fullest extent permitted by law, any defense to its obligations under this Guaranty and all Security Documents to which it is a party by reason of:

- (a) any lack of legality, validity or enforceability of the Note, of any other Loan Document, or of any other agreement or instrument creating, providing security for, or otherwise relating to any of the Guarantors' Obligations, any of the Obligations, or any

other guaranty of any of the Obligations (the Loan Documents and all such other agreements and instruments being collectively referred to as the "Related Agreements");

(b) any action taken under any of the Related Agreements, any exercise of any right or power therein conferred, any failure or omission to enforce any right conferred thereby, or any waiver of any covenant or condition therein provided;

(c) any acceleration of the maturity of any of the Obligations, of the Guarantor's Obligations, or of any other obligations or liabilities of any person under any of the Related Agreements;

(d) any release, exchange, non-perfection, lapse in perfection, disposal, deterioration in value, or impairment of any security for any of the Obligations, for the Guarantor's Obligations of any other Guarantor, or for any other obligations or liabilities of any person under any of the Related Agreements;

(e) any dissolution of Parent, any Guarantor or any other party to a Related Agreement, or the combination or consolidation of Parent, any Guarantor or any other party to a Related Agreement into or with another entity or any transfer or disposition of any assets of Parent, any Guarantor or any other party to a Related Agreement;

(f) any extension (including without limitation extensions of time for payment), renewal, amendment, restructuring or restatement of, any acceptance of late or partial payments under, or any change in the amount of any borrowings or any credit facilities available under, the Note, any other Loan Document or any other Related Agreement, in whole or in part;

(g) the existence, addition, modification, termination, reduction or impairment of value, or release of any other guaranty (or security therefor) of the Obligations (including without limitation the release of the Guarantor's Obligations of any other Guarantor or the release of any other guaranty now or hereafter in effect);

(h) any waiver of, forbearance or indulgence under, or other consent to any change in or departure from any term or provision contained in the Note, any other Loan Document or any other Related Agreement (including, without limitation, any term pertaining to the payment or performance of any of the Obligations, any of the Guarantor's Obligations of any other Guarantor, or any of the obligations or liabilities of any party to any other Related Agreement); or

(i) any other circumstance whatsoever (with or without notice to or knowledge of any Guarantor) which may or might in any manner or to any extent vary the risks of such Guarantor, or might otherwise constitute a legal or equitable defense available to, or discharge of, a surety or a guarantor.

It is the express purpose and intent of the parties hereto that this Guaranty and Guarantor's liability in respect of the Guarantors' Obligations hereunder shall be absolute and unconditional under any and all circumstances and shall not be discharged except by payment as herein provided.

4. Currency and Funds of Payment.

All Guarantors' Obligations shall be paid by the Guarantors in Canadian Dollars by wire transfer in immediately available funds, regardless of any law, regulation or decree now or hereafter in effect that might in any manner affect the Obligations, or the rights of the Agent with respect thereto as against Parent, or cause or permit to be invoked any alteration in the time, amount or manner of payment by Parent of any or all of the Obligations.

5. Events of Default.

Without limiting the provisions of Section 2 hereof, in the event that there shall occur and be continuing an Event of Default, then notwithstanding any collateral or other security or credit support for the Obligations, at the Agent's election and without notice thereof or demand therefor, the Guarantors' Obligations may be declared and shall thereby immediately be and become due and payable.

6. Subordination.

Each Guarantor hereby unconditionally subordinates all present and future debts, liabilities or obligations now or hereafter owing to such Guarantor (a) by Parent, to the payment in full of the Obligations and the termination of all Loan Documents and obligations of Agent and Lenders to extend any further advances or financial accommodations thereunder, (b) by every other Guarantor (each, an "obligated guarantor"), to the payment in full of the Guarantors' Obligations of such obligated guarantor and the termination of all Loan Documents and obligations of Agent and Lenders to extend any further advances or financial accommodations to Parent thereunder, and (c) by each other person now or hereafter constituting a Loan Party, to the payment in full of the Obligations of such Loan Party and the termination of all Loan Documents and obligations of Agent and Lenders to extend any further advances or financial accommodations to Parent thereunder. All amounts due under such subordinated debts, liabilities, or obligations shall, upon the occurrence and during the continuance of an Event of Default, be collected and, upon request by the Agent, paid over forthwith to the Agent on account of the Obligations, the Guarantors' Obligations, or such other obligations, as applicable, and, after such request and pending such payment, shall be held by such Guarantor as agent and bailee of the Agent separate and apart from all other funds, property and accounts of such Guarantor.

7. Suits.

Each Guarantor from time to time shall pay to the Agent, on demand, at the Agent's office set forth in the Note or such other address as the Agent shall give notice of to such Guarantor, the Guarantors' Obligations as they become or are declared due, and in the event such payment is not made forthwith, the Agent may proceed to suit against any one or more or all of the Guarantors. At the Agent's election, one or more and successive or concurrent suits may be brought hereon by the Agent against any one or more or all of the Guarantors, whether or not suit has been commenced against Parent, any other Guarantor, or any other person and whether or not the Agent has taken or failed to take any other action to collect all or any portion of the Obligations or have taken or failed to take any actions against any collateral securing payment or

performance of all or any portion of the Obligations, and irrespective of any event, occurrence, or condition described in Section 3 hereof.

8. Set-off and Waiver.

Each Guarantor waives any right to assert against the Agent as a defense, counterclaim, set-off, recoupment or cross claim in respect of any liability for the Guarantor's Obligations, any defense (legal or equitable) or other claim which such Guarantor may now or at any time hereafter have against Parent or the Agent or any Lenders (other than payment in full of the Guarantors' Obligations). Each Guarantor agrees that the Agent shall have a Lien (such term used herein, as defined in the Security Agreement) for all the Guarantor's Obligations upon all deposits or deposit accounts, of any kind, or any interest in any deposits or deposit accounts, now or hereafter pledged, mortgaged, transferred or assigned to the Agent or any of the Lenders or otherwise in the possession or control of the Agent or any of the other Lenders for any purpose (other than solely for safekeeping) for the account or benefit of such Guarantor, including any balance of any deposit account or of any credit of such Guarantor with the Agent, whether now existing or hereafter established, and hereby authorizes the Agent from and after the occurrence of an Event of Default at any time or times with or without prior notice to apply such balances or any part thereof to such of its Guarantor's Obligations as are then due and owing as Agent in its sole discretion may elect. For the purposes of this Section 8, all remittances and property shall be deemed to be in the possession of the Agent as soon as the same may be put in transit to it by mail or carrier or by other bailee.

9. Waiver of Notice; Subrogation.

(a) Each Guarantor hereby waives to the extent permitted by law notice of the following events or occurrences: (i) acceptance of this Guaranty; (ii) the Agent heretofore, now or from time to time hereafter loaning monies or giving or extending credit to or for the benefit of Parent or any other Loan Party, or otherwise entering into arrangements with any Loan Party giving rise to any Obligations, whether pursuant to the Note or any other promissory note or any other Loan Document or Related Agreement or any amendments, modifications, or supplements thereto, or increases, replacements or extensions thereof; (iii) presentment, demand, default, non-payment, partial payment and protest; and (iv) any other event, condition, or occurrence described in Section 3 hereof. Each Guarantor agrees that the Agent and Lenders may heretofore, now or at any time hereafter do any or all of the foregoing in such manner, upon such terms and at such times as the Agent, in its sole and absolute discretion, deems advisable, without in any way or respect impairing, affecting, reducing or releasing such Guarantor from the Guarantors' Obligations, and each Guarantor hereby consents to each and all of the foregoing events or occurrences.

(b) Each Guarantor hereby agrees that payment or performance by such Guarantor of its Guarantor's Obligations under this Guaranty may be enforced by the Agent upon demand by the Agent to such Guarantor without the Agent being required to (such Guarantor expressly waiving to the extent permitted by law any right it may have to require the Agent to), (i) prosecute collection or seek to enforce or resort to any remedies against Parent, any other Loan Party, any other Guarantor or any other guarantor of the

Obligations, or (ii) seek to enforce or resort to any remedies with respect to any security interests, Liens or encumbrances granted to the Agent or other party to a Related Agreement by Parent, any other Guarantor, Loan Party or any other person on account of the Obligations, the Guarantors' Obligations or any guaranty thereof.

(c) Each Guarantor further agrees with respect to this Guaranty that it shall have no right of subrogation, reimbursement, contribution or indemnity, nor any right of recourse to security for the Obligations or the Guarantors' Obligations unless and until 181 days from the later of (i) the termination of all Loan Documents and all obligations of the Agent and the Lenders to make any further loans, advances or other financial accommodations to Parent and the other Loan Parties and (ii) all Obligations, Guarantors' Obligations and any other amounts payable hereunder are paid in full in cash in accordance with Section 21 hereof shall have elapsed without the filing or commencement, by or against any other Loan Party, of any state or federal action, suit, petition or proceeding seeking any reorganization, liquidation or other relief or arrangement in respect of creditors of, or the appointment of a receiver, liquidator, trustee or conservator in respect to, such Loan Party or its assets. This waiver is expressly intended to prevent the existence of any claim in respect to such subrogation, reimbursement, contribution or indemnity by any Guarantor against the estate of any other Loan Party within the meaning of Section 101 of the Bankruptcy Code, in the event of a subsequent case involving any other Loan Party. If an amount shall be paid to any Guarantor on account of such rights, such amount shall be held in trust for the benefit of the Agent and shall forthwith be paid to the Agent to be credited and applied upon the Guarantors' Obligations, whether matured or unmatured, as the Agent in its sole discretion may elect. The agreements in this subsection shall survive the termination or expiration of this Guaranty in any manner, including, but not limited to, the repayment in full in cash in accordance with Section 21 hereof of all Guarantors' Obligations and any other amounts payable hereunder.

10. Effectiveness; Enforceability.

This Guaranty shall be effective as of the date first above written and shall continue in full force and effect until all Obligations, Guarantors' Obligations and any other amounts payable hereunder are paid in full in cash in accordance with Section 21 hereof and all Loan Documents and all obligations of the Agent and the Lenders to make any further loans, advances or other financial accommodations to Parent and the other Loan Parties shall have been terminated. Any claim or claims that the Agent may at any time hereafter have against a Guarantor under this Guaranty may be asserted by the Agent by written notice directed to such Guarantor in accordance with Section 23 hereof.

11. Representations and Warranties.

Each Guarantor warrants and represents to the Agent and each Lender that (a) it is duly authorized to execute and deliver this Guaranty, and to perform its obligations under this Guaranty; (b) this Guaranty has been duly executed and delivered on behalf of such Guarantor by its duly authorized representatives; (c) this Guaranty is legal, valid, binding and enforceable against such Guarantor in accordance with its terms except as enforceability may be limited by

bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles; and (d) such Guarantor's execution, delivery and performance of this Guaranty do not violate or constitute a breach of any of its organizational documents, any agreement or instrument to which such Guarantor is a party, or any law, order, regulation, decree or award of any governmental authority or arbitral body to which it or its properties or operations is subject, or shall result in the imposition of any Lien or security interest on its assets, other than in favor of the Agent pursuant to the Loan Documents.

12. Expenses.

Each Guarantor agrees to be jointly and severally liable for the payment of all reasonable fees and expenses, including attorneys' costs, incurred by the Agent in connection with the enforcement of this Guaranty, whether or not suit is brought.

13. Reinstatement.

Each Guarantor agrees that this Guaranty shall continue to be effective or (if previously terminated) be reinstated, as the case may be, at any time payment received by the Agent in respect of the Obligations or the Guarantors' Obligations is rescinded or must be restored for any reason, or is repaid by the Agent in whole or in part in good faith settlement of any pending or threatened avoidance claim.

14. Attorney-in-Fact.

To the extent permitted by law, each Guarantor hereby appoints the Agent as such Guarantor's attorney-in-fact for the purposes of carrying out the provisions of this Guaranty and taking any action and executing any instrument which the Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is coupled with an interest and is irrevocable.

15. Reliance.

Each Guarantor represents and warrants to the Agent and the Lenders that: (a) such Guarantor has adequate means to obtain on a continuing basis (i) from Parent, information concerning the Loan Parties and the Loan Parties' financial condition and affairs and (ii) from other reliable sources, such other information as it deems material in deciding to provide this Guaranty ("Other Information"), and has full and complete access to the Loan Parties' books and records and to such Other Information; (b) such Guarantor is not relying on the Agent, the Lenders or the Agent's or the Lenders' employees, directors, agents or other representatives or affiliates, to provide any such information, now or in the future; (c) such Guarantor has been furnished with and reviewed the terms of the Note and such other Loan Documents and Related Agreements as it has requested, is executing this Guaranty freely and deliberately, and understands the obligations and financial risk undertaken by providing this Guaranty; (d) such Guarantor has relied solely on the Guarantor's own independent investigation, appraisal and analysis of Parent, Parent's financial condition and affairs, the Other Information, and such other matters as it deems material in deciding to provide this Guaranty and is fully aware of the same; and (e) such Guarantor has not depended or relied on the Agent, the Lenders or the Agent's or the Lenders' employees, directors, agents or other representatives or affiliates, for any

information whatsoever concerning Parent or Parent's financial condition and affairs or any other matters material to such Guarantor's decision to provide this Guaranty, or for any counseling, guidance, or special consideration or any promise therefor with respect to such decision. Each Guarantor agrees that neither the Agent nor any Lender has any duty or responsibility whatsoever, now or in the future, to provide to such Guarantor any information concerning Parent or Parent's financial condition and affairs, or any Other Information, other than as expressly provided herein, and that, if such Guarantor receives any such information from the Agent, any Lender or any of their respective employees, directors, agents or other representatives or affiliates, such Guarantor will independently verify the information and will not rely on the Agent, such Lender or such employees, directors, agents or other representatives or affiliates, with respect to such information.

16. Survival.

All representations and warranties contained herein shall survive the delivery of documents and any extension of credit referred to herein or guaranteed hereby.

17. Amendment.

Any amendment or modification of, or consent or waiver under, this Guaranty or any Guaranty Joinder must be in writing and signed by each party hereto.

18. Binding Agreement; Assignment.

This Guaranty (including each Guaranty Joinder thereto) and the terms, covenants and conditions hereof and thereof, shall be binding upon and inure to the benefit of the Guarantors and the Agent, and to their respective legal representatives, successors and assigns; provided, however, that no Guarantor shall be permitted to assign any of its rights, powers, duties or obligations under this Guaranty or any other interest herein or therein without the prior written consent of the Agent. Without limiting the generality of the foregoing sentence of this Section 18, the Lenders may assign to one or more persons, or grant to one or more persons participations in or to, all or any part of its rights and obligations under the Note and the other Loan Documents (to the extent permitted by the Note or such Loan Document, as applicable); and to the extent of any such assignment or participation such other person shall, to the fullest extent permitted by law, thereupon become vested with all the benefits in respect thereof granted to the Agent and Lenders herein or otherwise. All references herein to the Agent and the Lenders shall include any successors thereof.

19. Severability.

If any part of this Guaranty is not enforceable, the rest of the Guaranty may be enforced.

20. Counterparts.

This Guaranty may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement.

21. Termination.

Subject to reinstatement pursuant to Section 13 hereof, this Guaranty is a continuing and irrevocable guaranty by each Guarantor of all of the Guarantors' Obligations now or hereafter existing and shall remain in full force and effect until all of the Guarantors' Obligations have been paid in full and Loan Documents and all obligations of the Agent and the Lenders to make any further loans, advances or other financial accommodations to Parent and the other Loan Parties have been terminated.

22. Remedies Cumulative; Late Payments.

All remedies hereunder are cumulative and are not exclusive of any other rights and remedies of the Agent and the Lenders provided by law or under the Note, the other Loan Documents or other applicable agreements or instruments. The making of the loans and other extensions of credit to Parent pursuant to the Note and the other Loan Documents shall be conclusively presumed to have been made or extended, respectively, in reliance upon the Guarantors' guaranty hereunder. Any amounts not paid when due under this Guaranty shall bear interest at the highest rate applicable to loans (including any default rate) under the terms of the Note.

23. Notices.

Unless otherwise provided herein, any notice required or permitted hereunder must be in writing and delivered (a) personally, either to the individual designated below for that party, or to an individual having apparent authority to accept deliveries on behalf of that individual at its address set out below, (b) by fax, or (c) by registered mail, to the address set out opposite the party's name below or to any other address for a party as that party from time to time designates to the other parties in the same manner:

in the case of each Guarantor, care of Parent, to:

481 University Avenue, 6th Floor
Toronto, Ontario
M5G 2E9

Attention: Andrew Langhorne

with a copy to (which shall not constitute notice):

Charlie MacCready
c/o Heenan Blaikie LLP
333 Bay Street
P.O. Box 2900
Bay Adelaide Centre
Toronto, Ontario
M5H 2T4

In the case of the Agent, to:

141 Adelaide Street West
Suite 760
Toronto, Ontario
M5H 3L5

Attention: Richard Reid

with a copy to (which shall not constitute notice):

Michael Caruso
c/o Norton Rose Canada LLP
200 Bay Street, Suite 3800
Toronto, Ontario
M5J 2Z4

24. Additional Guarantors.

At any time after the date of this Guaranty, one or more additional persons may become a party hereto by executing and delivering to the Agent a Joinder to U.S. Guaranty substantially in the form attached as Exhibit A hereto (each, a "Guaranty Joinder"). Immediately upon execution and delivery of such Guaranty Joinder, and without any further action, each such additional person shall thereupon irrevocably, absolutely and unconditionally become a party hereto and obligated hereunder as a Guarantor, and this Guaranty shall be deemed amended by such Guaranty Joinder.

25. Governing Law.

This Guaranty shall be governed by and construed in accordance with the laws of New York. To the extent that the Agent has greater rights or remedies under federal law, whether as a national bank or otherwise, this paragraph shall not be deemed to deprive the Agent of such rights and remedies as may be available under federal law.

26. Jury Trial Waiver: Consent to Jurisdiction: Waiver of Claims.

(a) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH GUARANTOR HEREBY WAIVES ITS RIGHTS, IF ANY, TO A JURY TRIAL OF ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS GUARANTY OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS (EACH A "CLAIM"). EACH GUARANTOR REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS GUARANTY MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

(b) EACH GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK AND STATE OF NEW YORK, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS GUARANTY SHALL AFFECT ANY RIGHT THAT AGENT OR LENDERS MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS GUARANTY AGAINST ANY GUARANTOR OR ITS PROPERTIES IN THE COURTS OF ANY OTHER JURISDICTION. EACH GUARANTOR WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 26.

(c) NO CLAIM MAY BE MADE BY ANY GUARANTOR AGAINST THE AGENT, ANY LENDER OR ANY AFFILIATE, DIRECTOR, OFFICER, EMPLOYEE, COUNSEL, REPRESENTATIVE, AGENT, OR ATTORNEY-IN-FACT OF ANY OF THEM FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM FOR BREACH OF CONTRACT OR ANY OTHER THEORY OF LIABILITY ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTY, OR ANY ACT, OMISSION, OR EVENT OCCURRING IN CONNECTION HEREWITH, AND EACH GUARANTOR HEREBY WAIVES, RELEASES, AND AGREES NOT TO SUE UPON ANY CLAIM FOR SUCH DAMAGES, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOR.

27. New Subsidiaries.

Each Guarantor hereby agrees, if reasonably requested by the Agent, to cause its subsidiaries (whether by acquisition or creation) to enter into this Guaranty by executing and delivering to the Agent a Guaranty Joinder. Upon the execution and delivery of a Guaranty Joinder by any such new subsidiary, such subsidiary shall become a Guarantor hereunder with the same force and effect as if originally named as a Guarantor herein. The execution and delivery of any instrument adding an additional Guarantor as a party to this Guaranty shall not require the consent of any Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor hereunder.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Guaranty as of the day and year first written above.

GUARANTORS:

GWE CONSULTING GROUP (USA), INC.

By: _____
Title: Andrew Longhorne
Name: President and Chief Executive Officer

TARGET OUTREACH, INC.

By: _____
Title: Andrew Longhorne
Name: President and Chief Executive Officer

Acknowledged and accepted:

AGENT:

**SHOTGUN FUND LIMITED
PARTNERSHIP III, as Agent**

By: _____
Title: _____
Name: _____

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Guaranty as of the day and year first written above.

GUARANTORS:

GWE CONSULTING GROUP (USA), INC.

By: _____
Title: _____
Name: _____

TARGET OUTREACH, INC.

By: _____
Title: _____
Name: _____

Acknowledged and accepted:

AGENT:

**SHOTGUN FUND LIMITED
PARTNERSHIP III, as Agent**

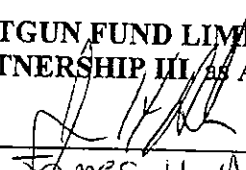
By: 
Title: James H. Ambrose
Name: Vice President

EXHIBIT A
to U.S. Guaranty

[FORM OF]
GUARANTY JOINDER

THIS JOINDER TO U.S. GUARANTY (this "Guaranty Joinder"), dated as of _____, _____ is made by _____, a _____ (the "Joining Guarantor"), in favor of SHOTGUN FUND LIMITED PARTNERSHIP III ("Shotgun"), in its capacity as agent for the Lenders (in such capacity, the "Agent").

RECITALS

A. iMarketing Solutions Group Inc. ("Parent") executed that certain Grid Promissory Note, dated as of October __, 2012 (as the same may be amended, restated, supplemented, subdivided, reissued, refinanced or replaced, the "Note"), in favor of the Agent, Shotgun, and the other parties identified therein as lenders. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Note.

B. Certain subsidiaries of Parent are party to that certain U.S. Guaranty, dated as of October __, 2012 (as amended, restated, extended, amended and restated, supplemented or otherwise modified from time to time, the "Guaranty") in favor of the Agent.

C. The Joining Guarantor is a direct or indirect subsidiary of Parent and, as such, will materially benefit from the extensions of credit to Parent under the Note and being joined as a "Guarantor" under the Guaranty is in the best business interest of such Guarantor.

Accordingly, the Joining Guarantor hereby agrees as follows:

1. Joinder.

The Joining Guarantor hereby irrevocably, absolutely and unconditionally becomes a party to the Guaranty as a Guarantor. The Joining Guarantor acknowledges, agrees and confirms that, by its execution of this Guaranty Joinder, it (a) will be deemed to be a "Guarantor" for all purposes of the Guaranty and each other Loan Document, (b) shall have all of the obligations of a Guarantor under the Loan Documents as if it had executed the Guaranty, and (c) shall be bound by all the terms, conditions, obligations, liabilities and undertakings of each Guarantor or to which each Guarantor is subject thereunder, including without limitation the joint and several, unconditional, absolute, continuing and irrevocable guarantee to the Agent of the payment and performance in full of the Obligations (as defined in the Guaranty) whether now existing or hereafter arising, all with the same force and effect as if the Joining Guarantor were a signatory to the Guaranty.

2. Representations and Warranties.

The Joining Guarantor warrants and represents to the Agent that (a) it is duly authorized to execute and deliver this Guaranty Joinder, and to perform its obligations under the Guaranty; (b) this Guaranty Joinder has been duly executed and delivered by its duly authorized

representatives; (c) this Guaranty Joinder is legal, valid, binding and enforceable against it in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles; and (d) its execution, delivery and performance of this Guaranty Joinder do not violate or constitute a breach of any of its organizational documents, any agreement or instrument to which it is a party, or any law, order, regulation, decree or award of any governmental authority or arbitral body to which it or its properties or operations is subject and will not result in the imposition of any Lien or security interest on its assets, other than in favor of the Agent pursuant to the Loan Documents.

3. Affirmations.

The Joining Guarantor hereby acknowledges and affirms as of the date hereof with respect to itself, its properties and its affairs each of the waivers, representations, warranties, acknowledgements and certifications applicable to a Guarantor contained in the Guaranty.

4. Severability.

If any part of this Guaranty Joinder is not enforceable, the rest of the Guaranty Joinder may be enforced.

5. Counterparts.

This Guaranty Joinder may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement.

6. Delivery.

The Joining Guarantor hereby irrevocably waives notice of acceptance of this Guaranty Joinder and acknowledges that the Obligations are and shall be deemed to be incurred, and credit extensions under the Loan Documents made and maintained, in reliance on this Guaranty Joinder and the Guarantor's joinder as a party to the Guaranty as herein provided.

7. Governing Law.

The provisions of Section 25 of the Guaranty are hereby incorporated by reference as if fully set forth herein.

8. Jury Trial Waiver; Consent to Jurisdiction; Waiver of Claims.

The provisions of Section 26 of the Guaranty are hereby incorporated by reference as if fully set forth herein.

[Signature pages follow.]

Exhibit “I”

U.S. SECURITY AGREEMENT

THIS U.S. SECURITY AGREEMENT (this "Security Agreement") dated as of October 10, 2012, is made by and among GWE CONSULTING GROUP (USA), INC., a Washington Corporation ("GWE"), TARGET OUTREACH, INC., a Nevada corporation ("Target"), and each other person who shall hereafter become a party hereto by execution of a U.S. Security Joinder Agreement (together with GWE and Target, each a "Grantor" and collectively, the "Grantors"), and SHOTGUN FUND LIMITED PARTNERSHIP III, in its capacity as agent (in such capacity, together with its successors and assigns in such capacity, "Agent") for various lenders from time to time parties to the Note referred to below (the "Lenders").

RECITALS

A. Pursuant to that certain Grid Promissory Note of even date herewith (as the same may be amended, restated, supplemented, subdivided, reissued, refinanced or replaced, the "Note") made by iMarketing Solutions Group Inc., an Alberta corporation and direct or indirect parent corporation of each Guarantor ("Parent"), the Lenders have agreed to make certain loans and advances to Parent to be evidenced by such Note.

B. As a condition precedent to, and order induce the Lenders to, make such advances and extensions of credit to Parent and to ensure the prompt and complete payment and performance by Parent of the Secured Obligations (as hereinafter defined), the Agent and the Lenders required that each Grantor enter into (a) that certain U.S. Guaranty of even date herewith in favor of Agent (the "U.S. Guaranty") and (b) this Security Agreement.

C. Each Grantor is a direct or indirect subsidiary of Parent and, as such, will materially benefit from such extensions of credit to Parent, and as such the entry into this Security Agreement is in the best business interest of such Grantor.

For and in consideration of the recitals made above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Certain Definitions.

All capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Note. Terms (whether or not capitalized) used in this Security Agreement (including, without limitation, in Section 2 hereof) that are not otherwise expressly defined herein or in the Note, and for which meanings are provided in the Uniform Commercial Code of the state of New York (the "UCC"), shall have such meanings set forth in such UCC, unless the context requires otherwise. In addition, for purposes of this Security Agreement, (a) "Secured Obligations" means the Guarantors' Obligations (as defined in the U.S. Guaranty Agreement) and (b) "Permitted Liens" means solely such Liens that are authorized by the Agent in writing in its sole discretion.

2. Grant of Security Interest.

Each Grantor, as collateral security for its obligations for the payment, performance and satisfaction of the Secured Obligations, hereby grants to the Agent, for the ratable benefit of itself and each Lender, a continuing first priority security interest in and to, and hereby collaterally assigns to the Agent, for the ratable benefit of itself and each Lender, all right, title and interest in any and all of the personal property assets of such Grantor or in which such Grantor has or may have or acquire an interest or the power to transfer rights therein, in each case, whether now owned or existing or hereafter created, acquired or arising and wheresoever located, including the following (terms describing the collateral below shall have the meanings assigned to them in the UCC, to the extent applicable):

(a) all accounts, contract rights, chattel paper (including electronic chattel paper), instruments, letter of credit rights, supporting obligations, payment intangibles and general intangibles, including, but not limited to, all amounts due to such Grantor from any Lender, and all returned or repossessed goods which, on sale or lease, resulted in an account or chattel paper;

(b) all inventory, including all materials, work in process and finished goods;

(c) all goods, including, all machinery, furniture, fixtures and other equipment of every type;

(d) all general intangibles, including, but not limited to, (i) all patents, all unpatented or unpatentable inventions, all patent licenses and applications and all rights of use of any of the foregoing, (ii) all trademarks, service marks, and trade names, all licenses and applications for any of the foregoing and all rights of use thereof, (iii) all copyrights and literary rights and all licenses and applications therefor and all rights of use thereof, (iv) all computer software programs, (v) all internet domain names and registration rights thereto, all internet websites and the content thereof, (vi) all mask works of semiconductor chip products, (vii) all trade secrets, proprietary information, customer lists, manufacturing, engineering and production plans, drawings, specifications, processes and systems, including, but not limited to, all good will connected with or symbolized by any of such general intangibles, all contract rights, documents, applications, licenses, materials and other matters related to such general intangibles, all tangible property embodying or incorporating any such general intangibles, and all chattel paper (including, without limitation, all components of electronic chattel paper) and instruments relating to such general intangibles;

(e) all deposit accounts, including demand, time, savings, passbook, or other similar accounts maintained with any bank by or for the benefit of such Grantor, and all securities accounts, together in each case, with all monies, securities and other property whether or not on deposit therein;

(f) all monies, instruments, notes, chattel paper (including electronic chattel paper), documents, certificates of deposit, securities and investment property of every

type, including all liens, security agreements, leases and other contracts securing or otherwise relating to the foregoing;

(g) all commercial tort claims;

(h) all books and records relating to any of the foregoing (including customer data, credit files, ledgers, computer programs, printouts, and other computer materials and records (and all media on which such data, files, programs, materials and records are or may be stored)); and

(i) all proceeds, products and replacements of, accessions to, and substitutions for, any of the foregoing, including without limitation proceeds of insurance policies insuring any of the foregoing.

All of the property and interests in property described in subsections (a) through (i) are herein collectively referred to as the "Collateral".

3. Perfection.

As of the date of execution of this Security Agreement or U.S. Security Joinder Agreement by each Grantor, as applicable (with respect to each Grantor, its "Applicable Date"), such Grantor shall have:

(a) furnished the Agent with duly authorized financing statements in form, number and substance suitable for filing, sufficient under applicable law, and satisfactory to the Agent in order that upon the filing of the same the Agent, for the benefit of itself and the Lenders, shall have a duly perfected first priority security interest in all Collateral in which a security interest can be perfected by the filing of financing statements; and

(b) to the extent expressly required by the terms hereof or of the Note, or otherwise as the Agent may request, delivered to the Agent possession of all Collateral with respect to which either a security interest can be perfected only by possession or a security interest perfected by possession shall have priority as against persons not having possession, and including certificated securities and duly executed endorsements or stock powers in blank, as the case may be, affixed thereto in form and substance acceptable to the Agent and sufficient under applicable law so that the Agent, shall have a security interest in all such Collateral perfected by possession;

with the effect that any grant, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing) (each a "Lien") conferred in favor of the Agent, for the benefit of the Lenders, shall be and remain duly perfected (to the extent required hereunder) and of first priority, subject only to Permitted Liens. All financing statements (including all amendments thereto and continuations thereof), control agreements, certificates, acknowledgments, stock powers and other documents, electronic identification,

restrictive legends, and instruments furnished in connection with the creation, enforcement, protection, perfection or priority of the Agent's security interest in Collateral, including such items as are described above in this Section 3, are sometimes referred to herein as "Perfection Documents". The delivery of possession of items of or evidencing Collateral, causing other persons to execute and deliver "Perfection Documents" as appropriate, the filing or recordation of Perfection Documents, the establishment of control over items of Collateral, and the taking of such other actions as may be necessary or advisable in the determination of the Agent to create, enforce, protect, perfect, or establish or maintain the priority of, the security interest of the Agent, for the benefit of the Lenders, in the Collateral is sometimes referred to herein as "Perfection Action".

4. Maintenance of Security Interest; Further Assurances.

(a) Each Grantor will from time to time at its own expense, deliver specific assignments of Collateral or such other Perfection Documents, and take such other or additional Perfection Action, as may be required by the terms of the Loan Documents or as the Agent may reasonably request in connection with the administration or enforcement of this Security Agreement or related to the Collateral or any part thereof in order to carry out the terms of this Security Agreement, to perfect, protect, maintain the first priority of or enforce the Agent's security interest, for the benefit of the Lenders, in the Collateral, subject only to Permitted Liens, or otherwise to better assure and confirm unto the Agent its rights, powers and remedies hereunder, including taking all actions as may be reasonably necessary to facilitate and/or ensure perfection of the Agent's security interest in and the assignment of all contracts. Without limiting the foregoing, each Grantor hereby irrevocably authorizes the Agent to file (with, or to the extent permitted by applicable law, without the signature of such Grantor appearing thereon) financing statements (including amendments thereto and initial financing statements in lieu of continuation statements) or other Perfection Documents (including copies thereof) showing such Grantor as "debtor" at such time or times and in all filing offices as the Agent may from time to time reasonably determine to be necessary or advisable to perfect or protect the rights of the Agent hereunder, or otherwise to give effect to the transactions herein contemplated, any of which Perfection Documents, at the Agent's election, may describe the Collateral as or including "all assets" or "all personal property" of the Grantor. Each Grantor hereby irrevocably ratifies and acknowledges the Agent's authority to have effected filings of Perfection Documents made by the Agent prior to its Applicable Date.

(b) With respect to any and all Collateral, each Grantor agrees to do and cause to be done all things necessary to perfect, maintain the first priority of and keep in full force the security interest granted in favor of the Agent, including, but not limited to, the prompt payment upon demand therefor by the Agent of all fees and expenses (including documentary stamp, excise or intangibles taxes) incurred in connection with the preparation, delivery, or filing of any Perfection Document or the taking of any Perfection Action to perfect, protect or enforce a security interest in Collateral in favor of the Agent, subject only to Permitted Liens. All amounts not so paid when due shall constitute additional Secured Obligations and (in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in

full at the highest rate applicable to loans under the terms of the Note (including at a default rate, if applicable).

(c) Each Grantor agrees to maintain among its books and records appropriate notations or evidence of, and to make or cause to be made appropriate disclosure upon its financial statements of, the security interest granted hereunder to the Agent.

(d) Each Grantor shall promptly inform the Agent in writing of the acquisition by such Grantor of any personal property which is not adequately described in this security agreement, and each Grantor shall execute and deliver, from time to time, at its own expense, amendments to this security agreement and its schedules (if any) or additional security agreements or schedules as may be required by the Agent in order to preserve, protect and perfect its security interest in such personal property.

(e) If any Grantor acquires Collateral consisting of chattel paper, instruments or negotiable documents of title (collectively, "Negotiable Collateral"), such Grantor shall, immediately upon receipt thereof, deliver to the Agent the Negotiable Collateral and shall, at the request of the Agent (i) endorse the same for transfer in blank or as the Agent may direct, (ii) cause any transfer to be registered wherever, in the opinion of the Agent, such registration may be required or advisable, and (iii) deliver to the Agent any and all consents or other documents which may be necessary or desirable to transfer the Negotiable Collateral.

5. Receipt of Payment.

If an Event of Default shall occur and be continuing and a Grantor (or any of its affiliates, subsidiaries, stockholders, directors, officers, employees or agents) shall receive any proceeds of Collateral, including without limitation monies, checks, notes, drafts or any other items of payment, each Grantor shall hold all such items of payment in trust for the Agent, and as the property of the Agent, separate from the funds and other property of such Grantor, and no later than the first banking day following the receipt thereof, at the election of the Agent, such Grantor shall cause such Collateral to be forwarded to the Agent for its custody, possession and disposition in accordance with the terms hereof and of the other Loan Documents.

6. Preservation and Protection of Collateral.

(a) None of the Agent or the Lenders shall be under any duty or liability with respect to the collection, protection or preservation of the Collateral, or otherwise. The Grantors will properly preserve and defend the Collateral against any adverse claims and demands.

(b) Each Grantor shall keep and maintain its tangible personal property Collateral in good operating condition and repair, ordinary wear and tear excepted. No Grantor shall permit any such items to become a fixture to real property (unless such Grantor has granted the Agent a Lien on such real property having a priority acceptable to the Agent) or accessions to other personal property.

(c) Each Grantor agrees (i) to pay when due all taxes (other than taxes which are being diligently contested in good faith by appropriate proceedings, in respect of

which no lien has been filed of record and for which adequate reserves in accordance with GAAP shall have been set aside on its books (such contest meeting all such requirement being referred to herein as being "Properly Contested"), charges and assessments against the Collateral in which it has any interest, and (ii) to cause to be terminated and released all Liens (other than Permitted Liens) on the Collateral. Upon the failure of any Grantor to so pay such taxes, charges, or assessments, or cause such Liens to be terminated, the Agent at its option may pay any of them or amounts relating thereto (the Agent having the sole right to determine the legality or validity and the amount necessary to discharge such taxes, charges, Liens or assessments) but shall not have any obligation to make any such payment or contest. All sums so disbursed by the Agent, including all fees and expenses of counsel (collectively, "Attorneys' Costs"), court costs, expenses and other charges related thereto, shall be payable on demand by the applicable Grantor to the Agent and shall be additional Secured Obligations secured by the Collateral, and any amounts not so paid on demand (in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in full at the highest rate applicable to loans under the terms of the Note (including at a default rate, if applicable). In the event any Grantor shall fail to maintain, or fail to cause to be maintained, the full insurance coverage required hereunder or shall fail to keep any of its Collateral in good repair and good operating condition, the Agent may (but shall be under no obligation to), without waiving or releasing any Secured Obligation or Default or Event of Default by such Grantor hereunder, contract for the required policies of insurance and pay the premiums on the same or make any required repairs, renewals and replacements; and all sums so disbursed by the Agent, including reasonable Attorneys' Costs, court costs, expenses and other charges related thereto, shall be payable on demand by the applicable Grantor to the Agent, shall be additional Secured Obligations secured by the Collateral, and (in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in full at the highest rate applicable to loans under the terms of the Note (including at a default rate, if applicable).

7. Status of Grantors and Collateral Generally.

Each Grantor represents and warrants to, and covenants with, the Agent, with respect to itself and the Collateral as to which it has or acquires any interest, that:

(a) It is at its Applicable Date (or as to Collateral acquired after its Applicable Date will be upon the acquisition of the same) and, except as permitted by subsection (b) of this Section 7, will continue to be, the owner of the Collateral, free and clear of all Liens, other than the security interest hereunder in favor of the Agent and Permitted Liens, and that it will at its own cost and expense defend such Collateral and any products and proceeds thereof against all claims and demands of all persons (other than holders of Permitted Liens) claiming the same or any interest therein adverse to the Agent. Upon the failure of any Grantor to so defend, the Agent may do so at its option but shall not have any obligation to do so. All sums so disbursed by the Agent, including reasonable Attorneys' Costs, court costs, expenses and other charges related thereto, shall be payable on demand by the applicable Grantor to the Agent and shall be additional Secured Obligations secured by the Collateral, and any amounts not so paid on demand

(in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in full at the highest rate applicable to loans under the terms of the Note (including at a default rate, if applicable).

(b) It shall not (i) other than (x) sale or lease of inventory in the ordinary course of business or (y) sales or other dispositions of obsolete supplies or useless assets in the ordinary course of business, sell, assign, transfer, lease, license or otherwise dispose of any of, or grant any option with respect to, the Collateral, (ii) create or suffer to exist any Lien upon or with respect to any of the Collateral except for the security interests created by this Security Agreement and Permitted Liens, or (iii) take any other action in connection with any of the Collateral that would materially impair the value of the interest or rights of such Grantor in the Collateral taken as a whole or that would materially impair the interest or rights of the Agent therein or thereto.

(c) It has full power, legal right and lawful authority to enter into this Security Agreement (and any Security Joinder Agreement applicable to it) and to perform its terms, including the grant of the security interests in the Collateral herein provided for.

(d) No authorization, consent, approval or other action by, and no notice to or filing with, any governmental authority or any other person which has not been given or obtained, as the case may be, is required either (i) for the grant by such Grantor of the security interests granted hereby or for the execution, delivery or performance of this Security Agreement (or any U.S. Security Joinder Agreement) by such Grantor, or (ii) for the perfection of or the exercise by the Agent of its rights and remedies hereunder, except for action required by the Uniform Commercial Code to perfect and exercise remedies with respect to the security interest conferred hereunder.

(e) No effective financing statement or other Perfection Document similar in effect, nor any other Perfection Action, covering all or any part of the Collateral purported to be granted or taken by or on behalf of such Grantor (or by or on behalf of any other person and which remains effective as against all or any part of the Collateral) has been filed in any recording office, delivered to another person for filing (whether upon the occurrence of a contingency or otherwise), or otherwise taken, as the case may be, except such as pertain to Permitted Liens and such as may have been filed for the benefit of, delivered to, or taken in favor of, the Agent in connection with the security interests conferred hereunder.

(f) Schedule 7(f) attached hereto contains true and complete information as to each of the following: (i) the exact legal name of each Grantor as it appears in its organizational documents as of its Applicable Date, (ii) the jurisdiction of formation and form of organization of each Grantor, and the identification number of such Grantor in its jurisdiction of formation (if any), (iii) each address of the chief executive office of each Grantor as of its Applicable Date, (iv) all trade names or trade styles used by such Grantor as of its Applicable Date, (v) the address of each location of such Grantor at which any tangible personal property Collateral is located at its Applicable Date, (vi) with respect to each location described in clause (v) that is not owned beneficially and of record by such Grantor, the name of the owner thereof; and (vii) the relationship (e.g.

lessor, warehousemen) of each person described in clause (vi) to such Grantor. No Grantor shall change its name, change its jurisdiction of formation (whether by reincorporation, merger or otherwise), change the location of its chief executive office, or utilize any additional location where tangible personal property Collateral may be located, except in each case upon giving not less than thirty (30) days' prior written notice (or such lesser time as the Agent shall agree in writing) to the Agent and taking or causing to be taken prior thereto at such Grantor's expense all such Perfection Action, including the delivery of such Perfection Documents, as may be reasonably requested by the Agent to perfect or protect, or maintain the perfection and first priority of, the Lien of the Agent in Collateral contemplated hereunder.

(g) It will maintain, in respect of itself and each of its Subsidiaries, insurance at all times with responsible insurance carriers and in such amounts and covering such risks as are usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which a Grantor or any of its Subsidiaries, as the case may be, operate, such policies, in the case of property insurance policies, to show the Agent as a loss payee or additional insured, as applicable, in a form acceptable to the Agent.

8. Inspection.

During regular business hours and with reasonable prior notice (or at any time without notice if an Event of Default exists), the Agent and its agents shall have the right at any reasonable time to inspect the Collateral, all records related thereto (and to make extracts or copies from such records), and the premises upon which any of the Collateral is located, to discuss such Grantor's affairs and finances such Grantor's employees, officers and/or auditors, and to verify with any person, including Grantor's account debtors, the amount, quality, quantity, value and condition of, or any other matter relating to, the Collateral.

9. Rights and Remedies Upon Event of Default.

Upon the occurrence and during the continuance of an Event of Default, the Agent shall have the following rights and remedies in addition to any rights and remedies set forth elsewhere in this Security Agreement or the other Loan Documents, all of which may be exercised with or, if allowed by law, without notice to a Grantor:

(a) Enforce the security interest given hereunder pursuant to the UCC and any other applicable law.

(b) Enforce the security interest of the Agent in any deposit account of such Grantor maintained with the Agent by applying such account to the Secured Obligations.

(c) Require the Grantors to obtain the Agent's prior written consent to any sale, lease, agreement to sell or lease, or other disposition of any Collateral consisting of inventory.

(d) Require the Grantors to segregate all collections and proceeds of the Collateral so that they are capable of identification and deliver daily such collections and proceeds to the Agent in kind.

(e) Require the Grantors to direct all account debtors to forward all payments and proceeds of the Collateral to a post office box under the Agent's exclusive control.

(f) Require the Grantors to assemble the Collateral and make them available to the Agent at a place designated by the Agent.

(g) Enter upon the property where any Collateral is located and take possession of such Collateral, and use such property (including any buildings and facilities) and any of the Grantors' equipment, if the Agent deems such use necessary or advisable in order to take possession of, hold, preserve, process, assemble, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral.

(h) Demand and collect any payments on and proceeds of the Collateral. In connection therewith the Grantors irrevocably authorize the Agent to endorse or sign the applicable Grantor's name on all checks, drafts, collections, receipts and other documents, and to take possession of and open the mail addressed to the Grantors and remove therefrom any payments and proceeds of the Collateral.

(i) Grant extensions and compromise or settle claims with respect to the Collateral for less than face value, all without prior notice to the Grantors.

(j) Use or transfer any of each Grantor's rights and interests in any Intellectual Property now owned or hereafter acquired by such Grantor, if the Agent deems such use or transfer necessary or advisable in order to take possession of, hold, preserve, process, assemble, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral. Each Grantor agrees that any such use or transfer shall be without any additional consideration to such Grantor. As used in this paragraph, "Intellectual Property" includes, but is not limited to, all trade secrets, computer software, service marks, trademarks, trade names, trade styles, copyrights, patents, applications for any of the foregoing, customer lists, working drawings, instructional manuals, and rights in processes for technical manufacturing, packaging and labeling, in which such Grantor has any right or interest, whether by ownership, license, contract or otherwise.

(k) Have a receiver appointed by any court of competent jurisdiction to take possession of the Collateral. Each Grantor hereby consents to the appointment of such a receiver and agrees not to oppose any such appointment.

(l) Take such measures as the Agent may deem necessary or advisable to take possession of, hold, preserve, process, assemble, insure, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral, and each Grantor hereby irrevocably constitutes and appoints the Agent as the Grantor's attorney-in-fact to perform all acts and execute all documents in connection therewith.

(m) Without notice or demand to any Grantor, set off and apply against any and all of the Secured Obligations any and all deposits (general or special, time or demand, provisional or final) and any other indebtedness, at any time held or owing by the Agent or any of the Agent's agents or affiliates to or for the credit of the account of such Grantor or any guarantor or endorser of the Secured Obligations.

(n) Use the information recorded on or contained on a Grantor's internet website or otherwise in any data processing equipment and computer hardware and software relating to any Collateral to which a Grantor has access.

(o) Exercise any other remedies available to the Agent at law or in equity.

10. Proceeds of Sale.

The net cash proceeds resulting from the collection, liquidation, sale, or other disposition of the Collateral shall be applied first to the expenses (including all Attorneys' Costs) of retaking, holding, storing, processing and preparing for sale, selling, collecting, liquidating and the like, and then to the satisfaction of all Secured Obligations in such order of application as the Agent may from time to time elect. Each Grantor shall be liable to the Agent and shall pay to the Agent on demand any deficiency which may remain after such sale, disposition, collection or liquidation of the Collateral. In disposing of Collateral hereunder, the Agent may disclaim all warranties of title, possession, quiet enjoyment and the like.

11. Attorney-in-Fact.

To the extent permitted by law, each Grantor hereby appoints the Agent as such Grantor's attorney-in-fact for the purposes of carrying out the provisions of this Security Agreement and taking any action and executing any instrument which the Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is coupled with an interest and is irrevocable; provided that the Agent shall have and may exercise rights under this power of attorney only upon the occurrence and during the continuance of an Event of Default. Without limiting the generality of the foregoing, upon the occurrence and during the continuance of an Event of Default, the Agent shall have the right and power:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (a) above;

(c) to endorse such Grantor's name on any checks, notes, drafts or any other payment relating to or constituting proceeds of the Collateral which comes into the Agent's possession or the Agent's control, and deposit the same to the account of the Agent on account and for payment of the Secured Obligations;

(d) to file any claims or take any action or institute any proceedings that the Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Agent with respect to any of the Collateral; and

(e) to execute, in connection with any sale or other disposition of Collateral provided for herein, any endorsement, assignments, or other instruments of conveyance or transfer with respect thereto.

12. Reinstatement.

Each Grantor agrees that this Security Agreement shall continue to be effective or be reinstated, as the case may be, at any time payment received by the Agent in respect of the Secured Obligations is rescinded or must be restored for any reason, or is repaid by the Agent in whole or in part in good faith settlement of any pending or threatened avoidance claim.

13. Certain Waivers by the Grantors.

Each Grantor waives to the extent permitted by applicable law (a) any right to require the Agent, the Lenders or any other obligee of the Secured Obligations to (i) proceed against any person or entity, including without limitation any Loan Party, (ii) proceed against or exhaust any Collateral or other collateral for the Secured Obligations, (iii) to marshal any Collateral or (iv) pursue any other remedy in its power; (b) any defense arising by reason of any disability or other defense of any other person, or by reason of the cessation from any cause whatsoever of the liability of any other person or entity, (c) any right of subrogation, and (d) any right to enforce any remedy which the Agent, Lenders or any other obligee of the Secured Obligations now has or may hereafter have against any other person and any benefit of and any right to participate in any collateral or security whatsoever now or hereafter held by the Agent. Each Grantor authorizes the Agent, the Lenders and each other obligee of the Secured Obligations without notice (except notice required by applicable law) or demand and without affecting its liability hereunder or under the Loan Documents from time to time to: (i) take and hold security, other than the Collateral herein described, for the payment of such Secured Obligations or any part thereof, and exchange, enforce, waive and release the Collateral herein described or any part thereof or any such other security; and (ii) apply such Collateral or other security and direct the order or manner of sale thereof as the Agent or obligee in its discretion may determine.

The Agent may at any time deliver (without representation, recourse or warranty) the Collateral or any part thereof to a Grantor and the receipt thereof by such Grantor shall be a complete and full acquittance for the Collateral so delivered, and the Agent shall thereafter be discharged from any liability or responsibility therefor.

14. Continued Powers.

Until the Termination Date (as hereinafter defined) shall have occurred, the power of sale and other rights, powers and remedies granted to the Agent hereunder shall continue to exist and may be exercised by the Agent and the Lenders at any time and from time to time irrespective of the fact that any of the Secured Obligations or any part thereof may have become barred by any statute of limitations or that any part of the liability of any Grantor may have ceased. For purposes of this Security Agreement, "Termination Date" means the date as of which all of the

Secured Obligations have been paid in full in cash and all obligations or commitments of the Agent and the Lenders to make any further loans, advances or other financial accommodations have been terminated.

15. Other Rights.

The rights, powers and remedies given to the Agent by this Security Agreement shall be in addition to all rights, powers and remedies given to the Agent under any other Loan Document or by virtue of any statute or rule of law. Any forbearance or failure or delay by the Agent in exercising any right, power or remedy hereunder shall not be deemed to be a waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof; and every right, power and remedy of the Agent shall continue in full force and effect until such right, power or remedy is specifically waived.

16. Anti-Marshaling Provisions.

The right is hereby given by each Grantor to the Agent to make releases (whether in whole or in part) of all or any part of the Collateral agreeable to the Agent without notice to, or the consent, approval or agreement of other parties and interests, including junior lienors, which releases shall not impair in any manner the validity of or priority of the Liens and security interests in the remaining Collateral conferred hereunder, nor release any Grantor from personal liability for the Secured Obligations. Notwithstanding the existence of any other security interest in the Collateral held by the Agent, the Agent shall have the right to determine the order in which any or all of the Collateral shall be subjected to the remedies provided in this Security Agreement. Each Grantor hereby waives any and all right to require the marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein or in any other Loan Document.

17. Amendments.

Except as provided in Section 22 hereof, any amendment or modification of, or consent or waiver under, this Security Agreement or any Security Joinder Agreement must be in writing and signed by each party hereto.

18. Third Party Reliance.

Each Grantor hereby consents and agrees that all issuers of or obligors in respect of any Collateral, and all securities intermediaries, warehousemen, bailees, public officials and other persons having any interest in, possession of, control over or right, privilege, duty or discretion in respect of, any Collateral shall be entitled to accept the provisions hereof and of the Security Joinder Agreements as conclusive evidence of the right of the Agent and the Lenders to exercise their rights hereunder or thereunder with respect to the Collateral, notwithstanding any other notice or direction to the contrary heretofore or hereafter given by any Grantor or any other person to any of such persons.

19. Binding Agreement: Assignment.

This Security Agreement, each U.S. Security Joinder Agreement and the terms, covenants and conditions hereof and thereof, shall be binding upon and inure to the benefit of the Grantors and the Agent, and to their respective legal representatives, successors and assigns; provided, however, that no Grantor shall be permitted to assign any of its rights, powers, duties or obligations under this Security Agreement, any Security Joinder Agreement or any other interest herein or therein without the prior written consent of the Agent. Without limiting the generality of the foregoing sentence of this Section 19, the Agent and the Lenders may assign to one or more persons, or grant to one or more persons participations in or to, all or any part of its rights and obligations under the Note and the other Loan Documents (to the extent permitted thereunder); and to the extent of any such assignment or participation such other person shall, to the fullest extent permitted by law, thereupon become vested with all the benefits in respect thereof granted to the Agent or the Lender (as applicable) herein or otherwise. All references herein to the Agent or the Lenders shall include any successor thereof.

20. Severability.

The provisions of this Security Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

21. Counterparts.

This Security Agreement may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement.

22. Termination.

Subject to reinstatement pursuant to Section 12, this Security Agreement and each U.S. Security Joinder Agreement and all obligations of the Grantors hereunder (excluding those obligations and liabilities that expressly survive such termination) shall terminate without delivery of any instrument or performance of any act by any party on the Termination Date. Upon such termination of this Security Agreement, the Agent shall, at the request and sole expense of the Grantors, promptly deliver to the Grantors such termination statements and take further actions as the Grantors may reasonable request to terminate of record, or otherwise give appropriate notice of the termination of, any Lien conferred hereunder.

23. Notices.

Unless otherwise provided herein, any notice required or permitted hereunder must be in writing and delivered (a) personally, either to the individual designated below for that party, or to an individual having apparent authority to accept deliveries on behalf of that individual at its address set out below, (b) by fax, or (c) by registered mail, to the address set out opposite the party's name below or to any other address for a party as that party from time to time designates to the other parties in the same manner:

in the case of each Grantor, care of Parent, to:

481 University Avenue, 6th Floor
Toronto, Ontario
M5G 2E9

Attention: Andrew Langhorne

with a copy to (which shall not constitute notice):

Charlie MacCready
c/o Heenan Blaikie LLP
333 Bay Street
P.O. Box 2900
Bay Adelaide Centre
Toronto, Ontario
M5H 2T4

In the case of the Agent, to:

141 Adelaide Street West
Suite 760
Toronto, Ontario
M5H 3L5

Attention: Richard Reid

with a copy to (which shall not constitute notice):

Michael Caruso
c/o Norton Rose Canada LLP
200 Bay Street, Suite 3800
Toronto, Ontario
M5J 2Z4

24. Joinder.

Each person who shall at any time execute and deliver to the Agent a U.S. Security Joinder Agreement substantially in the form attached as Exhibit A hereto shall thereupon irrevocably, absolutely and unconditionally become a party hereto and obligated hereunder as a Grantor and shall have thereupon pursuant to Section 2 hereof granted a security interest in and collaterally assigned to the Agent all Collateral in which it has at its Applicable Date or thereafter acquires any interest or the power to transfer, and all references herein and in the other Loan Documents to the Grantors or to the parties to this Security Agreement shall be deemed to include such person as a Grantor hereunder. Each Security Joinder Agreement shall be accompanied by the Supplemental Schedule referred to therein, appropriately completed with information relating to the Grantor executing such Security Joinder Agreement and its property. The Schedule attached

hereto shall be deemed amended and supplemented without further action by such information reflected on such Supplemental Schedule.

25. Survival.

All representations and warranties contained herein shall survive the delivery of documents and any extension of credit referred to herein or secured hereby.

26. Governing Law.

This Security Agreement shall be governed by and construed in accordance with the laws of the State of New York. To the extent that the Agent has greater rights or remedies under federal law, whether as a national bank or otherwise, this paragraph shall not be deemed to deprive the Agent of such rights and remedies as may be available under federal law.

27. Jury Trial Waiver; Consent to Jurisdiction; Waiver of Claims.

(a) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH GRANTOR HEREBY WAIVES ITS RIGHTS, IF ANY, TO A JURY TRIAL OF ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS (EACH A "CLAIM"). EACH GRANTOR REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

(b) EACH GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK AND STATE OF NEW YORK, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT AGENT OR LENDERS MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST ANY GRANTOR OR ITS PROPERTIES IN THE COURTS OF ANY OTHER JURISDICTION. EACH GUARANTOR WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 26.

(c) NO CLAIM MAY BE MADE BY ANY GRANTOR AGAINST THE AGENT, ANY LENDER OR ANY AFFILIATE, DIRECTOR, OFFICER, EMPLOYEE, COUNSEL, REPRESENTATIVE, AGENT, OR ATTORNEY-IN-FACT OF ANY OF THEM FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM FOR BREACH OF CONTRACT OR ANY OTHER THEORY OF LIABILITY ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, OR ANY ACT, OMISSION, OR EVENT OCCURRING IN CONNECTION HEREWITH, AND EACH GRANTOR HEREBY WAIVES, RELEASES, AND AGREES NOT TO SUE UPON ANY CLAIM FOR SUCH DAMAGES, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOR.

28. New Subsidiaries. Each Grantor hereby agrees, if reasonably requested by the Agent, to cause its Subsidiaries (whether by acquisition or creation) to enter into this Agreement by executing and delivering in favor of Agent a Joinder to this Agreement in substantially the form of Exhibit A. Upon the execution and delivery of Exhibit A by any such new Subsidiary, such Subsidiary shall become a Grantor hereunder with the same force and effect as if originally named as a Grantor herein. The execution and delivery of any instrument adding an additional Grantor as a party to this Agreement shall not require the consent of any or Grantor hereunder. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor hereunder.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties have duly executed this Security Agreement on the day and year first written above.

GRANTORS:

GWE CONSULTING GROUP (USA), INC.

By: _____
Title: Andrew Langhorne
Name: President and Chief Executive Officer

TARGET OUTREACH, INC.

By: _____
Title: Andrew Langhorne
Name: President and Chief Executive Officer

AGENT:

**SHOTGUN FUND LIMITED
PARTNERSHIP III, as Agent**

By: _____
Title: _____
Name: _____

IN WITNESS WHEREOF, the parties have duly executed this Security Agreement on the day and year first written above.

GRANTORS:

GWE CONSULTING GROUP (USA), INC.

By: _____
Title: _____
Name: _____

TARGET OUTREACH, INC.

By: _____
Title: _____
Name: _____

AGENT:

**SHOTGUN FUND LIMITED
PARTNERSHIP III, as Agent**

By: _____
Title: James H. Ambrose
Name: Vice President

SCHEDULE 7(f)

Grantor Information

I. Name	II. Jurisdiction of Formation/ Form of Equity/I.D. Number	III. Address of Chief Executive Office	IV. Trade Names/ Trade Styles	V. Collateral Locations (and Type of Collateral)	VI. Name of Owner of Collateral Location (If other than Grantor)	VII. Relationship of persons listed in VI to Grantor (e.g., lessor, warehousemen)
GWE Consulting Group (USA), Inc.	Washington corporation 601160464	700 W Virginia Street, Suite 700, Milwaukee, WI 53204	None	700 W Virginia Street, Suite 700, Milwaukee, WI 53204 (books and records)	LCM 20 LLC	Landlord
Target Outreach, Inc.	Nevada corporation E021361201 0-6	700 W Virginia Street, Suite 700, Milwaukee, WI 53204	None	700 W Virginia Street, Suite 700, Milwaukee, WI 53204 (equipment, furniture, and books & records) Suite 1132 - 1020 S. Koeller Street Oshkosh, WI 54902 (equipment, furniture) 777 Penn Center Blvd. Building 7 Suite 500 Monroeville, PA 15235 (equipment, furniture)	LCM 20 LLC Koeller One LLC PCE TT LP	Landlords

EXHIBIT A

Form of U.S. Security Joinder Agreement

U.S. SECURITY JOINDER AGREEMENT

THIS SECURITY JOINDER AGREEMENT (this "Security Joinder Agreement"), dated as of _____, 20__ is made by _____, a _____ (the "Joining Grantor"), in favor of SHOTGUN FUND LIMITED PARTNERSHIP III ("Shotgun"), as agent for the Lenders (in such capacity, the "Agent").

RECITALS

A. iMarketing Solutions Group Inc. ("Parent") executed that certain Grid Promissory Note, dated as of October ____, 2012 (as the same may be amended, restated, supplemented, subdivided, reissued, refinanced or replaced, the "Note"), in favor of the Agent, Shotgun, and the other parties identified therein as lenders. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Note.

B. Certain subsidiaries of Parent and Agent are party to that certain U.S. Security Agreement, dated as of October __, 2012 (as amended, restated, extended, amended and restated, supplemented or otherwise modified from time to time, the "U.S. Security Agreement").

C. Pursuant to that certain Grid Promissory Note of even date herewith (as the same may be amended, restated, supplemented, subdivided, reissued, refinanced or replaced, the "Note") made by iMarketing Solutions Group Inc., an Alberta corporation and direct or indirect owner of one hundred percent of the issued and outstanding capital stock of each Guarantor ("Parent"), the Lenders have agreed to make certain loans and advances to Parent to be evidenced by such Note.

D. The Joining Grantor is, directly or indirectly, a subsidiary of Parent and, as such, will materially benefit from the extensions of credit to Parent under the Note, and as such being joined as a "Grantor" under the U.S. Security Agreement is in the best business interest of such Grantor.

E. The Joining Grantor is a Subsidiary and required by the terms of the U.S. Security Agreement to become a Grantor and be joined as a party to the U.S. Security Agreement.

F. The Joining Grantor will materially benefit directly and indirectly from the credit facilities made available and to be made available to the Parent by the Agent under the Note.

In order to induce the Lenders to, from time to time, make and maintain extensions of credit under the Note, the Joining Grantor hereby agrees as follows:

1. Joinder. The Joining Grantor hereby irrevocably, absolutely and unconditionally becomes a party to the U.S. Security Agreement as a Grantor and bound by all the terms, conditions, obligations, liabilities and undertakings of each Grantor or to which each Grantor is subject thereunder, including without limitation the grant pursuant to Section 2 of the U.S.

Security Agreement of a security interest to the Agent in the property and property rights constituting Collateral (as defined in Section 2 of the U.S. Security Agreement) of such Grantor or in which such Grantor has or may have or acquire an interest or the power to transfer rights therein, whether now owned or existing or hereafter created, acquired or arising and wheresoever located, as security for the payment and performance of the Secured Obligations (as defined in the U.S. Security Agreement), all with the same force and effect as if the Joining Grantor were a signatory to the U.S. Security Agreement. It being agreed that the provisions of Section 2 of the Security Agreement (and the grant of by the Joining Grantor of the security thereunder) shall be deemed incorporated herein (as it relates to the Joining Grantor) by this reference hereto as if set forth in its entirety hereunder as a grant by the Joining Grantor of security to Agent in all of its Collateral (as set forth therein by each category or collateral) in accordance with the terms thereof.

2. Affirmations. The Joining Grantor hereby acknowledges and reaffirms as of the date hereof with respect to itself, its properties and its affairs each of the waivers, representations, warranties, acknowledgements and certifications applicable to any Grantor contained in the U.S. Security Agreement.

3. Supplemental Schedules. Attached to this Security Joinder Agreement is a duly completed schedule (the "Supplemental Schedule") supplementing as thereon indicated the Schedule to the U.S. Security Agreement. The Joining Grantor represents and warrants that the information contained on the Supplemental Schedule with respect to such Joining Grantor and its properties and affairs is true, complete and accurate as of the date hereof.

4. Severability. The provisions of this U.S. Security Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this U.S. Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

5. Counterparts. This Security Joinder Agreement may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute one and the same agreement.

6. Delivery. The Joining Grantor hereby irrevocably waives notice of acceptance of this Security Joinder Agreement and acknowledges that the Secured Obligations are and shall be deemed to be incurred, and credit extensions under the Loan Documents made and maintained, in reliance on this Security Joinder Agreement and the Grantor's joinder as a party to the U.S. Security Agreement as herein provided.

7. Governing Law. The provisions of Section 26 of the U.S. Security Agreement are hereby incorporated by reference as if fully set forth herein.

8. Dispute Resolution Provision. The provisions of Section 27 of the U.S. Security Agreement are hereby incorporated by reference as if fully set forth herein.

IN WITNESS WHEREOF, the Joining Grantor has duly executed and delivered this Security Joinder Agreement as of the day and year first written above, intending to create an instrument under seal.

JOINING GRANTOR:

[_____]

By: _____

Title: _____

Name: _____

**SUPPLEMENTAL
SCHEDULE 7(f)**

Grantor Information

I. Name	II. Jurisdiction of Formation/ Form of Equity/I.D. Number	III. Address of Chief Executive Office	IV. Trade Styles	V. Collateral Locations (and Type of Collateral)	VI. Name and address of Owner of Collateral Location (If other than Grantor)	VII. Relationship of persons listed in VI to Grantor (e.g., lessor, warehousemen)

Delivered pursuant to Security Joinder Agreement of _____
Applicable Date: _____, 20__

Exhibit “J”

U.S. PLEDGE AGREEMENT

This U.S. PLEDGE AGREEMENT (this "Pledge Agreement"), dated as of October 10, 2012, is made by IMARKETING SOLUTIONS GROUP INC., an Alberta corporation (the "Borrower" and a "Pledgor"), EACH OTHER PERSON WHO SHALL BECOME A PARTY HERETO BY EXECUTION OF A PLEDGE JOINDER AGREEMENT (the "Subsidiary Pledgors" and, together with the Borrower, each a "Pledgor" and collectively, the "Pledgors") in favor of SHOTGUN FUND LIMITED PARTNERSHIP III, an Ontario limited partnership ("Shotgun"), in its capacity as agent (in such capacity, the "Agent") for various lenders from time to time parties to the Note referred to below (the "Lenders").

RECITALS

A. Pursuant to that certain Grid Promissory Note of even date herewith (as the same may be amended, restated, supplemented, subdivided, reissued, refinanced or replaced, the "Note") made by the Borrower, the Lenders have agreed to make certain loans and advances to the Borrower to be evidenced by such Note.

B. In connection with the Note and this Pledge Agreement, GWE Consulting Group (USA), Inc., a Washington corporation ("GWE"), and Target Outreach, Inc., a Nevada corporation ("Target"), entered into that certain U.S. Guaranty, of even date herewith (the "Guaranty"), in favor of the Agent of, among other things, the Borrower's obligations under the Note and the other Loan Documents (as defined in the Guaranty).

C. In order to induce the Lenders to make the advances and extensions of credit to the Borrower pursuant to the Note and to ensure the prompt and complete payment and performance by Borrower of the Secured Obligations (as hereinafter defined), each Pledgor has agreed to enter into this Pledge Agreement.

D. Each Pledgor will materially benefit from such extensions of credit to the Borrower, and as such the entry into this Pledge Agreement is in the best interest of such Pledgor and will further the corporate purpose of such Pledgor.

In consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Certain Definitions.

All capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Note. Terms used in this Pledge Agreement that are not otherwise expressly defined herein or in the Note, and for which meanings are provided in the Uniform Commercial Code of the State of New York (the "UCC"), shall have such meanings unless the context requires otherwise. In addition, for purposes of this Pledge Agreement, the following terms have the following definitions:

- (a) "Equity Interest" means, with respect to any person, all of the shares of capital stock of (or other ownership or profit interests in) such person, all of the warrants, options or other rights for the purchase or acquisition from such person of shares

of capital stock of (or other ownership or profit interests in) such person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such person or warrants, rights or options for the purchase or acquisition from such person of such shares (or such other interests), and all of the other ownership or profit interests in such person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

- (b) "Secured Obligations" means (a) in the case of the Borrower, the "Obligations" as such term is defined in that certain Security Agreement of even date herewith (as amended, restated, extended, amended and restated, supplemented or otherwise modified from time to time, the "Canadian Security Agreement"), between the Borrower and the Agent, and (b) in the case of the Subsidiary Pledgors, the "Guarantors' Obligations" as such term is defined in the Guaranty.
- (c) "Lien" shall have the meaning given to such terms in the Guaranty.

2. Pledge of Pledged Interests; Other Collateral.

- (a) As collateral security for the payment and performance by each Pledgor of its now or hereafter existing Secured Obligations, each Pledgor hereby grants, pledges and collaterally assigns to the Agent a first priority security interest in all of the following items of property in which it now has or may at any time hereafter acquire any interest or the power to transfer rights therein, and wheresoever located:
 - (i) all Equity Interests owned by such Pledgor in each direct subsidiary of such Pledgor organized under the laws of a state of the United States or the District of Columbia ("U.S. Subsidiary"), whether now existing or hereafter created or acquired, together with all accessions, dividends, products or proceeds therein or thereof (all such Equity Interests, collectively, the "Pledged Interests"), including without limitation the Pledged Interests more particularly described on Schedule I hereto (such subsidiaries, together with all other subsidiaries whose Equity Interests may be required to be subject to this Pledge Agreement from time to time, are referred to collectively as the "Pledged Subsidiaries");
 - (ii) all money, securities, security entitlements and other investment property, dividends, rights, general intangibles and other property at any time and from time to time (x) declared or distributed in respect of or in exchange for or on conversion of any Pledged Interest, or (y) by its or their terms exchangeable or exercisable for or convertible into any Pledged Interest;
 - (iii) all other property of whatever character or description, including money, securities, security entitlements and other investment property, and general

intangibles hereafter delivered to the Agent in substitution for or as an addition to any of the foregoing;

- (iv) all securities accounts to which may at any time be credited any or all of the foregoing or any proceeds thereof and all certificates and instruments representing or evidencing any of the foregoing or any proceeds thereof; and
- (v) all proceeds of any of the foregoing.

All such Pledged Interests, certificates, instruments, cash, securities, interests, dividends, rights and other property referred to in clauses (i) through (v) of this Section 2 are herein collectively referred to as the "Collateral."

- (b) Subject to Section 11(a), each Pledgor agrees to deliver all certificates, instruments or other documents representing any Collateral to the Agent at such location as the Agent shall from time to time designate by written notice pursuant to Section 21 for its custody at all times until termination of this Pledge Agreement, together with such instruments of assignment and transfer as requested by the Agent.
- (c) Each Pledgor agrees to execute and deliver, or cause to be executed and delivered by other persons, at Pledgor's expense, all share certificates, documents, instruments, agreements, financing statements (and amendments thereto and continuations thereof), assignments, control agreements, or other writings as the Agent may reasonably request from time to time to carry out the terms of this Pledge Agreement or to protect or enforce the Agent's Lien and security interest in the Collateral hereunder granted to the Agent and further agrees to do and cause to be done upon the Agent's request, at Pledgor's expense, all things determined by the Agent to be necessary or advisable to perfect and keep in full force and effect the Lien in the Collateral hereunder granted to the Agent, including the prompt payment of all out-of-pocket fees and expenses incurred in connection with any filings made to perfect or continue the Lien and security interest in the Collateral hereunder granted in favor of the Agent.
- (d) All filing fees, advances, charges, costs and expenses, including all fees and expenses of counsel (collectively, "Attorneys' Costs"), incurred or paid by the Agent in exercising any right, power or remedy conferred by this Pledge Agreement, or in the enforcement thereof, shall become a part of the Secured Obligations secured hereunder and shall be paid to the Agent by the Pledgor in respect of which the same was incurred immediately upon demand therefor, and any amounts not so paid on demand (in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in full at the highest rate applicable to loans (including any default rate) under the terms of the Note.

- (e) Each Pledgor agrees to register and cause to be registered the interest of the Agent, in the Collateral on its own books and records and the registration books of each of the Pledged Subsidiaries.

3. Status of Pledged Interests.

Each Pledgor hereby represents, warrants and covenants to the Agent, with respect to itself and the Collateral as to which it has or acquires any interest, that:

- (a) All of the Pledged Interests (i) are, as of the date of execution of this Pledge Agreement or Pledge Joinder Agreement by each Pledgor pledging such Pledged Interests (such date as applicable with respect to each Pledgor, its "Applicable Date"), and shall at all times thereafter be, validly issued and outstanding, fully paid and non-assessable, (ii) constitute all of the issued and outstanding Equity Interests owned by such Pledgor in each U.S. Subsidiary constituting a Pledged Subsidiary and (iii) are accurately described on Schedule I.
- (b) The Pledgor is as at its Applicable Date and shall at all times thereafter be the sole registered and record and beneficial owner of the Pledged Interests, free and clear of all Liens, charges, equities, options, hypothecations, encumbrances and restrictions on pledge or transfer, including transfer of voting rights (other than the pledge hereunder and applicable restrictions pursuant to federal, state and applicable foreign securities laws). Without limiting the foregoing, the Pledged Interests are not and will not be subject to any voting trust, shareholders agreement, right of first refusal, voting proxy, power of attorney or other similar arrangement (other than the rights hereunder in favor of the Agent).
- (c) At no time shall any Pledged Interests (i) be held or maintained in the form of a security entitlement or credited to any securities account and (ii) constitute a "security" (or as to which the related Pledged Subsidiary has elected to have treated as a "security") under Article 8 of the UCC (including, for the purposes of this Section, the Uniform Commercial Code of any other applicable jurisdiction) to be maintained in the form of uncertificated securities. With respect to Pledged Interests that are "securities" under the UCC, or as to which the issuer has elected at any time to have such interests treated as "securities" under the UCC, such Pledged Interests are, and shall at all times be, represented by the share certificates listed on Schedule I hereto, which share certificates, with stock powers duly executed in blank by the Pledgor, have been delivered to the Agent or are being delivered to the Agent simultaneously herewith or, in the case of Additional Interests as defined in Section 23, shall be delivered pursuant to Section 23. In addition, with respect to all Pledged Interests, including Pledged Interests that are not "securities" under the UCC and as to which the applicable Pledged Subsidiary has not elected to have such interests treated as "securities" under the UCC, the Pledgor has at its Applicable Date delivered to the Agent (or has previously delivered to the Agent or, in case of Additional Interests shall deliver pursuant to Section 23) Uniform Commercial Code financing statements (or appropriate amendments thereto) duly authorized by the Pledgor and naming

the Agent as "secured party," in form, substance and number sufficient in the reasonable opinion of the Agent to be filed in all UCC filing offices and in all jurisdictions in which filing is necessary or advisable to perfect in favor of the Agent the Lien on such Pledged Interests, together with all required filing fees.

- (d) It has full corporate power, legal right and lawful authority to execute this Pledge Agreement (and any Pledge Joinder Agreement applicable to it) and to pledge, assign and transfer its Pledged Interests in the manner and form hereof.
- (e) The pledge, assignment and delivery of its Pledged Interests (along with undated stock powers executed in blank, financing statements and other agreements referred to in Section 3(c) hereof) to the Agent pursuant to this Pledge Agreement (or any Pledge Joinder Agreement) creates or continues, as applicable, a valid and perfected first priority security interest in such Pledged Interests in favor of the Agent, securing the payment of the Secured Obligations, assuming, in the case of the Pledged Interests which constitute certificated "securities" under the UCC (including, for the purposes of this Section, the Uniform Commercial Code of any other applicable jurisdiction), continuous and uninterrupted possession by or on behalf of the Agent. The Pledgor will at its own cost and expense defend the Agent's right, title and security interest in and to the Collateral against the claims and demands of all persons whomsoever.
- (f) None of the Pledged Interests (nor any interest therein or thereto) shall be sold, transferred or assigned without the Agent's prior written consent, which may be withheld for any reason.
- (g) It shall at all times cause the Pledged Interests of such Pledgor that constitute "securities" (or as to which the issuer elects to have treated as "securities") under the UCC to be represented by the certificates now and hereafter delivered to the Agent in accordance with Sections 2, 3 and 23 hereof and that it shall cause each of the Pledged Subsidiaries as to which it is the Pledgor not to issue any Equity Interests, or securities convertible into, or exchangeable or exercisable for, Equity Interests, at any time during the term of this Pledge Agreement unless the Pledged Interests of such Pledge Subsidiary are issued solely to either (y) such Pledgor who shall immediately comply with Sections 3 and 23 hereof with respect to such property or (z) the Borrower or another Pledgor who shall immediately pledge such additional Equity Interests to the Agent pursuant to Section 22 or 23 hereof, as applicable, on substantially identical terms as are contained herein and deliver or cause to be delivered the appropriate documents described in Section 3(c) hereof to the Agent and take such further actions as the Agent may deem necessary in order to perfect a first priority security interest in such Equity Interests.
- (h) The exact legal name and address, type of person, jurisdiction of formation, jurisdiction of formation identification number (if any), and location of the chief executive office of such Pledgor are as specified on Schedule II attached hereto. No Pledgor shall change its name, jurisdiction of formation (whether by

reincorporation, merger or otherwise), or the location of its chief executive office, except upon giving not less than thirty (30) days' prior written notice to the Agent and taking or causing to be taken all such action at such Pledgor's expense as may be reasonably requested by the Agent to perfect or maintain the perfection of the lien of the Agent in Collateral.

4. Preservation and Protection of Collateral.

- (a) The Agent shall be under no duty or liability with respect to the collection, protection or preservation of the Collateral, beyond the use of reasonable care in the custody and preservation thereof while in its possession.
- (b) Each Pledgor agrees to pay when due all taxes, charges, liens and assessments against the Collateral in which it has any interest. Upon the failure of any Pledgor to so pay such taxes, charges, liens or assessments, or upon the failure of any Pledgor to pay any amount pursuant to Section 2(c), the Agent at its option may pay any of them or amounts relating thereto (the Agent having the sole right to determine the legality or validity and the amount necessary to discharge such taxes, charges, Liens or assessments) but shall not have any obligation to make any such payment or contest. All sums so disbursed by the Agent, including Attorneys' Costs, court costs, expenses and other charges related thereto, shall be payable on demand by the applicable Pledgor to the Agent and shall be additional Secured Obligations secured by the Collateral, and any amounts not so paid on demand (in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in full at the highest rate applicable to loans (including default rate) under the terms of the Note.
- (c) Each Pledgor hereby (i) irrevocably authorizes the Agent to file (with, or to the extent permitted by applicable law, without the signature of the Pledgor appearing thereon) financing statements (including amendments thereto and continuations and copies thereof) showing such Pledgor as "debtor" at such time or times and in all filing offices as the Agent may from time to time determine to be necessary or advisable to perfect or protect the rights of the Agent hereunder, or otherwise to give effect to the transactions herein contemplated, and (ii) irrevocably ratifies and acknowledges all such actions taken by or on behalf of the Agent prior to the Applicable Date.

5. Rights and Remedies Upon Event of Default.

Upon the occurrence and during the continuance of any Event of Default, the Agent is given full power and authority, then or at any time thereafter, to sell, assign, deliver or collect the whole or any part of the Collateral, or any substitute therefor or any addition thereto, in one or more sales, with or without any previous demands or demand of performance or, to the extent permitted by law, notice or advertisement, in such order as the Agent in its sole discretion may elect; and any such sale may be made either at public or private sale at the Agent's place of business or elsewhere, either for cash or upon

credit or for future delivery, at such price or prices as the Agent may reasonably deem fair; and the Agent may be the purchaser of any or all Collateral so sold and hold the same thereafter in its own right free from any claim of any Pledgor or right of redemption. Demands of performance, advertisements and presence of property and sale and notice of sale are hereby waived to the extent permissible by law. Any sale hereunder may be conducted by an auctioneer or any officer or agent of the Agent. Each Pledgor recognizes that the Agent may be unable to effect a public sale of the Collateral by reason of certain prohibitions contained in the Securities Act of 1933, as amended (the "Securities Act"), and applicable state law, and may be otherwise delayed or adversely affected in effecting any sale by reason of present or future restrictions thereon imposed by governmental authorities, and that as a consequence of such prohibitions and restrictions the Agent may be compelled (i) to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire the Collateral for their own account, for investment and not with a view to the distribution or resale thereof, or (ii) to seek regulatory approval of any proposed sale or sales, or (iii) to limit the amount of Collateral sold to any person or group. Each Pledgor agrees and acknowledges that private sales so made may be at prices and upon terms less favorable to such Pledgor than if such Collateral was sold either at public sales or at private sales not subject to other regulatory restrictions, and that the Agent has no obligation to delay the sale of any of the Collateral for the period of time necessary to permit the Pledged Subsidiary to register or otherwise qualify the Collateral, even if such Pledged Subsidiary would agree to register or otherwise qualify such Collateral for public sale under the Securities Act or applicable state law. Each Pledgor further agrees, to the extent permitted by applicable law, that the use of private sales made under the foregoing circumstances to dispose of the Collateral shall be deemed to be dispositions in a commercially reasonable manner. Each Pledgor hereby acknowledges that a ready market may not exist for the Pledged Interests if they are not traded on a national securities exchange or quoted on an automated quotation system and agrees and acknowledges that in such event the Pledged Interests may be sold for an amount less than a pro rata share of the fair market value of the Pledged Subsidiary's assets minus its liabilities. In addition to the foregoing, the Agent may exercise such other rights and remedies as may be available under the Loan Documents, at law (including without limitation the UCC) or in equity.

6. Proceeds of Sale.

The net cash proceeds resulting from the collection, liquidation, sale, or other disposition of the Collateral shall be applied first to the expenses (including all Attorneys' Costs) of retaking, holding, storing, processing and preparing for sale, selling, collecting, liquidating and the like, and then to the satisfaction of all Secured Obligations in such order of application as the Agent may from time to time elect. Each Pledgor shall be liable to the Agent and shall pay to the Agent on demand any deficiency which may remain after such sale, disposition, collection or liquidation of the Collateral.

7. Presentments, Demands and Notices.

The Agent shall not be under any duty or obligation whatsoever to make or give any presentments, demands for performances, notices of nonperformance, protests, notice of protest or notice of dishonor in connection with any obligations or evidences of indebtedness held thereby as collateral, or in connection with any obligations or evidences of indebtedness which constitute in whole or in part the Secured Obligations secured hereunder.

8. Attorney-in-Fact.

To the extent permitted by law, each Pledgor hereby appoints the Agent as such Pledgor's attorney-in-fact for the purposes of carrying out the provisions of this Pledge Agreement and taking any action and executing any instrument which the Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is coupled with an interest and is irrevocable. Without limiting the generality of the foregoing, the Agent shall have the right and power to receive, endorse and collect all checks and other orders for the payment of money made payable to any Pledgor representing any dividend, interest payment, principal payment or other distribution payable or distributable in respect to the Collateral or any part thereof and to give full discharge for the same.

9. Reinstatement.

Each Pledgor agrees that this Pledge Agreement shall continue to be effective or be reinstated, as the case may be, at any time payment received by the Agent in respect of the Secured Obligations is rescinded or must be restored for any reason, or is repaid by the Agent in whole or in part in good faith settlement of any pending or threatened avoidance claim.

10. Certain Waivers by the Pledgors.

Each Pledgors waives to the extent permitted by applicable law (a) any right to require the Agent or any other obligee of the Secured Obligations to (i) proceed against any person or entity, including without limitation any Loan Party, (ii) proceed against or exhaust any Collateral or other collateral for the Secured Obligations, or (iii) pursue any other remedy in its power; (b) any defense arising by reason of any disability or other defense of any other person, or by reason of the cessation from any cause whatsoever of the liability of any other person or entity, (c) any right of subrogation, and (d) any right to enforce any remedy which the Agent or any other obligee of the Secured Obligations now has or may hereafter have against any other person and any benefit of and any right to participate in any collateral or security whatsoever now or hereafter held by the Agent. Each Pledgor authorizes the Agent and each other obligee of the Secured Obligations without notice (except notice required by applicable law) or demand and without affecting its liability hereunder or under the Loan Documents from time to time to: (i) take and hold security, other than the Collateral herein described, for the payment of such Secured Obligations or any part thereof, and exchange, enforce, waive and release the

Collateral herein described or any part thereof or any such other security; and (ii) apply such Collateral or other security and direct the order or manner of sale thereof as the Agent or obligee in its discretion may determine.

The Agent may at any time deliver (without representation, recourse or warranty) the Collateral or any part thereof to a Pledgor and the receipt thereof by such Pledgor shall be a complete and full acquittance for the Collateral so delivered, and the Agent shall thereafter be discharged from any liability or responsibility therefor.

11. Dividends and Voting Rights.

- (a) All dividends and other distributions with respect to any of the Pledged Interests shall be subject to the pledge hereunder, provided, however, that cash dividends paid to a Pledgor as record owner of the Pledged Interests, to the extent permitted by the Loan Documents to be declared and paid, may be retained by such Pledgor so long as no Event of Default shall have occurred and be continuing, free from any liens hereunder.
- (b) So long as no Event of Default shall have occurred and be continuing, the registration of the Collateral in the name of a Pledgor as record and beneficial owner shall not be changed and such Pledgor shall be entitled to exercise all voting and other rights and powers pertaining to the Collateral for all purposes not inconsistent with the terms of the Loan Documents.
- (c) Upon the occurrence and during the continuance of any Event of Default, at the direction of the Agent, all rights of the Pledgors to receive and retain cash dividends and other distributions upon the Collateral pursuant to subsection (a) above shall cease and shall thereupon be vested in the Agent and each Pledgor shall promptly deliver, or shall cause to be promptly delivered, all such cash dividends and other distributions with respect to the Pledged Interests to the Agent (together, if the Agent shall request, with the documents described in Sections 2(c) and 3(c) hereof or other negotiable documents or instruments so distributed) to be held by it hereunder or, at the option of the Agent, to be applied to the Secured Obligations in such order as the Agent in its sole discretion may elect. Pending delivery to the Agent of such property, each Pledgor shall keep such property segregated from its other property and shall be deemed to hold the same in trust for the benefit of the Agent.
- (d) Upon the occurrence and during the continuance of any Event of Default, at the option of the Agent, all rights of each of the Pledgors to exercise the voting or consensual rights and powers which it is authorized to exercise pursuant to subsection (b) above shall cease and the Agent may thereupon (but shall not be obligated to), at its request, cause such Collateral to be registered in the name of the Agent or its nominee or agent and/or exercise such voting or consensual rights and powers as appertain to ownership of such Collateral, and to that end each Pledgor hereby appoints the Agent as its proxy, with full power of substitution, to vote and exercise all other rights as a shareholder with respect to such Pledged

Interests hereunder upon the occurrence and during the continuance of any Event of Default, which proxy is coupled with an interest and is irrevocable until the Facility Termination Date (as hereinafter defined), and each Pledgor hereby agrees to provide such further proxies as the Agent may request; provided, however, that the Agent in its discretion may from time to time refrain from exercising, and shall not be obligated to exercise, any such voting or consensual rights or such proxy.

12. Continued Powers.

Until the Facility Termination Date shall have occurred, the power of sale and other rights, powers and remedies granted to the Agent hereunder shall continue to exist and may be exercised by the Agent at any time and from time to time irrespective of the fact that any of the Secured Obligations or any part thereof may have become barred by any statute of limitations or that any part of the liability of any Pledgor may have ceased. For purposes of this Pledge Agreement, "Facility Termination Date" means the date as of which all Secured Obligations have been paid in full and Loan Documents and all obligations of the Agent and the Lenders to make any further loans, advances or other financial accommodations to the Borrower and the other Loan Parties have been terminated.

13. Other Rights.

The rights, powers and remedies given to the Agent by this Pledge Agreement shall be in addition to all rights, powers and remedies given to the Agent under any other Loan Document or by virtue of any statute or rule of law. Any forbearance or failure or delay by the Agent in exercising any right, power or remedy hereunder shall not be deemed to be a waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof; and every right, power and remedy of the Agent shall continue in full force and effect until such right, power or remedy is specifically waived in accordance with the terms hereof.

14. Anti-Marshaling Provisions.

The right is hereby given by each Pledgor to the Agent to make releases (whether in whole or in part) of all or any part of the Collateral agreeable to the Agent without notice to, or the consent, approval or agreement of other parties and interests, including junior lienors, which releases shall not impair in any manner the validity of or priority of the liens and security interests in the remaining Collateral conferred hereunder, nor release any Pledgor from personal liability for the Secured Obligations. Notwithstanding the existence of any other security interest in the Collateral held by the Agent, the Agent shall have the right to determine the order in which any or all of the Collateral shall be subjected to the remedies provided in this Pledge Agreement. Each Pledgor hereby waives any and all right to require the marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein or in any other Loan Document.

15. Amendments.

Except as provided in Section 20 hereof, any amendment or modification of, or consent or waiver under, this Pledge Agreement or any Pledge Joinder Agreement must be in writing and signed by each party hereto.

16. Further Assurances.

Each Pledgor agrees at its own expense to do such further acts and things, and to execute and deliver, and cause to be executed and delivered as may be necessary or advisable to give effect thereto, such additional conveyances, assignments, financing statements, control agreements, documents, certificates, stock powers, agreements and instruments, as the Agent may at any time reasonably request in connection with the administration or enforcement of this Pledge Agreement or any Pledge Joinder Agreement or related to the Collateral or any part thereof or in order better to assure and confirm unto the Agent its rights, powers and remedies hereunder or thereunder. Each Pledgor hereby consents and agrees that the Pledged Subsidiaries and all other persons, shall be entitled to accept the provisions hereof and of the Pledge Joinder Agreements as conclusive evidence of the right of the Agent to exercise its rights, privileges, and remedies hereunder and thereunder with respect to the Collateral, notwithstanding any other notice or direction to the contrary heretofore or hereafter given by any Pledgor or any other person to any of such Pledged Subsidiaries or other persons.

17. Binding Agreement; Assignment.

This Pledge Agreement, each Pledge Joinder Agreement and the terms, covenants and conditions hereof and thereof, shall be binding upon and inure to the benefit of the Pledgors and the Agent, and to their respective legal representatives, successors and assigns; provided, however, that no Pledgor shall be permitted to assign any of its rights, powers, duties or obligations under this Pledge Agreement, any Pledge Joinder Agreement or any other interest herein or therein without the prior written consent of the Agent. Without limiting the generality of the foregoing sentence of this Section 17, the Lenders may assign to one or more persons, or grant to one or more persons participations in or to, all or any part of its rights and obligations under the Note and the other Loan Documents (to the extent permitted by the Note or such Loan Documents, as applicable); and to the extent of any such assignment or participation such other person shall, to the fullest extent permitted by law, thereupon become vested with all the benefits in respect thereof granted to the Agent and the Lenders herein or otherwise. All references herein to the Agent and Lenders shall include any successors thereof.

18. Severability.

The provisions of this Pledge Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Pledge Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

19. Counterparts.

This Pledge Agreement may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement.

20. Termination.

Subject to reinstatement pursuant to Section 9, this Pledge Agreement and each Pledge Joinder Agreement and all obligations of the Pledgors hereunder (excluding those obligations and liabilities that expressly survive such termination) shall terminate without delivery of any instrument or performance of any act by any party on the Facility Termination Date. Upon such termination of this Pledge Agreement, the Agent shall, at the sole expense of the Pledgors, promptly deliver to the Pledgors the certificates evidencing its shares of Pledged Interests (and any other property received as a dividend or distribution or otherwise in respect of such Pledged Interests to the extent then held by the Agent as additional Collateral hereunder), together with any cash then constituting the Collateral not then sold or otherwise disposed of in accordance with the provisions hereof, and take such further actions at the request of the Pledgors as may be necessary to effect the same.

21. Notices.

Unless otherwise provided herein, any notice required or permitted hereunder or under any Pledge Joinder Agreement must be in writing and delivered (a) personally, either to the individual designated below for that party, or to an individual having apparent authority to accept deliveries on behalf of that individual at its address set out below, (b) by fax, or (c) by registered mail, to the address set out opposite the party's name below or to any other address for a party as that party from time to time designates to the other parties in the same manner:

in the case of each Pledgor, care of the Borrower, to:

481 University Avenue, 6th Floor
Toronto, Ontario
M5G 2E9

Attention: Andrew Langhorne

with a copy to (which shall not constitute notice):

Charlie MacCready
c/o Heenan Blaikie LLP
333 Bay Street
P.O. Box 2900
Bay Adelaide Centre

Toronto, Ontario
M5H 2T4

In the case of the Agent, to:

141 Adelaide Street West
Suite 760
Toronto, Ontario
M5H 3L5

Attention: Richard Reid

with a copy to (which shall not constitute notice):

Michael Caruso
c/o Norton Rose Canada LLP
200 Bay Street, Suite 3800
Toronto, Ontario
M5J 2Z4

22. Joinder.

Each person who shall at any time execute and deliver to the Agent a Pledge Joinder Agreement substantially in the form attached as Exhibit A hereto shall thereupon irrevocably, absolutely and unconditionally become a party hereto and obligated hereunder as a Pledgor and shall have thereupon pursuant to Section 2 hereof granted a security interest in and collaterally assigned to the Agent all Collateral in which it has at its Applicable Date or thereafter acquires any interest or the power to transfer, and all references herein and in the other Loan Documents to the Pledgors or to the parties to this Pledge Agreement shall be deemed to include such person as a Pledgor hereunder. Each Pledge Joinder Agreement shall be accompanied by the Supplemental Schedules referred to therein, appropriately completed with information relating to the Pledgor executing such Pledge Joinder Agreement and its property. Each of the applicable Schedules attached hereto shall be deemed amended and supplemented without further action by such information reflected on such Supplemental Schedules.

23. Additional Interests.

If any Pledgor shall at any time acquire or hold any additional Pledged Interests, including any Pledged Interests issued by any subsidiary not listed on Schedule I hereto which are required to be subject to a Lien pursuant to a Pledge Agreement by the terms hereof or of any provision of the Note (any such shares being referred to herein as the "Additional Interests"), such Pledgor shall deliver to the Agent (i) a Pledge Agreement Supplement in the form of Exhibit B hereto with respect to such Additional Interests duly completed and executed by such Pledgor and (ii) any other document required in connection with such Additional Interests as described in Section 3(c). Each Pledgor shall comply with the requirements of this Section 23 promptly with the acquisition of

any such Additional Interests; provided, however, that the failure to comply with the provisions of this Section 23 shall not impair the Lien on Additional Interests conferred hereunder.

24. Survival.

All representations and warranties contained herein shall survive the delivery of documents and any extension of credit referred to herein or secured hereby.

25. Governing Law.

This Pledge Agreement shall be governed by and construed in accordance with the laws of the State of New York. To the extent that the Agent has greater rights or remedies under federal law, whether as a national bank or otherwise, this paragraph shall not be deemed to deprive the Agent of such rights and remedies as may be available under federal law.

26. Jury Trial Waiver; Consent to Jurisdiction; Waiver of Claims.

- (a) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH PLEDGOR HEREBY WAIVES ITS RIGHTS, IF ANY, TO A JURY TRIAL OF ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS PLEDGE AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS (EACH A "CLAIM"). EACH PLEDGOR REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS PLEDGE AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.
- (b) EACH PLEDGOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK AND STATE OF NEW YORK, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS PLEDGE AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS PLEDGE AGREEMENT SHALL AFFECT ANY RIGHT THAT AGENT OR LENDERS MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS PLEDGE AGREEMENT AGAINST ANY PLEDGOR OR ITS PROPERTIES IN THE COURTS OF ANY OTHER

JURISDICTION. EACH PLEDGOR WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 26.

- (c) NO CLAIM MAY BE MADE BY ANY PLEDGOR AGAINST THE AGENT, ANY LENDER OR ANY AFFILIATE, DIRECTOR, OFFICER, EMPLOYEE, COUNSEL, REPRESENTATIVE, AGENT, OR ATTORNEY-IN-FACT OF ANY OF THEM FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM FOR BREACH OF CONTRACT OR ANY OTHER THEORY OF LIABILITY ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS PLEDGE AGREEMENT, OR ANY ACT, OMISSION, OR EVENT OCCURRING IN CONNECTION HEREWITH, AND EACH PLEDGOR HEREBY WAIVES, RELEASES, AND AGREES NOT TO SUE UPON ANY CLAIM FOR SUCH DAMAGES, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOR.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties have duly executed this Pledge Agreement as of the day and year first written above.

PLEDGOR:

IMARKETING SOLUTIONS GROUP INC.

By: _____
Title: Andrew Langhorne
Name: Chief Executive Officer

AGENT:

**SHOTGUN FUND LIMITED
PARTNERSHIP III, as Agent**

By: _____
Title: _____
Name: _____

IN WITNESS WHEREOF, the parties have duly executed this Pledge Agreement as of the day and year first written above.

PLEDGOR:

iMARKETING SOLUTIONS GROUP INC.

By: _____

Title: _____

Name: _____

AGENT:

**SHOTGUN FUND LIMITED
PARTNERSHIP III, as Agent**

By: _____

Title: James H. Ambrose

Name: Vice President

SCHEDULE I

Pledged Interests

Name of Pledgor	Name, Jurisdiction of Formation and Type of Entity of Pledged subsidiary	Class or Type of Pledged Interest	Total Amount of Pledged Interests Authorized	Total Amount of Class or Type Outstanding	Total Amount Pledged	Certificate Number (if applicable)	Par Value (if applicable)	Name of Transfer Agent (if any)
iMarketing Solutions Group Inc.	GWE Consulting Group (USA), Inc., a Washington corporation	Common	50,000	50,000	50,000	1	N/A	N/A

SCHEDULE II

Pledgor Information

Name and Address of Pledgor	Type of Person	Jurisdiction of Formation of Pledgor	Jurisdiction of Formation Identification Number	Address of Chief Executive Office
iMarketing Solutions Group Inc. 481 University Avenue, 6 th Floor Toronto, Ontario M5G2E9	Corporation	Alberta, Canada	AB-0208003616	481 University Avenue, 6 th Floor Toronto, Ontario M5G2E9

EXHIBIT A

Form of Pledge Joinder Agreement

PLEDGE JOINDER AGREEMENT

THIS PLEDGE JOINDER AGREEMENT (this "Pledge Joinder Agreement"), dated as of _____, 20__, is made by _____, a _____ (the "Joining Pledgor"), in favor of SHOTGUN FUND LIMITED PARTNERSHIP III, ("Shotgun"), in its capacity as agent (in such capacity, the "Agent") for various lenders from time to time parties to the Note referred to below (the "Lenders").

RECITALS

A. Pursuant to that certain Grid Promissory Note, dated as of October __, 2012 (as the same may be amended, restated, supplemented, subdivided, reissued, refinanced or replaced, the "Note") made by the iMarketing Solutions Group Inc. (the "Borrower"), the Lenders have agreed to make certain loans and advances to the Borrower to be evidenced by such Note.

B. In connection with the Note, the Borrower, certain other pledgors party thereto, and the Agent have entered into that certain Pledge Agreement, dated as of October __, 2012 (as amended, restated, extended, amended and restated, supplemented or otherwise modified from time to time, the "Pledge Agreement"). All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Pledge Agreement.

C. The Joining Pledgor is a U.S. Subsidiary of the Borrower and, as such, will materially benefit from the extensions of credit to the Borrower under the Note, and as such being joined as a "Pledgor" under the Pledge Agreement is in the best business interest of such Pledgor and will further the corporate purpose of such Pledgor.

In order to induce the Agent to, from time to time, make and maintain extensions of credit under the Note and the other Loan Documents, the Joining Pledgor hereby agrees as follows:

1. Joinder.

The Joining Pledgor hereby irrevocably, absolutely and unconditionally becomes a party to the Pledge Agreement as a Pledgor and bound by all the terms, conditions, obligations, liabilities and undertakings of each Pledgor or to which each Pledgor is subject thereunder, including without limitation the grant pursuant to Section 2 of the Pledge Agreement of a security interest to the Agent in, and collateral assignment and pledge to the Agent of, the Pledged Interests and other property constituting Collateral (as defined in Section 2 of the Pledge Agreement) of such Pledgor or in which such Pledgor has or may have or acquire an interest or the power to transfer rights therein, whether now owned or existing or hereafter created, acquired or arising and wheresoever located, as security for the payment and performance of the Secured Obligations (as defined in the

Pledge Agreement), all with the same force and effect as if the Joining Pledgor were a signatory to the Pledge Agreement.

2. Affirmations.

The Joining Pledgor hereby acknowledges and reaffirms as of the date hereof with respect to itself, its properties and its affairs each of the waivers, representations, warranties, acknowledgements and certifications applicable to any Pledgor contained in the Pledge Agreement.

3. Supplemental Schedules.

Attached to this Pledge Joinder Agreement are duly completed schedules (the "Supplemental Schedules") supplementing as thereon indicated the respective Schedules to the Pledge Agreement. The Joining Grantor represents and warrants that the information contained on the Supplemental Schedules with respect to such Joining Grantor and its properties and affairs is true, complete and accurate as of the date hereof.

4. Severability.

The provisions of this Pledge Joinder Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Pledge Joinder Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein

5. Counterparts.

This Pledge Joinder Agreement may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute one and the same agreement.

6. Governing Law.

The provisions of Section 25 of the Pledge Agreement are hereby incorporated by reference as if fully set forth herein.

7. Dispute Resolution Provision.

The provisions of Section 26 of the Pledge Agreement are hereby incorporated by reference as if fully set forth herein.

IN WITNESS WHEREOF, the Joining Pledgor has duly executed and delivered this Pledge Joinder Agreement as of the day and year first written above.

JOINING PLEDGOR:

[JOINING PLEDGOR]

By: _____

Name: _____

Title: _____

**SUPPLEMENTAL
SCHEDULE I**

Pledged Interests

Name of Pledgor	Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary	Class or Type of Pledged Interest	Total Amount of Class or Type of Pledged Interests Authorized	Total Amount of Class or Type Outstanding	Total Amount Pledged	Certificate Number (if applicable)	Par Value (if applicable)	Name of Transfer Agent (if any)

Delivered Pursuant to Pledge Joinder Agreement of: _____

Applicable Date: _____, 20__

**SUPPLEMENTAL
SCHEDULE II**

Pledgor Information

Name and Address of Pledgor	Type of Person	Jurisdiction of Formation of Pledgor	Jurisdiction of Formation Identification Number	Address of Chief Executive Office

Delivered Pursuant to Pledge Joinder Agreement of: _____

Applicable Date: _____, 20__

EXHIBIT B

Form of Pledge Agreement Supplement

PLEDGE AGREEMENT SUPPLEMENT

THIS PLEDGE AGREEMENT SUPPLEMENT (this "Pledge Agreement Supplement"), dated as of _____, 20__, is made by _____, a _____ (the "Pledgor"), in favor of SHOTGUN FUND LIMITED PARTNERSHIP III, ("Shotgun"), in its capacity as agent (in such capacity, the "Agent") for various lenders from time to time parties to the Note referred to below (the "Lenders").

RECITALS

A. Pursuant to that certain Grid Promissory Note , dated as of October __, 2012 (as the same may be amended, restated, supplemented, subdivided, reissued, refinanced or replaced, the "Note") made by the iMarketing Solutions Group Inc. (the "Borrower"), the Lenders have agreed to make certain loans and advances to the Borrower to be evidenced by such Note.

B. In connection with the Note, the Borrower, certain other pledgors party thereto, and the Agent have entered into that certain Pledge Agreement, dated as of October __, 2012 (as amended, restated, extended, amended and restated, supplemented or otherwise modified from time to time, the "Pledge Agreement"). All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Pledge Agreement.

C. The Pledgor has acquired rights in the Pledged Interests (as defined in the Pledge Agreement) listed on Annex A to this Pledge Agreement Supplement (the "Additional Interests") and desires to pledge, and evidence its prior pledge, to the Agent all of the Additional Interests in accordance with the terms of the Note and the Pledge Agreement.

In order to induce the Agent to, from time to time, make and maintain extensions of credit under the Note and the other Loan Documents, the Pledgor hereby agrees as follows:

1. Affirmations.

The Pledgor hereby reaffirms and acknowledges the pledge and collateral assignment to, and the grant of security interest in, the Additional Interests contained in the Pledge Agreement and pledges and collaterally assigns to the Agent, and grants to the Agent a first priority lien and security interest in, the Additional Interests and all of the following:

- (a) all money, securities, security entitlements and other investment property, dividends, rights, general intangibles and other property at any time and from time to time (x) declared or distributed in respect of or in exchange for or on conversion of any or all of the Additional Interests or (y) by its or their terms exchangeable or exercisable for or convertible into any Additional Interest or other Pledged Interest;

- (b) all other property of whatever character or description, including money, securities, security entitlements and other investment property, and general intangibles hereafter delivered to the Agent in substitution for or as an addition to any of the foregoing;
- (c) all securities accounts to which may at any time be credited any or all of the foregoing or any proceeds thereof and all certificates and instruments representing or evidencing any of the foregoing or any proceeds thereof; and
- (d) all proceeds of any of the foregoing.

The Pledgor hereby acknowledges, agrees and confirms by its execution of this Pledge Agreement Supplement that the Additional Interests constitute "Pledged Interests" under and are subject to the Pledge Agreement, and the items of property referred to in clauses (a) through (d) above (the "Additional Collateral") shall collectively constitute "Collateral" under and are subject to the Pledge Agreement. Each of the representations and warranties with respect to Pledged Interests and Collateral contained in the Pledge Agreement is hereby made by the Pledgor with respect to the Additional Interests and the Additional Collateral, respectively. The Pledgor further represents and warrants that Annex A attached to this Pledge Agreement Supplement contains a true, correct and complete description of the Additional Interests, and that all other documents required to be furnished to the Agent pursuant to Section 3(c) of the Pledge Agreement in connection with the Additional Collateral have been delivered or are being delivered simultaneously herewith to the Agent. The Pledgor further acknowledges that Schedule I to the Pledge Agreement shall be deemed, as to it, to be supplemented as of the date hereof to include the Additional Interests as described on Annex A to this Pledge Agreement Supplement.

2. Counterparts.

This Pledge Agreement Supplement may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute one and the same agreement.

3. Governing Law.

The provisions of Section 25 of the Pledge Agreement are hereby incorporated by reference as if fully set forth herein.

4. Dispute Resolution Provision.

The provisions of Section 26 of the Pledge Agreement are hereby incorporated by reference as if fully set forth herein.

IN WITNESS WHEREOF, the Pledgor has caused this Pledge Agreement Supplement to be duly executed by its authorized officer as of the day and year first above written, intending to create an instrument under seal.

PLEDGOR:

[PLEDGOR]

By: _____

Name: _____

Title: _____

ANNEX A

(to Pledge Agreement Supplement of _____ dated _____)

Additional Interests

Name of Pledgor	Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary	Class or Type of Pledged Interest	Total Amount of Class or Type of Pledged Interests Authorized	Total Amount of Class or Type Outstanding	Total Amount Pledged	Certificate Number (if applicable)	Par Value (if applicable)	Name of Transfer Agent (if any)

Exhibit “K”

Unless permitted under securities legislation, the holder of this security must not trade the security before April 5, 2013.

SECURED CONVERTIBLE PROMISSORY NOTE

Maximum Principal Amount: CDN\$3,500,000.00

Maturity Date: December 4, 2015

ARTICLE I – PRINCIPAL AMOUNT

1.1 Principal Amount

For value received, iMarketing Solutions Group Inc., a corporation incorporated under the laws of Alberta and having its registered office at 481 University Avenue, 6th Floor, Toronto, Ontario, M5G 2E9 (the **Company**), acknowledges itself indebted and hereby unconditionally promises to pay to or to the order of Shotgun Fund Limited Partnership III, a limited partnership formed under the laws of Ontario (the **Holder**), or as otherwise directed by the Holder, by 5:00 p.m. (Toronto time) on December 4, 2015 or such earlier date as may be required pursuant to the terms of this Secured Convertible Promissory Note (the **Note**), as specified herein, the principal amount (including outstanding and overdue interest) outstanding (collectively, the **Principal Amount**) as recorded by the Company in the column entitled **Principal Amount** on the record (the **Grid**) attached as Appendix A to and forming part of this Note. Unless otherwise agreed in writing by the Holder and the Company, the amounts to be advanced hereunder shall be advanced on the date hereof (the **Advance**).

1.2 Grid

The Holder shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (a) the date and amount of each advance made by the Holder and the resulting increase in the Principal Amount, and (b) the date and amount of each repayment on account of any principal paid to the Holder and the resulting decrease of the Principal Amount. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances, repayments and the Principal Amount; provided that the failure of the Holder to record the same shall not affect the obligations of the Company to pay such amounts to the Holder. The Note shall not revolve and all prepayments and repayments shall permanently reduce the Principal Amount by the amount of such prepayments and repayments.

1.3 Interest

The unpaid Principal Amount, remaining from time to time unpaid and outstanding, shall bear interest from this date both before and after the Maturity Date and both before and after an Event of Default at the rate of 20% per annum compounded annually, and shall be payable annually, in arrears on the 4th day of December until the Principal Amount together with all interest on such amount has been repaid in full. Overdue interest shall bear interest at the same rate, calculated as aforesaid.

1.4 Prepayments

- (a) Eighteen (18) months from the date of issuance of this Note, the Company will have the option of prepaying at any time, all, or from time to time any part of the outstanding Principal Amount (an **Optional Prepayment**), with Optional Prepayment requests not being made more than once every three (3) months. The Holder shall not be obligated to accept any Optional Prepayment unless such Optional Prepayment is of an amount no less than ten percent (10%) of the then remaining outstanding Principal Amount plus the applicable Prepayment Penalty (collectively the **Prepayment Amount**). The Company shall provide the Holder with notice (a **Notice of Prepayment**) of such intended Optional Prepayment, the Prepayment Amount, and the date it has elected to make the Optional Prepayment (the

Prepayment Date). Notice of Prepayment shall be delivered at least forty five (45) Business Days prior to the Prepayment Date (the **Prepayment Period**). A Notice of Prepayment shall not be effective with respect to any portion of the Principal Amount for which the Holder has issued an election to convert pursuant to Article III or for conversions initiated or made by the Holder pursuant to Article III during the Prepayment Period. The Prepayment Amount shall be determined as if the Holder's conversion elections, if any, had been completed immediately prior to the date of the Notice of Prepayment. On the Prepayment Date, the Prepayment Amount must be paid in good funds to the Holder. In the event the Company fails to pay the Prepayment Amount on the Prepayment Date as set forth herein, then such Prepayment Notice will be null and void.

Notwithstanding the above, the Holder may elect to convert the Prepayment Amount into Common Shares pursuant to Article III in lieu of accepting the Prepayment Amount from the Company.

- (b) Each Prepayment Amount received by the Holder pursuant to Section 1.4(a) shall be applied by the Holder as follows (i) first, to the payment of the applicable Prepayment Penalty; (ii) second, in the reduction of the Company's obligation to pay any unpaid interest and any fees which are due and owing under this Note; and (iii) in reduction of the Company's obligation to pay any amounts due and owing on account of any unpaid principal amount.
- (c) For purposes of any payments contemplated in this Note or the Security Documents to be made to the Holder, unless otherwise directed by the Holder in writing, the following are particulars of accounts into which funds are to be wired:

Bank:	TD CANADA TRUST
Bank Address:	141 ADELAIDE STREET WEST
Swift / BIC Address:	TDOMCATTOR
Branch ID:	004
Branch Transit:	19922
For beneficiary to:	THE SHOTGUN FUND LIMITED PARTNERSHIP III
Account #:	1992-0620-5269711
Reference:	

1.5 **Conditions to Advance**

- (a) Each of the conditions set out in Schedule 1.5 shall have been satisfied or waived on the date of the Advance, prior to making the Advance.
- (b) Each of the following conditions shall have been satisfied or waived on the date of Advance, prior to making the Advance:
 - (i) (A) the representations and warranties set forth in Schedule 1.6 shall be true and correct on and as of the date of the Advance; and (B) each of the Company and its Material Subsidiaries shall have performed all covenants to be performed by it at or prior to the date of the Advance in accordance with the terms of this Note and the Security Documents, as applicable, and the Company shall have provided the Holder with a certificate of an officer of the Company to that effect in form and substance satisfactory to the Holder acting reasonably;
 - (ii) at the time of and immediately after giving effect to the Advance, no Event of Default shall have occurred and be continuing;
 - (iii) the Holder shall receive opinions delivered at the date of the Advance as may reasonably be requested; and

- (iv) the Holder shall have received such other documents and instruments as are customary for transactions of this type or as they may reasonably request.
- (c) Each of the conditions contemplated in this Section 1.5 is for the exclusive benefit of the Holder and may be waived, in whole or in part, by the Holder in its sole discretion; provided that the making of advances hereunder, without the fulfillment of one or more conditions set forth in this Section 1.5, shall not constitute a waiver of any such condition.

1.6 Representations and Warranties of the Company

The Company makes the representations and warranties set forth on Schedule 1.6 hereto and acknowledges that the Holder is relying upon such representations and warranties in making the Advance.

ARTICLE II – INTERPRETATION

2.1 Definitions

As used herein, the following terms shall have the following respective meanings, unless the context otherwise requires:

Advance has the meaning attributed to such term in Section 1.1;

Affiliate for the purposes hereof, an entity (the **first entity**) is the Affiliate of another entity (the **second entity**) where the second entity controls the first entity, or the first entity controls the second entity or both entities are controlled by the same Person or entity and for these purposes "control" is the power whether by contract or ownership of equity or other interests to select a majority of the board of directors or other supervisory management authority of an entity, whether directly or indirectly through a chain of entities that are "controlled" within the foregoing meaning;

Arm's Length has the meaning used in the *Income Tax Act* (Canada);

Business Day means a day that is not a Saturday, Sunday or civic or statutory holiday, and on which banks are open for general banking business, in Toronto, Ontario or Calgary, Alberta;

Common Shares means common shares in the capital of the Company;

Company has the meaning attributed to such term in Section 1.1;

Conversion Price shall be equal to 3.5 cents (\$0.035).

Event of Default means any of the events set forth in Section 5.1;

GAAP means, at any time, accounting principles generally accepted in Canada including those recommended and approved by the Canadian Institute of Chartered Accountants for a public company, which as of the date hereof includes international financial reporting standards as so recommended or approved, applied in a consistent manner from period to period;

Governmental Authority means any nation or government, any state, province, municipality, region or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to government and any department, agency, board, commission, tribunal, committee or instrumentality of any of the foregoing;

Guarantees has the meaning attributed to such term in Schedule 1.5;

Holder has the meaning attributed to such term in Section 1.1;

Investment means any Person in which the Company or any of its Subsidiaries has an equity interest or contractual right to a portion of production, revenue or proceeds and includes, without limitation, the interests listed on Schedule 2.1(B);

Laws means all legally enforceable statutes, codes, ordinances, decrees, rules, regulations, municipal by laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, policies or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the Person referred to in the context in which such word is used; and "Law" means any one of the foregoing.

Lien means any mortgage, hypothec, title retention, pledge, lien, claim, trust, assignment, right of set-off, charge, security interest or other encumbrance whatsoever, whether fixed or floating and howsoever created or arising or any other arrangement or condition which, in substance, secures payment or performance of an Obligation;

Material Agreement means any of the agreements listed in Schedule 5.1(e) and any agreement, contract or similar instrument, including any license, permit or consent to which the Company or any of its Material Subsidiaries is a party or to which any of their property or assets may be subject for which breach, non-performance, cancellation or failure to renew would reasonably be expected to have a material adverse effect on the business, operations, results of operations, assets, liabilities or financial condition of the Company or its Subsidiaries taken as a whole;

Material Subsidiary means each of The Responsive Marketing Group Inc., GWE Consulting Group (USA) Inc. and Target Outreach Inc. or any other Subsidiary who has granted security to the Company and "Material Subsidiaries" means all of the foregoing.

Monthly Compliance Certificate has the meaning attributed to such term in Section 4.3(s).

Obligations means all monies now or at any time and from time to time hereafter owing or payable by the Company to the Holder pursuant to this Note;

Optional Prepayment has the meaning attributed to such term in Section 1.4(a);

Ordinary Course means, with respect to an action taken by a Person, that such action is consistent with the past practices of the Person or its business, as the case may be, and is taken in the ordinary course of the normal day-to-day operations of the Person or its business, as the case may be, and similar in nature to an action customarily taken in the ordinary course of the day-to-day operations of other Persons that are in the same line of business as such Person;

Other Purchasers has the meaning attributed to such term in Section 4.2(a);

Permitted Encumbrances means the following:

- (a) Liens for taxes, assessments, governmental charges, royalties or levies not for the time being due and delinquent; and
- (b) any Lien the validity of which is being contested by the Company or its Material Subsidiaries in good faith by appropriate legal proceedings and in respect of which either (i) security adequate in the opinion of the Holder has been provided to it to ensure payment of such liens; or (ii) the Holder, acting reasonably, is of the opinion that such liens are not materially prejudicial to the security hereof;

- (c) easements, rights of way or other similar rights in land which in the aggregate do not materially impair the usefulness in the business of the Company or the Material Subsidiaries or the property subject thereto;
- (d) rights reserved to or vested in any municipal, governmental or other public authority by the terms of any lease, licence, franchise, grant or permit, or by any statutory provision, to terminate the same or to require annual or other periodic payments as a condition to the continuance thereof; and
- (e) those liens listed on Schedule 2.1(A) hereto.

Person means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, corporation, with or without share capital, limited liability company, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, government or governmental authority or entity, however designated or constituted;

Prepayment Amount has the meaning attributed to such term in Section 1.4(a);

Prepayment Date has the meaning attributed to such term in Section 1.4(a);

Prepayment Penalty has the meaning attributed to such term in Schedule 1.4;

Prepayment Period has the meaning attributed to such term in Section 1.4(a);

Principal Amount has the meaning attributed to such term in Section 1.1 hereof;

Purchase Money Mortgage means any security interest charging property acquired by the Company or a Subsidiary, which is granted or assumed by the Company or a Subsidiary or which arises by operation of law in favour of the transferor concurrently with and for the purpose of the acquisition of such property, in each case where (i) the principal amount secured by the security interest is not in excess of the purchase price (after any post-closing adjustment) of the property acquired, and (ii) such security interest extends only to the property acquired and its proceeds;

Pro Rata Interest has the meaning attributed to such term in Section 4.2(a);

Rights Notice has the meaning attributed to such term in Section 4.2(b);

Security Documents means, collectively, this Note and all other agreements and other instruments delivered to the Holder by the Company (whether now existing or presently arising) for the purpose of establishing, perfecting, preserving or protecting any security held by the Holder in respect of any Obligations, including, without limitation, the agreements and instruments listed on Schedule 2.1(B);

SF Funds collectively means, the two (2) limited partnerships of which SF Fund Management Inc. is the general partner, the two (2) limited partnerships of which SF Fund Management II Inc. is the general partner and the limited partnership of which SF Fund Management III Inc. is the general partner and SF Fund means any of the foregoing referenced limited partnership individually;

SF Parties collectively means, SF fund Management Inc., SF Fund Management II Inc. and SF Fund Management III Inc., and **SF Party** means any of the foregoing individually; and

Subsidiary means as to any Person, any corporation, company, partnership or other entity of which shares of capital stock or other ownership interests having ordinary voting power equal to more than 50% of all voting power of such corporation, company, partnership or other entity or having ordinary voting power to elect a majority of the board of directors or other managers of such corporation, company, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through

one or more intermediaries, or both, by such Person or in which such Person has more than 50% of the economic interest, and with respect to the Company and includes, without limitation, the Persons listed on Schedule 2.1(C).

2.2 Interpretation

- (a) "This Note", "hereto", "hereby", "hereunder", "herein", and similar expressions refer to the whole of this Note and not to any particular Article, Section, Subsection, paragraph, clause, subdivision or other portion hereof.
- (b) Any reference in this Note to "Dollars", "dollars" or the symbol "\$" shall be deemed to be a reference to lawful money of Canada.
- (c) The division of this Note into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Note.
- (d) Any reference in this Note to a statute shall be deemed to be a reference to such statute as amended, re-enacted or replaced from time-to-time.
- (e) In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the first Business Day thereafter.
- (f) Each of the provisions contained in this Note is distinct and severable and a declaration of invalidity or unenforceability of any such provision by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof or thereof.
- (g) Words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include all genders.
- (h) Time is of the essence hereof.
- (i) "knowledge" of any Person shall be deemed to mean such knowledge after due and diligent inquiry.
- (j) Where the word "including" or "includes" is used in this Note, it means includes, without limitation.

2.3 Governing Law

This Note shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract. The Company attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

ARTICLE III – CONVERSION

3.1 Conversion by the Holder

Upon and subject to the terms and conditions of this Article III, the Holder shall have the right, at any time, and from time to time, prior to all of the Obligations having been repaid in full, to convert the whole or any part of the Principal Amount of this Note into fully-paid and non-assessable Common Shares at the Conversion Price per Common Share in accordance with this Article III.

No fractional Common Shares shall be issued upon conversion of any part of this Note. If any fractional interest in a Common Share would, except for the provisions of this section, be deliverable upon the conversion of any part of this Note, the number of Common Shares to be issued shall be rounded down to the nearest whole Common Share and the Company shall pay cash to the Holder for such fractional interest which has not been converted.

3.2 Conversion Procedure

The Holder may exercise its rights to convert the Principal Amount for Common Shares, in accordance with the provisions of this Article III, by sending to the Company a notice in the manner provided in Section 6.4. The date of delivery for such notice, as determined by Section 6.4, shall be the date of conversion for the purposes of this Article III. Thereupon, the Holder shall be entitled to be entered in the books of the Company as at the date the notice of conversion is received by the Company (the **Notice Date**) as the holder of the number of Common Shares into which the whole or any part of the Principal Amount of this Note so tendered is convertible in accordance with the provisions of this Article III and, within five (5) Business Days of the Notice Date, the Company shall deliver to the Holder a certificate or certificates for such securities. Any part of this Note may be converted as provided in this Article III and all references to conversion of the Note shall be deemed to include conversion of such parts. If only part of this Note is converted in accordance with Section 3.1, the Holder shall, upon the exercise of such conversion rights, surrender this Note to the Company, and the Company shall cancel the same and shall, without charge, forthwith certify and deliver to the Holder a new Note or Notes on identical terms as this Note in an aggregate principal amount equal to the unconverted part of the Principal Amount of the Note so surrendered.

3.3 Adjustments.

- (a) If and whenever the Company shall (i) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares, as the case may be; (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares, as the case may be; or (iii) issue any Common Shares to the holders of all or substantially all of the outstanding Common Shares, as the case may be, by way of a stock dividend, then the number of Common Shares which may be acquired pursuant to this Article III on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a stock dividend, as the case may be, shall be increased, in the case of the events referred to in (i) and (iii) above, in the proportion which the number of Common Shares outstanding before such subdivision, redivision or dividend bears to the number of Common Shares outstanding after such subdivision, redivision or dividend, or shall be decreased, in the case of the events referred to in (ii) above, in the proportion which the number of Common Shares outstanding before such reduction, combination, or consolidation bears to the number of Common Shares outstanding after such reduction, combination or consolidation. Any such issue of Common Shares by way of a stock dividend shall be deemed to have been made on the record date fixed for such stock dividend for the purpose of calculating the number of outstanding Common Shares under this Section 3.3(a) and Section 3.3(c).
- (b) In the case of any reclassification of, or other change in, the outstanding Common Shares other than a subdivision, redivision, reduction, combination or consolidation, or if the Company effects any amalgamation, arrangement or similar transaction with or into another Person the Holder shall be entitled to receive upon conversion pursuant to this Article III, and shall accept in lieu of the number of Common Shares, as the case may be, to which it was theretofore entitled upon such conversion, the kind and amount of shares and other securities or property which the Holder would have been entitled to receive as a result of such reclassification or other change if, on the effective date thereof, it had been the registered holder of the number of Common Shares to which it was theretofore entitled upon conversion. If necessary, appropriate adjustments shall be made in the application of the provisions set forth in this Article III with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Article III shall thereafter correspondingly

be made applicable as nearly as may be possible in relation to any shares or other securities or property thereafter deliverable upon the conversion of this Note. Any such adjustments may be made by and set forth in a supplemental addendum to this Note approved by the directors of the Company and by the Holder and shall for all purposes be conclusively deemed to be an appropriate adjustment.

- (c) If and whenever the Company shall issue or distribute to all or substantially all the holders of Common Shares (i) shares of the Company of any class other than Common Shares; (ii) rights, options or warrants (including, for greater certainty, a rights offering as such term is defined in National Instrument 45-101); (iii) evidences of indebtedness; or (iv) any other assets or property and if such issuance or distribution does not result in an adjustment as provided for in Section 3.3(a) or Section 3.3(b), the rate at which the Holder shall have the right to convert the Principal Amount pursuant to this Article III shall be adjusted effective immediately after the record date at which the holders of Common Shares are determined for purposes of any issuance or distribution as aforesaid in such manner as the directors of the Company, with the approval of the Holder, determine to be appropriate on a basis consistent with this Section 3.3.
- (d) If, at any time, the Holder exercises its conversion rights after the record date and before the occurrence of an event, for which this Section 3.3 requires that an adjustment shall become effective immediately after the record date for such event, the Company may defer issuing to the Holder the additional securities or assets issuable upon such conversion, by reason of the adjustment required by such event, until the occurrence of such event. In the event of such an adjustment, the Company shall deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such additional securities or assets upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional securities or assets declared on and after the date of conversion or such later date as a holder would, but for the provisions of this Section 3.3, have become the holder of record of such additional securities or assets.
- (e) If any question arises with respect to the adjustments provided for in this Section 3.3, such question shall be conclusively determined by Deloitte LLP or such other firm of chartered accountants appointed by the Company and acceptable to the Holder. Such chartered accountants shall have for such purposes access to all necessary records of the Company and such determination shall be binding upon the Company and the Holder. The costs incurred in connection with the involvement of such chartered accountants shall be borne by the Company.

3.4 Certificate as to Adjustment

The Company shall from time to time immediately after the occurrence of any event which requires an adjustment or re-adjustment as provided in Section 3.3, deliver a certificate of the Company to the Holder specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

3.5 Notice of Special Matters

The Company shall give notice to the Holder, in the manner provided in Section 6.4, of its intention to fix a record date for any event mentioned in Section 3.3 which may give rise to an adjustment in the number of securities which may be acquired pursuant to this Article III, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Company shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days prior to such applicable record date.

3.6 Company to Reserve Common Shares

The Company covenants that it shall at all times reserve and keep available out of its Common Shares, solely for the purpose of issue upon conversion of, and payment of the Principal Amount under, this Note, such number of Common Shares as would be issuable upon the conversion of the Principal Amount under this Note. The Company covenants that all Common Shares which shall be so issuable shall be free from pre-emptive or similar rights on the part of the holders of any Common Shares or any other person and free from all liens and charges with respect to the issue thereof.

3.7 General Covenants of the Company

The Company covenants with the Holder that so long as any part of this Note remains outstanding, (i) it will cause the certificates representing the Common Shares from time to time to be acquired pursuant to the conversion of any part of this Note in the manner herein provided, to be duly issued and delivered in accordance with the terms hereof, and (ii) it will, at its expense and as expeditiously as possible, use its commercially reasonable efforts to cause all Common Shares issuable upon the conversion of any part of this Note to be duly listed on the Canadian National Stock Exchange (and/or any other stock exchange upon which the Common Shares of the Company may be then listed) prior to the issuance of such Common Shares.

3.8 Applicable Securities Legislation

The Company shall not, directly or indirectly, do any act or thing or, to the extent that it is able, permit any act or thing to be done, which would remove or deny any registration or prospectus exemption available under any applicable securities legislation with respect to the issuance of Common Shares pursuant to the terms of this Note.

ARTICLE IV – COVENANTS

4.1 Use of Proceeds from Advances

- (a) The Company shall apply the proceeds of the Advance as set forth in Schedule 4.1(a).
- (b) The Company shall not make or permit any change in the use of proceeds provided for in this Section 4.1 without the prior written consent of the Holder.

4.2 Pre-Emptive Rights

- (a) If at any time after the date hereof the Company proposes to issue or sell Common Shares or rights, options, or warrants exercisable, exchangeable or convertible for Common Shares (**Additional Securities**), the Holder shall have the right to subscribe for and purchase Additional Securities, at the price at which such Additional Securities are offered for sale to other purchasers (**the Other Purchasers**), up to its Pro Rata Interest prior to giving effect to the issuance or sale of such Additional Securities, provided that Additional Securities shall not include: (i) securities issued pursuant to rights, options, or warrants exercisable, exchangeable or convertible for Common Shares outstanding as of the date hereof; and (ii) securities issued upon the conversion of this Note, as applicable. **Pro Rata Interest** means at any relevant time, the ownership interest of the SF Parties (on behalf of the SF Funds, respectively), expressed as a percentage, equal to: (i) the number of outstanding Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the SF Parties (on behalf of the SF Funds, respectively) plus the number of Common Shares issuable upon the conversion, exercise or exchange of all securities convertible, exercisable or exchangeable into Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the SF Parties (on behalf of the SF Funds, respectively), such amount not to include the shares issuable upon the conversion of the Principal Amount pursuant to Section 3.1; divided by (ii) the aggregate number of outstanding

Common Shares plus the number of Common Shares issuable, upon the conversion, exercise or exchange of all securities convertible, exercisable or exchangeable into Common Shares.

- (b) If the Company intends to authorize and/or issue Additional Securities that give rise to the rights of the Holder pursuant to Section 4.2(a), the Company shall provide notice to the Holder (the **Rights Notice**) no less than thirty (30) days before the date on which the Company intends to issue such securities, specifying sufficient particulars of the issuance or sale of the Additional Securities to allow the Holder to make a reasoned decision in respect of making such investment, including: (i) the total number and type of securities outstanding as at the date thereof; (ii) the total number of Additional Securities which are being offered; (iii) the rights, privileges, restrictions, terms and conditions of such Additional Securities; and (iv) the proposed closing date.
- (c) The pre-emptive rights included in this Section 4.2 shall survive repayment of the Obligations and shall continue until the date mutually agreed upon between the Holder and the Company.

4.3 General Covenants

For so long as any Obligations remain outstanding, the Company shall and shall cause each of its Subsidiaries to:

- (a) pay all reasonable costs, charges and expenses of or incurred by the Holder in taking, recovering or keeping possession of any of the collateral posted as security for the Obligations under the Security Documents or in any other proceedings taken in enforcing the remedies provided herein or otherwise in relation to this Note or such collateral and without limiting the generality of the foregoing, such costs shall extend to and include any reasonable legal costs incurred by or on behalf of the Holder as between solicitor and his, her or its own client;
- (b) punctually pay and discharge every obligation, the failure to pay or discharge of which might result in any lien or charge or right of distress, forfeiture, termination or sale or any other remedy being enforced against the assets of the Company or any of its Subsidiaries and provide to the Holder when required satisfactory evidence of such payment and discharge, but the Company may, on giving the Holder such security (if any) as the Holder may require, acting reasonably, refrain from paying or discharging or causing to be paid or discharged any obligation the liability for which is being contested in good faith;
- (c) maintain its corporate existence;
- (d) diligently preserve all its rights, licences, powers, privileges, franchises and goodwill;
- (e) observe and perform all of its obligations and comply with all conditions under leases, licences and other agreements to which it is a party;
- (f) carry on and conduct its business in a proper and efficient manner so as to preserve and protect its assets, properties, business and income therefrom;
- (g) keep proper books of account with correct entries of all transactions in relation to its business;
- (h) observe and conform to all valid, requirements of Law and of any Governmental Authority relative to the carrying on of its business, the non-observance of which could have a material adverse effect on the Company or any Subsidiary or any of the Investments;

- (l) repair and keep in repair and reasonably good order and condition all property, the use of which is necessary or advantageous in connection with its business;
- (j) take out and maintain with respect to all of its assets and activities, insurance policies in such amounts and on such terms and against such risks as are normally insured against by prudent owners of comparable assets in the region in which the relevant assets are located or activities are taking place and (i) upon request by the Holder provide the Holder with satisfactory evidence of such insurance and any renewal thereof; and (ii) on the happening of any loss or damage furnish or cause to be furnished at its own expense all necessary proofs and do all necessary acts to obtain payment of the insurance monies;
- (k) immediately notify the Holder in writing of any proposed change of its (i) name; (ii) chief place of business; or (iii) books of account and other corporate and business records;
- (i) pay all taxes, rates, government fees and dues levied, assessed or imposed upon it or its property as and when the same become due and payable save and except where it contests in good faith the validity thereof by proper legal proceedings and for which provision for payment adequate in the reasonable opinion of the Holder has been made;
- (m) forthwith notify the Holder of (i) any default (or event, condition or occurrence which with the giving of notice and/or the lapse of time would constitute a default) in connection with any agreement, indebtedness, guarantee, to which it is a party or by which its assets are affected; (ii) any litigation, arbitration or administrative proceedings, (iii) any damage to or loss or destruction of its property, that could reasonably be expected to result in a loss or give rise to an insurance claim in an amount exceeding \$100,000 individually or in the aggregate, and (iv) promptly on becoming aware of them, details of any investigation, enquiry or enforcement proceedings by any governmental, administrative, or regulatory body relating to any offence or alleged offence under any anti-bribery or anti-corruption laws;
- (n) collect all accounts receivable in the Ordinary Course;
- (o) promptly cure or cause to be cured any defects in the execution or delivery of any instrument and any defects in the validity or enforceability of any security hereunder and at its expense duly execute and deliver or cause to be duly executed and delivered all documents as the Holder, acting reasonably, may consider necessary or desirable for such purposes;
- (p) at its cost and expense, upon the request of the Holder acting reasonably, duly execute and deliver such Security Documents, instruments or agreements following the date hereof as may be reasonably necessary or desirable in the opinion of the Holder to protect the security granted under the Security Documents and carry out the purposes of this Note;
- (q) allow any employees or authorized representatives, agents or designees of the Holder at any reasonable time to enter its premises in order to inspect its assets and to inspect its books and records and make extracts therefrom, and prompt access to such other persons as the Holder may deem necessary or desirable for the purposes of inspecting or verifying any matters relating to its books and records, assets or business;

- (r) provide the Holder (i) within forty-five (45) days following each month end, a consolidated balance sheet and related statements of operations, retained earnings and cash flows for the prior month; and (iii) as soon as available and in any event within one hundred and twenty (120) days after the end of each financial year of the Company, the audited consolidated balance sheet and related statements of operations, retained earnings and cash flows as of the end of and for such financial year, setting forth in each case in comparative form the figures for the previous financial year, all reported on by independent auditors of recognized national standing to the effect that such consolidated financial statements present fairly in all material respects the financial position and results of operations and cash flows of the Company and its Subsidiaries in accordance with GAAP;
- (s) on the fifth (5) Business Day of each month, commencing in the seventh (7) month after the issue date hereof, the Chief Financial Officer and Chief Executive Officer of the Company shall deliver to the Holder a certificate (the **Monthly Compliance Certificate**) in the form attached hereto as Schedule B, acting reasonably, certifying after due inquiry that (i) the representations and warranties contained in the Note and in the Security Documents are true and correct in all material respects as of the date of such Monthly Compliance Certificate, except for those expressed to be made as of a particular date; and (ii) no event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute an Event of Default;
- (t) the Company will and will ensure that its Subsidiaries maintain in place adequate policies and procedures designed to prevent the Company or any Subsidiary from bribing another person, intending to obtain or retain business or an advantage in the conduct of the business of the Company and or any of its Subsidiaries;
- (u) the Company shall supply to the Holder, promptly on request of the Holder, copies of such documentation or other evidence requested by the Holder to enable the Holder to satisfy itself that such policies and procedures are in place; and
- (v) obtain the consent and approval of the Holder for the appointment of all authorized banking signatories.

4.4 Negative Covenants

For so long as any Obligations remain outstanding, the Company shall not and shall cause each of its Material Subsidiaries to not, without the prior written consent of the Holder, which consent shall not be unreasonably withheld or delayed:

- (a) make any loans to or make any investments in any other Person other than (i) loans or investments by the Company to or in its Subsidiaries or by a Subsidiary to another Subsidiary provided that any such loans to Subsidiaries which are not wholly-owned are made on Arm's Length terms, and (ii) in the context of granting of trade credit in the Ordinary Course;
- (b) create, incur, grant, assume or suffer to exist any indebtedness, royalties, or other obligation (out of the Ordinary Course), which by its terms is or may be payable in whole or in part, whether as to principal, interest, fees, charges, expenses or otherwise, prior to indefeasible payment and performance in full of all Obligations other than (i) loans or investments by the Company to or in its Subsidiaries or by a Subsidiary to another Subsidiary provided that any such loans to Subsidiaries which are not wholly-owned are made on Arm's Length terms, and (ii) in the context of granting of trade credit in the Ordinary Course;
- (c) grant any Lien over any of its assets or property except for (i) Permitted Encumbrances; and (ii) Purchase Money Mortgages provided the obligations relating thereto have been incurred in accordance with Section 4.4(f); or (iii) pursuant to the Security Documents;

- (d) grant any royalties or similar rights to any Person or Governmental Authority (whether voluntary or mandatory), or make any payments thereon;
- (e) enter into or consent to any agreement whereby a securities intermediary agrees to comply with entitlement orders originated by any Person other than the Lender;
- (f) enter into any transaction with Persons not dealing at Arm's Length with it except in the Ordinary Course on Arm's Length terms;
- (g) change the nature of its business as presently carried on;
- (h) enter into any transaction, outside its ordinary business operations, including without limitation, any transaction (whether by way of reorganization, consolidation, amalgamation, arrangement, merger, winding-up, reorganization, reconstruction, continuance, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, properties, rights or assets would become the property of any other Person (whether in one or a series of transactions) or, in the case of amalgamation, arrangement or continuance, of the continuing Company resulting therefrom or establish alone or with any other Person or any of its Subsidiaries; and
- (i) take, allow, consent or acquiesce to the any proceedings for its winding-up, liquidation, reorganization or dissolution.

ARTICLE V – DEFAULT AND REMEDIES

5.1 Default

Each of the following events shall be deemed an **Event of Default**:

- (a) the Company fails to pay any Obligations when and as the same shall become due and payable, and such failure continues unremedied for a period of two (2) days following notice of such failure by the Holder to the Company;
- (b) the Company or any of its Material Subsidiaries fails to observe or perform any covenant, condition or obligation contained in this Agreement or any other Security Document, to which it is a party, and, except in the case of a breach of Section 4.4(i), such failure continues unremedied for a period of fifteen (15) days or such longer period as may be consented to by the Holder in writing, in its sole discretion;
- (c) the Company or any of its Subsidiaries (i) becomes insolvent or generally not able to pay its debts as they become due; (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors; (iv) takes any corporate or other action to authorize any of the above actions; or (v) any other event occurs that, under the applicable laws of any applicable jurisdiction, has an effect equivalent to any of the foregoing;
- (d) any assets, property or rights of the Company or any of its Subsidiaries is seized (including by way of execution, attachment, garnishment, levy or distraint), or has become subject to any charging order or equitable execution of a Governmental Authority, or any writ of execution or distress warrant exists in respect of the Company or any of its Subsidiaries or any assets, property or rights of any of them, or any sheriff or other Person becomes lawfully entitled by operation of applicable laws or otherwise to seize or distrain upon such assets or property;
- (e) any Material Agreement of the Company or any of its Material Subsidiaries, including without limitation, the agreements, rights or licenses listed in Schedule 5.1(e) is terminated (or in the

case of any indebtedness or guarantee becomes due and payable prior to its scheduled maturity) or ceases to be in full force and effect or is declared to be void or voidable or is repudiated, or at any time it becomes unlawful or impossible for the Company or any of its Subsidiaries to perform any of its material obligations thereunder, under this Note or under any of the Security Documents;

- (f) any breach by a party to the Shareholders' Agreement among the Company, 2062766 Ontario Inc., Michael Davis, All West Productions Ltd., Michael Platz, D & W Management Fund LLC, David A. Winograd, SF Fund Management Inc., SF Fund Management II Inc. and SF Fund Management III Inc. as of March 3, 2010, as amended by agreement dated March 27, 2012 and as further amended by agreement dated October 10, 2012 (the Shareholders' Agreement), and upon being provided notice by the Company, if such failure is capable of remedy, such failure continues unremedied for a period of thirty (30) days;
- (g) the Company or any Subsidiary thereof ceases or threatens to cease to carry on its business;
- (h) any representation or warranty made by the Company herein or by the Company or any Material Subsidiary in any Security Document or in any other instrument or in any certificate, statement or report furnished in connection with or pursuant to this Note or any Security Document is found to be false or incorrect in any way so as to make it materially misleading when made and, if the circumstances giving rise to the incorrect representation or warranty are capable of modification or rectification (such that, thereafter the representation or warranty would be correct), the representation or warranty remains uncorrected for a period of fifteen (15) days;
- (i) the Company and/or any of its Subsidiaries, as the case may be, sells, transfers or otherwise disposes of, or enters into an agreement to sell, transfer or otherwise dispose of, all or substantially all of its respective assets; and
- (j) any violation by the Company or any of its Subsidiaries of any applicable Law which could cause a material adverse effect to the Company or its Subsidiaries.

5.2 Notice of Events of Default

If an Event of Default shall occur and be continuing the Company shall forthwith after becoming aware of the occurrence of such Event of Default, give notice thereof to the Holder.

5.3 Acceleration on Default

If any Event of Default has occurred and is continuing, the Holder may, in its absolute discretion, by notice in writing to the Company declare the Principal Amount under this Note and any other monies payable hereunder to be due and payable and the same shall forthwith become immediately due and payable to the Holder; provided, however, that upon the occurrence of any Event of Default described in Sections 5.1(c) or 5.1(b) in respect of a breach of Section 4.4(i), the Principal Amount under this Note and any other monies payable hereunder shall automatically become immediately due and payable without notice or demand of any kind.

ARTICLE VI – GENERAL

6.1 Security

As security for the payment of the Obligations and the performance by the Company of all its covenants and obligations hereunder, the Company and its Material Subsidiaries have granted security interests in assets of the Company and its Material Subsidiaries pursuant to the terms of the Security Documents.

6.2 Waiver

The Company hereby waives diligence, presentment, protest, notice of protest, notice of dishonour and notice of non-payment of this Note, and specifically consents to and waives notice of any renewal or extension of this Note. No delay by the Holder in exercising any power or privilege hereunder, nor the single or partial exercise of any power or privilege hereunder, shall preclude any other or further exercise thereof, or the exercise of any other power or privilege hereunder.

6.3 Waiver of Default

The Holder may waive any breach by the Company or any Subsidiary of any of the provisions contained in this Note or any Security Documents; provided always that no act or omission by the Holder in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom.

6.4 Notice

Any demand, notice or other communication to be given in connection with this Note will be given in writing and will be given by personal delivery, registered mail, courier or by fax transmission addressed to the recipient as follows:

(a) to the Company: 481 University Avenue
6th Floor
Toronto, Ontario M5G 2E9

Attention: Andrew Langhorn
Fax: (416) 921-2373

With a copy to: Heenan Blaikie LLP
333 Bay Street, Suite 2900
P.O. Box 2900
Toronto, Ontario
M5H 2T4

Attention: Charlie MacCready
Fax: 1-866-556-9541

(b) to the Holder: 141 Adelaide Street West
Suite 760
Toronto, Ontario M5H 3L5

Attention: Richard Reid
Fax: (416) 367-3895

With a copy to: Norton Rose Canada LLP
200 Bay Street, Suite 3800
Royal Bank Plaza, South Tower
Toronto, Ontario
M5J 2Z4

Attention: Michael Caruso
Fax: (416) 216-3930

Any such communication shall be deemed to have been validly and effectively given (i) if personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 5:00 p.m. (Toronto time) and otherwise on the next Business Day, or (ii) if transmitted by facsimile or similar means of recorded communication on the Business Day following the date of transmission. Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

6.5 Limitations Act, 2002 (Ontario)

Upon request of the Holder, the Company shall, from time to time, execute and deliver acknowledgements of its liability and the continuing existence of the Holder's claims against the Company pursuant to this Note. In addition, any limitation periods under the *Limitations Act, 2002* (Ontario), as amended, applicable to this Note are excluded.

6.6 No Merger or Novation

Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Company to pay the monies hereby secured nor shall the same operate as a merger of any covenant herein contained or of any other Obligation, nor shall the acceptance of any payment or other security constitute or create any novation.

6.7 Assignment

No party may assign any of its rights or benefits under this Note, or delegate any of its duties or obligations, except with the prior written consent of the other parties hereto; provided, however, that Holder (upon prior written notice to the Company) may assign any or all of its rights and obligations hereunder to an Affiliate without the consent of the Company; provided that any such Affiliate assignee agrees to be bound by the provisions of this Note as if it were an original party hereto.

6.8 Successors and Assigns

This Note and all its provisions shall enure to the benefit of and be binding upon the Holder and its successors and permitted assigns and shall be binding on the Company and its successors and permitted assigns.

6.9 No Set-Off

The Holder of this Note shall be entitled to the Principal Amount evidenced by such Note, free from all equities or rights of set-off or counter-claim.

6.10 Loss or Destruction of Note

In case this Note shall become mutilated or be lost or destroyed, the Company shall issue and deliver a new Note upon receipt of evidence satisfactory to it of such loss and upon being furnished with an indemnity satisfactory to it.

6.11 Electronic Imaging

The parties hereto agree that, at any time, the Holder may convert paper records of this Note and all other documentation delivered to the Holder (each, a **Paper Record**) into electronic images (each, an **Electronic Image**) as part of the Holder's normal business practices. The parties agree that each such **Electronic Image** shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

6.12 Further Assurances

The Company hereby covenants and agrees that it will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered any and all such further acts, deeds, transfers, assignments and assurances as the holder of this Note may reasonably require for the purposes of effecting the transactions contemplated herein.

6.13 Invalidity of any Provisions

Any provision of this Note or any provisions of the security contemplated hereunder which is prohibited by the laws of any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition without invalidating the remaining terms and provisions hereof or thereof and no such invalidity shall affect the obligation of the Company to repay the Obligations.

6.14 Indemnification

The Company agrees to indemnify the Holder from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or wilful misconduct of the Holder or any of its employees or a material breach by the Holder of any of its covenants contained herein) which may be imposed on, incurred by, or asserted against the Holder and arising by reason of any action (including any action referred to herein) or inaction or omission to do any act legally required of the Company pursuant to this Note.

6.15 Amendments

This Note may only be amended by a written agreement signed by all of the parties hereto.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the Company and the Holder have executed this Note as of the 4th day of December, 2012.

IMARKETING SOLUTIONS GROUP INC.

Per. *Lester Arora*
Authorized Signing Officer

Accepted and agreed by:

**SHOTGUN FUND LIMITED PARTNERSHIP III, by its
general partner, SF FUND MANAGEMENT III INC.**

Per. _____
Authorized Signing Officer

(Signature Page for Secured Convertible Promissory Note)

IN WITNESS WHEREOF the Company and the Holder have executed this Note as of the 4th
day of December, 2012.

IMARKETING SOLUTIONS GROUP INC.

Per: _____
Authorized Signing Officer

Accepted and agreed by:

**SHOTGUN FUND LIMITED PARTNERSHIP III, by its
general partner, SF FUND MANAGEMENT III INC.**

Per: _____
Authorized Signing Officer

(Signature Page for Secured Convertible Promissory Note)

APPENDIX A

ADVANCES AND REPAYMENT OF PRINCIPAL

Date	Amount of Advance	Principal Repaid or Prepaid	Principal Amount	Notation Made By
December 4, 2012	\$3,500,000	\$0	\$3,500,000	

SCHEDULE B

MONTHLY COMPLIANCE CERTIFICATE

We, _____, the Chief Financial Officer and _____, the Chief Executive Officer of iMarketing Solutions Group Inc. (the **Company**) hereby certify, on behalf of the Company and without personal liability as of _____ [Insert tenth day of applicable Month]:

1. We are familiar with and have examined the provisions of the secured convertible promissory note (the **Note**) dated December 4, 2012, between the Company, and Shotgun Fund Limited Partnership III (the **Note Holder**) as the lender, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Company, each Subsidiary and Investment. Terms defined in the Note have the same meanings when used in this certificate.
2. The representations and warranties contained in the Note and in the Security Documents are true and correct in all material respects as of the date hereof, except for those expressed to be made as of a particular date and any discrepancies as more fully outlined in Appendix II hereto.
3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute an Event of Default.

Dated this day of , 201____.

Per: _____
Name: _____
Title: _____

SCHEDULE 1.4

PREPAYMENT PENALTY

Time of Prepayment	Penalty Rate
Optional Prepayment within 19 to 21 months of issuance of Note	8%
Optional Prepayment within 22 to 24 months of issuance of Note	7%
Optional Prepayment within 25 to 27 months of issuance of Note	5%
Optional Prepayment within 28 to 30 months of issuance of Note	4%
Optional Prepayment within 30 to 32 months of issuance of Note	3%
Optional Prepayment within 33 to 35 months of issuance of Note	2%

SCHEDULE 1.5

CONDITIONS TO ADVANCES

1. **Legal Opinions.** The Holder shall have received satisfactory written opinion(s) (addressed to the Holder and dated the date of the Advance) of counsel to the Company in Ontario, Alberta, Nevada, Washington and New York, covering such matters relating to the Company, the Material Subsidiaries, the Note and the Security Documents and such other matters as the Holder shall reasonably request (together with copies of all factual certificates and legal opinions delivered to such counsel in connection with such opinion upon which counsel has relied).
2. **Certificates.** The Holder shall have received in conjunction with the legal opinions referred to in (ii) above or otherwise:
 - (i) certified copies of the resolutions of the board of directors of the Company, and each Material Subsidiary, dated as of the date of the Advance, and approving, as appropriate, this Note and the Security Documents, and all other documents and evidencing corporate authorization with respect to such documents; and
 - (ii) a certificate of an officer, director or authorized attorney of the Company, and each Material Subsidiary, dated as of the date of the Advance, and certifying, *inter alia*, (A) the name, title and true signature of each officer of such Person authorized to execute this Note and the other Security Documents to which it is a party, (B) the name, title and true signature of each officer of such Person authorized to provide the certifications required pursuant to this Note, including any other certifications required pursuant to this Note, (C) that attached thereto is a true and complete copy of the articles of incorporation and bylaws (or equivalent including shareholder, partnership and joint venture agreements as the case may be) of the Company, and each Material Subsidiary, as amended to date, and (D) a recent certificate of status, certificate of compliance, good standing certificate or analogous certificate of the Company and each Material Subsidiary.
3. **Insurance.** A certificate or certificates of insurance in respect of the insurance required to be maintained pursuant to Section 11 of Schedule 1.6 showing the Holders as loss payee or additional insured, as applicable.
4. **No Event of Default.** No Event of Default shall exist and be continuing on the date of the Advance and the Company shall have delivered to the Holder a certificate of an officer, director or authorized attorney of the Company to that effect.
5. **Regulatory Approval; Consents; Waivers.** The Holder shall be satisfied, acting reasonably, that all approvals of any Governmental Authority required in connection with the transactions contemplated hereby have been obtained and are in full force and effect and that all consents and waivers required to consummate the transactions have been obtained.
6. **Security Documents.** The Holder shall have received original, executed, stamped and registered (where necessary) copies of each of the Security Documents as required by of this Note and certificates representing the shares pledged thereunder and evidence in respect of the registration thereof.
7. **Guarantee.** Each of the following Material Subsidiaries shall have delivered executed guarantees (the **Guarantees**): GWE Consulting Group (USA), Inc. and Target Outreach, Inc.

8. **Financing Statements; Filings.** The Holder shall have received acknowledgment copies of proper financing or filing statements or equivalent evidence, duly filed on or before the date of the Advance, in all jurisdictions (where such filings or evidence may be registered) that the Holder may deem necessary or desirable in order to perfect any liens in favour of the Holder under the Security Documents, in all cases as first ranking liens, unless otherwise provided for herein.
9. **Other Documentation.** The Holder shall have received such other documents and instruments as are customary for transactions of this type or as they may reasonably request.

SCHEDULE 1.6

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Holder, for itself and on behalf of each of its Subsidiaries, effective as of the time of the making of the Advance, that:

1. **Organization; Powers.** The Company and each of its Subsidiaries are organized or incorporated, as applicable, validly existing and in good standing under the laws of the jurisdictions of their organization or incorporation, have all requisite power and authority to carry on their business as now and formerly conducted and are qualified to do business in, and are in good standing in, every jurisdiction where such qualification is required.
2. **Authorization; Enforceability.** The transactions contemplated under or pursuant to this Note and the Security Documents are within the corporate powers of the Company and each such Material Subsidiary party thereto and have been authorized by all necessary corporate and, if required, shareholder action. This Note and the other Security Documents have been executed and delivered by the Company and its Material Subsidiaries, in each case to the extent a party thereto and constitute, in each case to the extent a party thereto legal, valid, binding and enforceable obligations of the Company and each such Material Subsidiary, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganisation, moratorium or other applicable Laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at Law.
3. **Governmental Approvals; No Conflicts.** The transactions contemplated under or pursuant to this Note and the Security Documents (a) do not require any consent, approval, authorization of, registration or filing with, or any other action by, any Governmental Authority (including without limitation any consent or approval required under any Ontario securities laws or any other applicable Laws or any other Person, and (b) do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any of (i) the constating documents, shareholders' agreements, joint venture agreement, partnership agreement, affecting the Company or its Material Subsidiaries or any by-laws or resolutions of any of their board of directors, shareholders, partners or joint venturers; (ii) any law applicable to the Company or any such Material Subsidiary or any order of any Governmental Authority; (iii) under any indenture, agreement or other instrument binding upon the Company, any Material Subsidiary or their respective assets; and (c) will not result in the creation or imposition of any Lien on any asset of the Company or any Material Subsidiary, except for any Lien arising in favour of the Holder under the Security Documents.
4. **Litigation.** Otherwise as set out below, there are no actions, suits or proceedings (including any tax-related matter): (i) by or before any arbitrator or Governmental Authority pending against, or (ii) to the knowledge of the Company or any Material Subsidiary, threatened against or affecting, the Company or any Material Subsidiary which could cause a material adverse effect to the Company or the Material Subsidiaries.
5. **Compliance with Laws.** The Company and its Subsidiaries is in compliance with all material Laws (and material compliance with applicable securities laws) applicable to them or their property provided that any non-compliance with respect to applicable securities laws does not have a material adverse effect on the Company or the Subsidiaries, or the business conducted by such persons.
6. **Material Agreements.** Schedule 5.1(e) sets out the Material Agreements to which the Company or any of its Material Subsidiaries are a party or by which such Person are bound. Except as set out in Schedule 5.1(e), neither the Company nor any of its Material Subsidiaries is bound by (i) Contract for the purchase of materials, supplies, equipment or services involving, in the case of any such Contract, more than \$500,000 over the life of the Contract; (ii) any promissory note, loan agreement or other agreement for the borrowing of

money, any currency exchange, commodities or other hedging arrangement or any leasing transaction of the type required to be capitalized in accordance with GAAP; (iii) any agreement for capital expenditures in excess of \$100,000 in the aggregate; (iv) any confidentiality, secrecy or non-disclosure agreement or any agreement limiting the freedom of the such Person to engage in any line of business, compete with any Person, solicit any Person, or operate its assets at maximum production capacity; (v) any agreement with any Affiliate of such Person or any other Person with whom the Company or Material Subsidiary does not deal at Arm's Length; (vi) any agreement of guarantee, support, indemnification or assumption or any similar commitment with respect to the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or indebtedness of any other Person; (vii) any agreement relating to grants or other forms of assistance received by such Person from any Governmental Authority; (viii) any lease, license or other interest in real property; (ix) any agreements made out of the Ordinary Course; or (x) any shareholders' agreements, joint venture agreement, partnership agreement or similar agreement affecting the Company or its Material Subsidiaries. True, correct and complete copies of all Material Contracts have been provided to the Holder. The Company and each of its Material Subsidiaries has performed all of the obligations required to be performed by it and is entitled to all benefits under, and is not alleged to be in default of, any Material Agreement. Each of the Material Agreements is in full force and effect, unamended, the Company and each Material Subsidiary is not in breach of any of its obligations thereunder and there exists no default or event of default or event, occurrence, condition or act (including the granting of the Note and entering into of the Security Documents) which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would become a breach of, or a default or event of default under, any Material Agreement.

7. **Taxes.** Other than as disclosed to the in Schedule 1.6(A), the Company and each of its Subsidiaries has timely filed or caused to be filed all tax returns and reports required to have been filed and has paid or caused to be paid all taxes required to have been paid by it (including all instalments with respect to the current period) and has made adequate provision for taxes for the current period other than a failure to file which would not have a material adverse affect.

8. **Ownership of Property.** The Company and its Material Subsidiaries own or have valid rights to the extent required for the operation of their respective businesses, in all real and personal property that is material to the operation of their respective businesses, as presently conducted, free and clear of all Liens, except for Permitted Encumbrances. The Company and each of its Material Subsidiaries does not own any real property or have any right to acquire an interest in real property.

9. **Defaults.** None of the Company nor its Subsidiaries is in default nor has any event or circumstance occurred which, but for the passage of time or the giving of notice, or both, would constitute a default under any agreement or instrument to which it is a party or by which it is bound other than a default which would not have a material adverse effect. No Event of Default has occurred and is continuing.

10. **Subsidiaries and Joint Ventures.** Schedule 2.1(C) correctly sets forth each Subsidiary's: (i) name, (ii) form of legal entity, (iii) securities or equivalent interests issued and outstanding, (iv) holders of such issued and outstanding securities or equivalent interest, and (v) jurisdiction of organization as at the date hereof. There are no outstanding options, warrants or other rights to purchase securities of any such Person, and all such securities so owned are duly authorized, validly issued, fully paid and non-assessable, and were issued in compliance in all material respects with all Laws. The Subsidiaries listed in Schedule 2.1(C) are the only Persons in which the Company directly or indirectly has any securities, rights, options or similar interests. Except for the Subsidiaries listed in Schedule 2.1(C) the Company has no Investments.

11. **Insurance.** All policies of fire, liability, workers' compensation, casualty, flood, business interruption and other forms of insurance owned or held by the Company and each Material Subsidiary are (a) sufficient for material compliance with all requirements of Laws and of all agreements to which the Company or any Material Subsidiary is a party, (b) are valid and outstanding policies, (c) provide insurance coverage in at least such amounts and against at least such risks (but including in any event public liability) in each case as are usually insured against in the same general locations by companies engaged in the same or a similar business for the assets and operations of the Company and each Material Subsidiary, and (d) will not terminate or lapse by reason of, the transactions contemplated under or pursuant to this Note. All such material policies are in full force and effect, all premiums with respect thereto have been paid in accordance

with their respective terms, and no notice of cancellation or termination has been received with respect to any such policy. Neither the Company nor any Material Subsidiary maintains any formalized self-insurance program with respect to its assets or operations or material risks with respect thereto.

12. **Solvency.** None of the Company nor any Subsidiary of it is an "insolvent person" within the meaning of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c.B-3 or under the Laws of any applicable jurisdiction.

13. **Intellectual Property Rights.** The Company or one of its Subsidiaries is the registered and beneficial owner of, with good and marketable title, free of all Liens other than Permitted Encumbrances, to, or is a licensee under a licence which, to the best of its knowledge, is in good standing of, or otherwise has the right to use all patents, patent applications, trademarks, trade mark applications, trade names, service marks, copyrights, industrial designs, integrated circuit topographies, or other rights with respect to the foregoing and other similar property, used in or necessary for the present conduct of its business, without any conflict with the rights of any other Person.

14. **Indebtedness.** Neither the Company nor any Material Subsidiary of it has any indebtedness except as previously disclosed in writing to the Holder or indebtedness evidenced by Permitted Encumbrances.

15. **Ranking.** The payment obligations of the Company hereunder and each of GWE Consulting Group (USA), Inc. and Target Outreach, Inc. under its Guarantee of the Company's obligations hereunder as the case may be rank at least *pari passu* in right of payment with all of the Company's and each Material Subsidiary's other indebtedness, other than such indebtedness which is preferred by mandatory provisions of any Laws;

16. **Anti-Bribery.** Neither the Company nor any Subsidiary is, or has been, the subject of any investigation, enquiry or enforcement proceedings by any governmental, administrative or regulatory body regarding any offence or alleged offence in relation to allegations of bribery, proven or unproven, and no such enquiry or proceedings are pending or have been threatened and there are no circumstances likely to give rise to any such investigation, enquiry or proceedings; and

17. **Full Disclosure.** Neither the Note nor any Security Document to which the Company or any Material Subsidiary is a party: (i) contains any untrue statement of a material fact; or (ii) omits any material fact necessary in order to make the statements contained herein or therein not misleading. There is no fact known to the Company after due inquiry, which would reasonably be expected to have a material adverse effect on the business, operations, results of operations, assets, liabilities or financial condition of the Company or the Material Subsidiaries taken individually, which has not been set forth in the Note.

The representations and warranties in this Agreement and in any certificates or documents delivered to the Holder shall not merge in or be prejudiced by and shall survive the Note and shall continue in full force and effect so long as any amounts are owing by the Company to the Holder under this Note.

SCHEDULE 1.6(A)

EXCEPTIONS TO TAX REPRESENTATION AND WARRANTY

See attached

As of December 3, 2012

<u>Nature of Tax Obligation or Taxing Authority</u>	<u>Amount</u>	<u>Payable</u>
HST Remittances - Net Payable	423	Current Obligation
2011 Corporate Income Tax (RMG)	46	Payable to CRA at \$11.6k/mth (Dec 8 - Mar 8)
Tennessee Fundraising disclosures (Payable to Copilevitz)	35	5k/mth
Wisconsin (unpaid Income taxes, and Sales & Use Taxes)		
AGD	24	Payable to Wisconsin Dept of Revenue: 1.8k/mth for 18 mths ending Dec 2013
USB	143	5k/mth for 6 mths, followed by 7.7k/mth for 18 mths ending June 2014
Xentel Inc	145	5k/mth for 6 mths, followed by 7.8k/mth for 18 mths ending June 2014
Total Wisconsin Tax obligations as at Dec. 3, 2012	<u>312</u>	

SCHEDULE 2.1(A)

PERMITTED ENCUMBRANCES

Alberta

1. Registration Number 12100316568 in favour of Shotgun Fund Limited Partnership III, as Agent, registered against iMarketing Solutions Group Inc.
2. Registration Number 03102227810 in favour of Relational Funding Canada Corp., registered against Xentel DM Incorporated.

Ontario

The Responsive Marketing Group Inc.

1. PPSA File No. 651612771, Registration No. 20090219 1402 1462 8641 in favour of Xerox Canada Ltd.
2. PPSA File No. 651367935, Registration No. 20090204 1441 1902 2386 in favour of Roynat Inc.
3. PPSA File No. 650943261, Registration No. 20090109 1036 8077 7175 in favour of MCAP Leasing Inc.
4. PPSA File No. 650902707, Registration No. 20090107 1946 1531 5225 in favour of DCFS Canada Corp.
5. PPSA File No. 650902707, Registration No. 20090107 1946 1531 5225 in favour of Mercedes-Benz Financial.
6. PPSA File No. 643044924, Registration No. 20080229 1953 1531 3513 in favour of De Lage Landen Financial Services Canada (CAD).
7. PPSA File No. 071678826, Registration No. 19931006 1523 0088 7964 (as amended by 19941014 2137 1005 1421, 19980916 1444 7091 0134, 20030902 1050 1529 4354, 20071113 1949 1531 6986 and 20080909 1051 1529 7585) in favour of Canadian Imperial Bank of Commerce TR 2622.

iMarketing Solutions Group Inc.

1. PPSA File No. 681900345, Registration No. 20121003 1151 1590 8628 in favour of Shotgun Fund Limited Partnership III, as Agent.

Xentel DM Incorporated

1. PPSA File No. 665430912, Registration No. 20101027 1051 1529 4388 in favour of Nissan Canada Inc.
2. PPSA File No. 665249598, Registration No. 20101019 1043 8077 4985 in favour of Dell Financial Services Canada Limited

3. PPSA File No. 600415758, Registration No. 20031022 1423 1192 0914 in favour of Relational Funding Canada Corp.

Washington Department of Licensing

1. UCC File No. 2012-284-8718-9 registered against GWE Consulting Group (USA), Inc. in favour of Shotgun Fund Limited Partnership III, as Agent.

Nevada Secretary of State

1. UCC File No. 2012026966-3 filed against Target Outreach, Inc. in favour of Shotgun Fund Limited Partnership III, as Agent.

Recorder of Deeds, District of Columbia

1. UCC File No. 2012109506 filed against iMarketing Solutions Group Inc. in favour of Shotgun Fund Limited Partnership III, as Agent.

SCHEDULE 2.1(B)

SECURITY DOCUMENTS

1. General Security Agreement dated as of the date hereof granted by the Company in favour of the Holder.
2. Securities Pledge Agreement dated as of the date hereof granted by the Company in favour of the Holder.
3. U.S. Pledge Agreement dated as of the date hereof granted by the Company in favour of the Holder.
4. U.S. Guaranty dated as of the date hereof granted by GWE Consulting Group (USA), Inc. and Target Outreach Inc. in favour of the Holder.
5. U.S. Security Agreement dated as of the date hereof granted by GWE Consulting Group (USA), Inc. and Target Outreach, Inc. in favour the Holder.

SCHEDULE 2.1(C)**SUBSIDIARIES**

NAME	FORM OF LEGAL ENTITY	SECURITIES OR EQUIVALENT INTERESTS ISSUED AND OUTSTANDING	HOLDING AND INTERESTS OF THE PARTIES TO THE SHAREHOLDERS AGREEMENT, NOTE OR SECURITY DOCUMENTS	JURISDICTION
The Responsive Marketing Group Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	Canada
MLHL Management, LP	Partnership	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	Canada
RMG Smith Falls, LP	Partnership	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	Canada
RMG Thunder Bay, LP	Partnership	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	Canada
Cabot Call Centre Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	Canada

Special Projects Unit Call Centre Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	Canada
RMG General Partner Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	Canada
Engage Interactive Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	Canada
iMark Events Canada	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	Canada
Front Line Support Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	Canada
Direct Contact Strategies	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	Canada
GWE Consulting Group (US), Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	United States

Wellsley Holdings, Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	United States
Courtesy Health Watch Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	United States
Target Outreach Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	United States
US Billing Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	United States
American Graphics & Design, Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	United States
Xentel Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	United States
Professionally Speaking Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	United States

Advanced Communications, Inc.	Corporation	Wholly-owned subsidiary of iMarketing Solutions Group Inc.	Nil	United States
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SCHEDULE 4.1(a)

USE OF PROCEEDS FOR ADVANCE

Use	Amount of Proceeds Allocated
Repayment of existing bridge loan amount due to Holder	\$1,250,000
Repayment of interest of existing bridge loan due to Holder	\$39,555
Repayment of existing bridge loan amount due to NH Holdings Ltd.	\$250,000
Repayment of interest of existing bridge loan due to NH Holdings Ltd.	\$16,667.67
Working Capital and general corporate purposes.	\$1,943,777.33

SCHEDULE 5.1(a)

MATERIAL AGREEMENTS, RIGHTS AND LICENSES

1. Security Documents
2. Shareholders Agreement

Exhibit “L”

THIS SECURITY AGREEMENT is dated December 4, 2012 and made between:

- (1) **iMARKETING SOLUTIONS GROUP INC.**, a corporation formed under the laws of Alberta (the **Corporation**); and
- (2) **SHOTGUN FUND LIMITED PARTNERSHIP III**, a limited partnership formed under the laws of Ontario, by its general partner, **SF FUND MANAGEMENT III INC.**, a corporation formed under the laws of Ontario.

RECITALS:

- (A) Shotgun Fund Limited Partnership III, as lender (the **Lender**) has agreed to make certain funds available to the Corporation upon the terms and conditions contained in a secured convertible promissory note between the Corporation and the Lender dated as of this date (such secured convertible promissory note as it may at any time or from time to time, be amended, supplemented, restated or replaced, the **Note**).
- (B) The Lender is to hold for its own benefit, *inter alia*, any and all security for the payment and performance of the obligations of the Corporation under the Note.
- (C) The Corporation has agreed to execute and deliver this security agreement to and in favour of the Lender as security for the payment and performance of the Corporation's obligations to the Lender under the Note.

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Corporation and the Lender agree as follows:

Article 1 – Security

1.1 Statutory and Other References

Terms defined in the *Personal Property Security Act* (Ontario) (as amended from time to time, the **PPSA**) and used in this security agreement have the same meanings. Any reference to the **STA** is a reference to the *Securities Transfer Act, 2006* (Ontario) or, to the extent applicable, similar legislation of any other jurisdiction, as amended from time to time. Where a reference is made to the Lender, it includes, as applicable, any nominee appointed by the Lender to hold or otherwise take possession of the Collateral.

1.2 Grant of Security

The Corporation grants to the Lender a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Lender, all the personal property and undertaking of the Corporation now owned or hereafter acquired (collectively, the **Collateral**) including, without limitation, any and all of the:

- (a) inventory of the Corporation including goods held for sale, lease or resale, goods provided or to be provided to third parties under contracts of lease, consignment

or service, goods which are raw materials or work in process, goods used in or procured for packing and materials used or consumed in the business of the Corporation;

- (b) equipment, machinery, furniture, fixtures, vehicles and other goods of every kind and description of the Corporation and all licences and other rights and all records, files, charts, plans, drawings, specifications, manuals and documents relating thereto;
- (c) accounts due or accruing due to the Corporation and all agreements, books, invoices, documents and papers recording, evidencing or relating thereto;
- (d) money, documents of title, chattel paper, instruments, securities and all other financial assets of the Corporation;
- (e) securities accounts of the Corporation and all of the credit balances, security entitlements, other financial assets and items or property standing to the credit of the Corporation from time to time in such securities accounts;
- (f) intangibles of the Corporation including all security interests, goodwill, choses in action, contracts and contractual rights, licences and benefits;
- (g) all trade marks, trade mark registrations and pending trade mark applications, patents and pending patent applications, copyrights, proprietary and non-public business information, trade and business names, web names and worldwide web addresses and other intellectual property and industrial property of the Corporation (collectively, the **Intellectual Property**);
- (h) all authorizations, permits, approvals, grants, licenses, consents, rights, franchises, privileges, orders, awards or the like issued or granted by law or by rule or regulation of any public body issued or granted to the Corporation;
- (i) substitutions and replacements of, and increases, additions and, where applicable, accessions to, the property described in Sections 1.2(a)-(h) inclusive; and
- (j) proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Sections 1.2(a)-(i) inclusive or the proceeds of such proceeds.

1.3 **Obligations Secured**

- (a) The security interest, assignment, mortgage, charge, hypothecation and pledge granted hereby (collectively, the **Security Interest**) secures the payment and performance of all debts, liabilities and obligations present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due, and owing by or otherwise payable by the Corporation to the Lender, however or wherever incurred, and in any currency, and whether incurred by the Corporation alone or with another or others and whether as principal, guarantor or surety (collectively, and together with the expenses, costs and charges set out in Section 1.3(b), the **Obligations**).

- (b) All expenses, costs and charges incurred by or on behalf of the Lender in connection with this security agreement, the Security Interest or the realization of the Collateral, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of, or of taking or defending any action in connection with, taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral or other lawful exercises of the powers conferred by the Note are payable on demand and shall be added to and form a part of the Obligations.

1.4 Attachment, Perfection, Possession and Control

- (a) The Corporation acknowledges that (i) value has been given, (ii) it has rights in the Collateral or the power to transfer rights in the Collateral to the Lender (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a copy of this security agreement.
- (b) The Corporation shall promptly inform the Lender in writing of the acquisition by the Corporation of any personal property which is not adequately described in this security agreement, and the Corporation shall execute and deliver, from time to time, at its own expense, amendments to this security agreement and its schedules (if any) or additional security agreements or schedules as may be required by the Lender in order to preserve, protect and perfect its Security Interest in such personal property.
- (c) If the Corporation acquires Collateral consisting of chattel paper, instruments or negotiable documents of title (collectively, **Negotiable Collateral**), the Corporation shall, immediately upon receipt thereof, deliver to the Lender the Negotiable Collateral and shall, at the request of the Lender (i) endorse the same for transfer in blank or as the Lender may direct, (ii) cause any transfer to be registered wherever, in the opinion of the Lender, such registration may be required or advisable, and (iii) deliver to the Lender any and all consents or other documents which may be necessary or desirable to transfer the Negotiable Collateral.

1.5 Scope of Security Interest

- (a) The Security Interest with respect to the trade-marks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Lender, but does not constitute an assignment or mortgage of such Collateral to the Lender. Until the Security Interest becomes enforceable, the grant of the Security Interest in the Intellectual Property will not affect in any way the Corporation's rights to commercially exploit it or defend or enforce the Corporation's rights in it or with respect to it.
- (b) The Security Interest does not extend to consumer goods.
- (c) The Security Interest does not extend or apply to the last day of the term of any lease or sublease or any agreement for a lease or sublease, now held or hereafter acquired by the Corporation in respect of real property, but the

Corporation shall stand possessed of any such last day upon trust to assign and dispose of it as the Lender may direct.

1.6 Care and Custody of Collateral

- (a) The Lender has no obligation to keep Collateral in its possession identifiable.
- (b) The Lender shall exercise in the physical keeping of any Negotiable Collateral or securities, only the same degree of care as it would exercise in respect of its own such property kept at the same place.
- (c) The Lender may, both before and after the Security Interest has become enforceable, (i) notify any Person obligated on an account, chattel paper or instrument to make payments to the Lender whether or not the Corporation was previously making collections on such accounts, chattel paper or instruments, and (ii) assume control of any proceeds arising from the Collateral.

1.7 Amalgamation

In the event the Corporation amalgamates with any other corporation or corporations, it is the intention of the parties that the Security Interest will (a) extend to all of the property and assets that (i) any of the amalgamating corporations own, or (ii) the amalgamated corporation thereafter acquires, and (b) secure the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by any of the amalgamating corporations and the amalgamated corporation to the Lender in any currency, pursuant to or in connection with the Note whether incurred prior to, or at the time of, or subsequent to, any amalgamation. The Security Interest will attach to the property and assets of the amalgamating corporations not previously subject to this security agreement at the time of amalgamation and to any property or assets thereafter owned or acquired by the amalgamated corporation when same becomes owned or is acquired. Upon any such amalgamation, the defined term **Corporation** means, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term **Collateral** means all of the property, assets, undertaking and interests described in (a) above, and the defined term **Obligations** means the obligations described in (b) above.

Article 2 – Enforcement

2.1 Enforcement

The Security Interest shall be and become enforceable against the Corporation upon the occurrence and during the continuance of an Event of Default.

2.2 Remedies

Whenever the Security Interest becomes enforceable, the Lender may, in its sole discretion, realize upon the Collateral and enforce its rights by:

- (a) entering onto any premises where Collateral consisting of tangible personal property may be located;

- (b) entering into possession of the Collateral by any method permitted by law;
- (c) selling or leasing all or any part of the Collateral;
- (d) holding, storing or keeping idle or operating all or any part of the Collateral;
- (e) collecting any proceeds arising in respect of the Collateral;
- (f) collecting, realizing, selling, or otherwise dealing with, the accounts;
- (g) issuing any instructions or entitlement orders to an issuer or securities intermediary;
- (h) instructing a financial institution to transfer funds held by it to an account maintained by the Lender;
- (i) appointing by instrument in writing a receiver (which term as used in this security agreement includes a receiver and manager) or agent of all or any part of the Collateral and removing or replacing from time to time any receiver or agent;
- (j) instituting proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;
- (k) instituting proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;
- (l) filing proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Corporation; and
- (m) exercising any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

2.3 Additional Rights

In addition to the remedies set forth in Section 2.2, the Lender may, in its sole discretion, either directly or through its agents or nominees, whenever the Security Interest has become enforceable pursuant to Section 2.1:

- (a) require the Corporation, at the Corporation's expense, to assemble the Collateral at a place or places designated by notice in writing and the Corporation agrees to so assemble the Collateral;
- (b) require the Corporation, by notice in writing, to disclose to the Lender the location or locations of the Collateral and the Corporation agrees to make such disclosure when so requested;
- (c) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Corporation or otherwise;
- (d) carry on all or any part of the business of the Corporation and, to the exclusion of all others including the Corporation, enter upon, occupy and use all or any of the

premises, buildings, and other property of, or used or occupied by, the Corporation, free of charge, and the Lender is not liable to the Corporation for any act, omission or negligence (other than gross negligence or willful misconduct) in so doing or for any rent, charges, depreciation or damages incurred in connection with, or resulting from, such action;

- (e) borrow for the purpose of carrying on the business of the Corporation or for the maintenance, preservation or protection of the Collateral and grant security interests in the Collateral, whether or not in priority to the Security Interest, to secure repayment;
- (f) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Corporation; and
- (g) at any public or private sale, bid for and purchase any or all of the Collateral offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Corporation or any other Person with respect to such holding, retention or disposition, except as required by law.

2.4 Concerning a Receiver

- (a) Upon the Security Interest becoming enforceable pursuant to Section 2.1, any receiver appointed by the Lender shall be vested with all rights and remedies which could have been exercised by the Lender in respect of the Corporation or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The choice of receiver and its remuneration are within the sole and unfettered discretion of the Lender.
- (b) Any receiver appointed by the Lender shall act as agent for the Lender for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Corporation. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Corporation or as agent for the Lender as the Lender may determine in its discretion. The Corporation agrees to ratify and confirm all actions of the receiver acting as agent for the Corporation, and to release and indemnify the receiver in respect of all such actions.
- (c) The Lender, in appointing or refraining from appointing any receiver, shall not incur any liability to the receiver, the Corporation or otherwise and is not responsible for any misconduct or negligence of such receiver.

2.5 Exercise of Remedies

Any remedy may be exercised separately or in combination and is in addition to, and not in substitution for, any other rights or remedies the Lender may have, however created.

The Lender is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to any other rights of the Lender in respect of the Obligations including the right to claim for any deficiency.

2.6 Appointment of Attorney

The Corporation irrevocably appoints the Lender (and its officers) as attorney of the Corporation (with full power of substitution) to do, make and execute, in the name of and on behalf of the Corporation, upon the occurrence and during the continuance of an Event of Default all such further acts, documents, matters and things which the Lender may deem necessary or advisable to accomplish the purposes of this security agreement including the execution, endorsement and delivery of documents and any notices, receipts, assignments or verifications of the accounts. All acts of the attorney are hereby ratified and approved, and the attorney shall not be liable for any act, failure to act or any other matter or thing, except to the extent caused by its own gross negligence or wilful misconduct. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Corporation. This power of attorney extends to and is binding upon the Corporation's successors and permitted assigns. The Corporation authorizes the Lender to (a) delegate in writing to another Person any power and authority of the Corporation under this power of attorney as may be necessary or desirable in the opinion of the Lender, and (b) revoke or suspend such delegation.

2.7 Dealing with the Collateral

- (a) The Lender is not obliged to exhaust its recourse against the Corporation or any other Person or against any other security it may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Lender considers desirable.
- (b) The Lender may grant extensions or other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Corporation and with other Persons, guarantors, sureties or security as it may see fit, acting reasonably, without prejudice to the Obligations, the liability of the Corporation or the rights of the Lender in respect of the Collateral.
- (c) The Lender is not (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any Persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.
- (d) To the extent that applicable law imposes duties on the Lender to exercise remedies in a commercially reasonable manner, and without prejudice to the ability of the Lender to dispose of the Collateral in any such manner, the Corporation acknowledges and agrees that it is not commercially unreasonable for the Lender to, and the Lender may, in its discretion (i) incur expenses

reasonably deemed significant by the Lender to prepare the Collateral for disposition, (ii) exercise collection remedies directly or through the use of collection agencies, (iii) dispose of Collateral by way of public auction, public tender or private contract, with or without advertising and without any other formality, (iv) dispose of Collateral to a customer or client of the Lender, (v) contact other Persons, whether or not in the same business as the Corporation, for expressions of interest in acquiring all or any portion of the Collateral, (vi) hire one or more professional auctioneers to assist in the disposition of the Collateral, whether or not the Collateral is of a specialized nature, (vii) establish an upset or reserve bid or price in respect of the Collateral, and (viii) establish such terms as to credit or otherwise as the Lender may determine.

- (e) The Corporation acknowledges that the Lender may be unable to complete a public sale of any or all of the Collateral consisting of investment property by reason of certain prohibitions contained in applicable securities laws or otherwise. In connection therewith, it may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire the Collateral for their own account for investment and not with a view to the distribution or resale thereof. Any such private sale may result in prices and other terms less favourable to the seller than if such sale were a public sale and, notwithstanding such circumstances, the Corporation agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner by reason of it being a private sale. The Lender is under no obligation to delay a sale of any or all of the Collateral for the period of time necessary to permit the issuer thereof to register such Collateral for public sale under applicable securities law or otherwise, even if the issuer agrees to do so.

2.8 Application of Proceeds

Any and all moneys realized by the Lender pursuant to this security agreement shall be applied by the Lender to such part of the Obligations as the Lender in its sole discretion determines. The Lender may, at all times and from time to time, change any application so made in accordance with the Note.

2.9 No Waiver

No delay or omission by the Lender, at any time or times, to require strict performance by the Corporation of any provision of this security agreement waives, affects or diminishes any right of the Lender thereafter to demand strict compliance and performance therewith.

2.10 Dealings by Third Parties

- (a) No Person dealing with the Lender or an agent or receiver is required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which such Person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Lender by the Corporation, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other dealing by the Lender with the Collateral, or (vi) how any money paid to the Lender has been applied.

- (b) Any purchaser of Collateral shall hold the Collateral absolutely, free from any claim or right of any kind whatever, including any equity of redemption, of the Corporation. The Corporation waives (to the fullest extent permitted by law) as against any such purchaser, all rights of redemption, stay or appraisal which the Corporation has or may have under any rule of law or statute now existing or hereafter adopted.

2.11 Corporation Liable for Deficiency

The Corporation is liable to the Lender for any deficiency after the proceeds of any sale or other disposition of Collateral are received by the Lender.

Article 3 – General

3.1 Notices

To be effective, a notice must be in writing and delivered in accordance with Section 6.4 of the Note.

3.2 Capitalized Terms

- (a) Capitalized terms used in this security agreement and not otherwise defined have the respective meanings given to them in the Note.
- (b) Except as otherwise provided in this security agreement, any reference to this security agreement or the Note refers to this security agreement or such Note as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented.

3.3 Discharge

The Security Interest will be discharged upon, but only upon, (a) full and indefeasible payment and performance of the Obligations, (b) the Lender having no obligations to further advance funds under the Note, and (c) at the request and expense of the Corporation. In that connection, the Lender will execute and deliver to the Corporation such releases and discharges as the Corporation may reasonably require.

3.4 Amendment

This security agreement may only be amended, supplemented or otherwise modified by written agreement of the Lender and the Corporation.

3.5 Waivers, etc.

- (a) No consent or waiver by the Lender in connection with this security agreement is binding unless made in writing and signed by an authorized officer of the Lender. Any consent or waiver given under this security agreement is effective only in the specific instance and for the specific purpose for which it was given. No waiver of any of the provisions of this security agreement constitutes a waiver of any other provision.

- (b) A failure or delay on the part of the Lender in exercising a right or remedy under this security agreement does not operate as a waiver of, or impair, any rights or remedies of the Lender however arising. A single or partial exercise of a right or remedy on the part of the Lender does not preclude any other or further exercise of that right or remedy or the exercise of any other rights or remedies by the Lender.

3.6 No Merger

This security agreement shall not operate by way of merger of any of the Obligations and no judgment recovered by the Lender will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Lender in respect of the Obligations.

3.7 Further Assurances

The Corporation shall from time to time, whether before or after the Security Interest has become enforceable, do all acts and things and execute and deliver all transfers, assignments and agreements as the Lender may reasonably require for (a) protecting the Collateral, (b) perfecting the Security Interest, (c) obtaining control of the Collateral, (d) exercising all powers, authorities and discretions conferred upon the Lender, and (e) otherwise enabling the Lender to obtain the full benefits of this security agreement and the rights and powers herein granted. The Corporation shall, from time to time after the Security Interest has become enforceable, do all acts and things and execute and deliver all transfers, assignments and agreements as the Lender may require for facilitating the sale or other disposition of the Collateral in connection with its realization.

3.8 Supplemental Security

This security agreement is in addition to and without prejudice to all other security now held or which may hereafter be held by the Lender.

3.9 Successors and Assigns

This security agreement is binding upon the Corporation, its successors and assigns, and enures to the benefit of the Lender and its respective successors and assigns. This security agreement and all rights of the Lender are assignable without the consent of, or notice to the Corporation, and in any action brought by an assignee to enforce this security agreement or any right or remedy, the Corporation will not assert against the assignee any claim or defence which the Corporation now has or hereafter may have against the Lender. Neither this security agreement nor any rights, duties or obligations under this security agreement are assignable or transferable by the Corporation.

3.10 Headings, etc.

The division of this security agreement into articles and sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this security agreement.

3.11 Gender and Number

Any reference in this security agreement to gender includes all genders and words importing the singular include the plural and *vice versa*.

3.12 Waiver of Delivery

To the extent permitted by applicable law, the Corporation waives its right to receive a copy of any financing statement or financing change statement registered by or on behalf of the Lender, or any verification statement with respect to any financing or financing change statement registered by or on behalf of the Lender.

3.13 Entire Agreement

The provisions set forth in this security agreement constitute the entire enforceable agreement between the parties and supercede all prior oral or written agreements, understandings, representations and warranties and course of conduct and dealing between the parties with respect to the matters referred to in this security agreement.

3.14 Severability

If any provision of this security agreement is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this security agreement and the remaining provisions will continue in full force and effect.

3.15 Conflict

In the event of any conflict between the provisions of this security agreement and the provisions of the Note which cannot be resolved by both provisions being complied with, the provisions contained in the Note will prevail to the extent of such conflict.

3.16 Governing Law and Submission to Jurisdiction

- (a) This security agreement is governed by and is to be interpreted, construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to conflict of law principles.
- (b) The Corporation irrevocably and unconditionally (i) submits to the non-exclusive jurisdiction of the courts of Ontario, (ii) agrees that all claims in respect of any suit, action or proceeding may be heard and determined in such court, (iii) waives, to the fullest extent permitted by law, any objection which it may have based upon doctrines of venue or *forum incoveniens*.

3.17 Counterparts

This security agreement may be executed in any number of separate counterparts (including by facsimile or other electronic means) and all such signed counterparts will together constitute one and the same agreement. To evidence its execution of an original counterpart of this security agreement, a party may send a copy of its original signature on the execution page hereof to the other parties by facsimile or other means of recorded electronic transmission and such transmission with an acknowledgement of

receipt shall constitute delivery of an executed copy of this security agreement to the receiving party.

[remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF the Corporation and the Lender have executed and delivered this security agreement.

iMARKETING SOLUTIONS GROUP INC.

By: 
Authorized Signing Officer

**SHOTGUN FUND LIMITED PARTNERSHIP III,
by its general partner, SF FUND
MANAGEMENT III INC.**

By: _____
Authorized Signing Officer

(Signature Page for Security Agreement)

IN WITNESS WHEREOF the Corporation and the Lender have executed and delivered this security agreement.

iMARKETING SOLUTIONS GROUP INC.

By: _____
Authorized Signing Officer

**SHOTGUN FUND LIMITED PARTNERSHIP III,
by its general partner, SF FUND
MANAGEMENT III INC.**

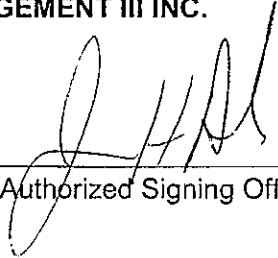
By:  _____
Authorized Signing Officer

Exhibit “M”

THIS SECURITIES PLEDGE AGREEMENT is dated December 4, 2012 and made between:

- (1) **iMARKETING SOLUTIONS GROUP INC.**, a corporation formed under the laws of Alberta (the **Corporation**); and
- (2) **SHOTGUN FUND LIMITED PARTNERSHIP III**, a limited partnership formed under the laws of Ontario, by its general partner, **SF FUND MANAGEMENT III INC.**, a corporation formed under the laws of Ontario

RECITALS:

- (A) Shotgun Fund Limited Partnership III, as lender (the **Lender**) has agreed to make certain funds available to the Corporation upon the terms and conditions contained in a secured convertible promissory note between the Corporation and the Lender dated as of this date (such secured convertible promissory note as it may at any time or from time to time, be amended, supplemented, restated or replaced, the **Note**).
- (B) The Lender is to hold for its own benefit, *inter alia*, any and all security for the payment and performance of the obligations of the Corporation under the Note.
- (C) The Corporation has agreed to execute and deliver this agreement to and in favour of the Lender as security for the payment and performance of the Corporation's obligations to the Lender under the Note.

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Corporation, the Corporation and the Lender agree as follows:

Article 1 – Security

1.1 Terms Incorporated by Reference

Terms defined in the *Personal Property Security Act* (Ontario) (as amended from time to time, the **PPSA**) and used in this agreement have the same meanings. Any reference to the **STA** in this agreement means the *Securities Transfer Act, 2006* (Ontario), as amended from time to time. Where a reference is made to the Lender, it shall be deemed to include, as applicable, any nominee appointed by the Lender to hold or otherwise take possession of the Collateral.

1.2 Grant of Security

- (a) The Corporation assigns, mortgages, charges, hypothecates and pledges to the Lender and grants to the Lender a security interest in, the following property and assets (collectively, the **Collateral**): (i) all certificated and uncertificated securities registered in the name of the Corporation and described in Schedule A (collectively, the **Pledged Securities**), (ii) all options, warrants and rights, (A) as an addition to, (B) in substitution of, or (C) in exchange for, the Pledged Securities, (iii) all dividends, money, instruments and other property from time to time received, receivable or otherwise distributed in respect of, or in exchange

for, the Pledged Securities, (iv) all other rights and claims of the Corporation in respect of, or in connection with, the foregoing, and (v) all proceeds in any form arising out of, or derived, directly or indirectly, from, any of the foregoing.

- (b) For greater certainty, the Collateral includes any substitutions or additions arising out of any consolidation, subdivision, reclassification, stock dividend or similar increase or decrease in, or alteration to, the capital of any issuer of the Pledged Securities.

1.3 Obligations Secured

- (a) The assignments, mortgages, charges, hypothecations, pledges and security interests granted hereby (the **Security Interest**) secure the payment and performance of all debts, liabilities and obligations (including interest that but for the filing of a petition in bankruptcy, would accrue on such debts, liabilities and obligations) present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due, and owing by or otherwise payable by the Corporation to the Lender, however or wherever incurred, and in any currency, and whether incurred by the Corporation alone or with another or others and whether as principal, guarantor or surety (collectively, and together with the expenses, costs and charges set out in Section 1.3(b), the **Obligations**).
- (b) All expenses, costs and charges incurred by or on behalf of the Lender in connection with this agreement, the Security Interest or the realization of the Collateral including all legal fees, court costs, receiver's or agent's remuneration and other expenses of, or of taking or defending any action in connection with, taking possession of, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral or other lawful exercise of the powers conferred by the Note are to be added to and form a part of the Obligations.

1.4 Attachment, Perfection and Control

- (a) The Corporation acknowledges that (i) value has been given, (ii) it has rights in the Collateral (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a duplicate original copy of this agreement.
- (b) The Corporation will deliver to the Lender, immediately upon receipt thereof, any and all certificates representing the Pledged Securities duly endorsed for transfer, and accompanied by a duly executed stock power of attorney or similar transfer form constituting an effective endorsement.
- (c) If the Corporation becomes entitled to receive or receives any certificate (including, without limitation, any certificate representing a stock dividend or any certificate issued in connection with any reclassification, increase or reduction of capital or any reorganization), option, warrant or right (if in deliverable form) in respect of the Collateral, whether in addition to, in substitution for, as a conversion of, or in exchange for, any of the Collateral, the Corporation will accept it as the agent of the Lender and hold the same in trust for the Lender in

the form received, and will immediately deliver it to the Lender together with a duly executed stock power of attorney or transfer form constituting an effective endorsement, as applicable.

- (d) If and to the extent any of the Pledged Securities are or become uncertificated, the Corporation will enter into and cause the holder/securities intermediary of such uncertificated securities to enter into such custodial, control or other similar agreements as the Lender reasonably requires in order to ensure that the Lender has control (as such term is used in the STA and the PPSA) of the uncertificated Pledged Securities.
- (e) At the election of the Lender and immediately upon written notice being provided by the Lender to the Corporation, the Corporation will take all action required to cause the Collateral consisting of (i) certificated securities to be transferred to and registered in the name of the Lender or its nominee on the records of the issuer thereof, and (ii) uncertificated securities to be registered in the name of the Lender or its nominee on the records of the issuer thereof. The Corporation covenants that, at the time of any such transfer, it will provide all required consents and approvals and cause the issuer of the Pledged Securities to make appropriate notations on its securities register or issue such shares, as applicable.

1.5 Care and Custody of Collateral

The Lender is not required to see to the collection of dividends on, or exercise any option or right in connection with, the Collateral. It has no obligation to protect or preserve the Collateral from depreciating in value or becoming worthless and is hereby released from all responsibility for any loss or diminution of value. The Lender is bound to exercise in the physical keeping of the Collateral only the same degree of care as it would exercise with respect to its own investment property kept at the same place.

1.6 Absence of Fiduciary Relationship

No implied agreements, covenants or obligations on the part of the Lender with respect to the Corporation or an issuer of any of the Collateral are to be read into this Agreement against the Lender. The Lender does not owe any fiduciary duty to the Corporation, any issuer of the Collateral or any other Person.

1.7 Representations and Warranties of the Corporation

The Corporation represents and warrants that:

- (a) it is the registered, legal and beneficial owner of the Collateral;
- (b) the Collateral is free and clear of all liens, mortgages, charges and security interests whatsoever other than those created in favour of the Lender;
- (c) Schedule A correctly sets out the issuer, the certificate number and the number and class of the Pledged Securities as at the date hereof and the Pledged Securities represent all of the issued and outstanding certificated and uncertificated securities owned by the Corporation at the date hereof.

- (d) the Pledged Securities have been validly issued and are fully paid and non-assessable;
- (e) this agreement creates a legal, valid and binding agreement of the Corporation enforceable in accordance with its terms and the Security Interest in the Collateral is a perfected security interest for purposes of the PPSA;
- (f) no Person, other than the Corporation, has any option, warrant, call, commitment, conversion, right of exchange or other agreement or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an option, warrant, right, call, commitment, conversion right, right of exchange or other agreement to acquire any right or interest in the Collateral;
- (g) there are no restrictions on the voting rights associated with any of the Collateral;
- (h) the Corporation is not bound by nor is it a party to any unanimous shareholder agreement or declaration (as such terms are defined in the Business Corporations Act (Ontario)) relating to the Collateral.

All representations and warranties made by the Corporation in this agreement (a) are material, (b) have been relied on by the Lender, (c) will remain true and correct, and (d) will survive the execution and delivery of this agreement, any investigation made at any time by or on behalf of the Lender and any disposition or payment of the Obligations.

1.8 Additional Covenants of the Corporation

- (a) The Corporation will not, without the prior written consent of the Lender, sell, transfer, exchange, release, abandon or otherwise dispose of, absolutely or by way of security, any of its right, title or interest in and to any of the Collateral.
- (b) The Corporation will promptly deliver to the Lender copies of all notices or other communications received by it in respect of the Collateral.

1.9 Rights of the Corporation

- (a) Until the Security Interest becomes enforceable, the Corporation may vote the Pledged Securities, give consents, ratifications or waivers, exercise all rights of conversion or other similar rights with respect to the Collateral and receive all dividends and other distributions, money or property relating to the Collateral. Whenever the Security Interest becomes enforceable, all rights of the Corporation to vote, make entitlement orders, give consents, ratifications or waivers, exercise other rights or receive dividends or other money or property will cease and all such rights will become vested solely and absolutely in the Lender.
- (b) Any dividends or other distributions received by the Corporation contrary to Section 1.9(a) are received by the Corporation as trustee for the Lender and will be immediately paid over to the Lender.

Article 2 – Enforcement

2.1 Enforcement

The Security Interest shall be and become enforceable against the Corporation upon the occurrence and during the continuance of an Event of Default.

2.2 Remedies

Whenever the Security Interest becomes enforceable, the Lender may, at any time in its sole discretion:

- (a) realize upon or otherwise dispose of or contract to dispose of the Collateral by sale, transfer, delivery or otherwise;
- (b) obtain possession or control of any Collateral which it does not already hold or control, by any method permitted by law;
- (c) notify any parties obligated in respect of any Collateral to make payment thereof to the Lender or as it may direct;
- (d) file proofs of claim and other documents in order to have the claims of the Lender lodged in any bankruptcy, winding-up or other judicial proceeding relating to the Corporation;
- (e) exchange any and all of the Collateral upon the merger, consolidation, reorganization, recapitalization or other readjustment of any issuer thereof, or upon the exercise by any issuer of any right, privilege or option pertaining to any of the Collateral, and in connection therewith, deposit and deliver or direct the sale or other disposition of any of the Collateral with any committee, depository, securities intermediary, clearing house (whether CDS or otherwise), transfer agent, registrar or other designated agency upon such terms and conditions as it may determine; or
- (f) exercise and enforce all rights and remedies of a holder of the Collateral as if the Lender were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Lender if not already done), all without demand of performance or other demand, advertisement or notice of any kind to or upon the Corporation.

Any remedy may be exercised separately or in combination and is in addition to, and not in substitution for, any other rights the Lender may have, however created. The Lender shall not be bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Lender in respect of the Obligations including the right to claim for any deficiency.

2.3 Standards of Sale

Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Corporation acknowledges that a disposition of

Collateral by the Lender which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Collateral may be the Lender or a customer or client of the Lender;
- (d) any sale conducted by the Lender shall be at such time and place, on such notice and in accordance with such procedures as the Lender, in its sole discretion, may deem advantageous;
- (e) Collateral may be disposed of in any manner and on any terms necessary to avoid violation of applicable law or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;
- (f) the Lender may establish an upset or reserve bid or price in respect of the Collateral; and
- (g) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Lender, in its sole discretion, may deem advantageous.

2.4 Dealing with the Collateral

- (a) The Lender is not obliged to exhaust its recourse against the Corporation or any other Person or against any other security it may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Lender may consider desirable.
- (b) The Lender may grant extensions or other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Corporation and with other Persons, sureties or security as it may see fit acting reasonably without prejudice to the Obligations, the liability of the Corporation or the rights of the Lender in respect of the Collateral.
- (c) The Lender is not (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any Persons, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

2.5 Appointment of Attorney

The Corporation irrevocably appoints the Lender (and its officers) as attorney of the Corporation (with full power of substitution) to do, make, execute and deliver in the name of and on behalf of the Corporation upon the occurrence and during the continuance of an Event of Default all such acts, documents, deeds and things which the Lender may deem necessary or advisable to accomplish the purposes of this agreement including the endorsement and delivery of the Collateral to the Lender and its transferees. The Lender is empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Collateral to the same extent as the Corporation might do. This power of attorney is an addition to, and not in substitution for, any stock power of attorney delivered by the Corporation and such powers of attorney may be relied upon by the Lender severally or in combination. All acts of the attorney are hereby ratified and approved, and the attorney shall not be liable for any act, failure to act or any other matter or thing in connection therewith, except to the extent caused by its own gross negligence or wilful misconduct. This appointment and power of substitution, being coupled with an interest, are irrevocable and will not terminate upon the bankruptcy, dissolution, winding up or insolvency of the Corporation.

2.6 Dealings by Third Parties

- (a) No Person dealing with the Lender or an agent or receiver thereof is required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which such Person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Lender by the Corporation, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale, lease or other disposition is made, (v) the propriety or regularity of any sale or other dealing by the Lender or any other Person with the Collateral, or (vi) how any money paid to the Lender or agent or receiver has been applied.
- (b) Any purchaser of Collateral from the Lender shall hold the Collateral absolutely, free from any claim or right of any kind whatever, including any equity of redemption, of the Corporation. The Corporation waives (to the fullest extent permitted by law) as against any such purchaser, all rights of redemption, stay or appraisal which the Corporation has or may have under any rule of law or statute now existing or hereafter adopted.

2.7 Application of Proceeds

Any and all moneys realized by the Lender, whether pursuant to this agreement or otherwise, may be applied by the Lender to such part of the Obligations as the Lender in its sole discretion determines. The Lender has, at all times and from time to time, the right to change any application so made.

2.8 Corporation Liable for Deficiency

The Corporation is liable to the Lender for any deficiency after the proceeds of any sale or other disposition of Collateral are received by the Lender.

Article 3 – General

3.1 Notices

To be effective, a notice must be in writing and delivered in accordance with Section 6.4 of the Note.

3.2 Capitalized Terms

Capitalized terms used in this agreement and not otherwise defined have the respective meanings given to them in the Note.

3.3 Discharge

The Security Interest will be discharged upon, but only upon, full payment and performance of the Obligations and at the request and expense of the Corporation. In that connection, the Lender will execute and deliver to the Corporation such releases and discharges as the Corporation may reasonably require.

3.4 Amendment

This agreement may only be amended, supplemented or otherwise modified by written agreement of the Lender and the Corporation.

3.5 Waivers, etc.

- (a) No consent or waiver by the Lender in connection with this agreement is binding unless made in writing and signed by an authorized officer of the Lender. Any consent or waiver given under this agreement is effective only in the specific instance and for the specific purpose for which it was given. No waiver of any of the provisions of this agreement constitutes a waiver of any other provision.
- (b) A failure or delay on the part of the Lender in exercising a right or remedy under this agreement does not operate as a waiver of, or impair, any rights or remedies of the Lender however arising. A single or partial exercise of a right or remedy on the part of the Lender does not preclude any other or further exercise of that right or remedy or the exercise of any other rights or remedies by the Lender.

3.6 No Merger

This agreement does not operate by way of merger of any of the Obligations and no judgment recovered by the Lender will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Lender in respect of the Obligations.

3.7 Further Assurances

The Corporation will from time to time, whether before or after the Security Interest has become enforceable, do all acts and things and execute and deliver all transfers, assignments and agreements as the Lender may reasonably require for (a) protecting the Collateral, (b) perfecting the Security Interest, (c) obtaining control of the Collateral,

(d) exercising all powers, authorities and discretions conferred upon the Lender, and (e) otherwise enabling the Lender to obtain the full benefits of this agreement and the rights and powers herein granted. The Corporation will, from time to time after the Security Interest has become enforceable, do all acts and things and execute and deliver all transfers, assignments and agreements as the Lender may require for facilitating the sale or other disposition of the Collateral in connection with its realization.

3.8 Supplemental Security

This agreement is in addition to, and without prejudice to, all other security now held or which may hereafter be held by the Lender.

3.9 Successors and Assigns

This agreement is binding upon the Corporation, its successors and assigns, and enures to the benefit of the Lender and its successors and assigns. All rights of the Lender are assignable without any requirement of consent on the part of the Corporation and in any action brought by an assignee to enforce any such right, the Corporation will not assert against the assignee any claim or defence which the Corporation now has or hereafter may have against the Lender. The Corporation may not assign, transfer or delegate any of its rights, duties or obligations under this agreement without the prior written consent of the Lender.

3.10 Headings, etc.

The division of this agreement into articles and sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this agreement.

3.11 Gender and Number

Any reference in this agreement to gender includes all genders and words importing the singular include the plural and vice versa.

3.12 Severability

If any provision of this agreement is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this agreement and the remaining provisions will continue in full force and effect, without amendment or limitation.

3.13 Governing Law and Submission to Jurisdiction

- (a) This agreement is governed by and is to be interpreted, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to conflict of law principles.
- (b) The Corporation irrevocably and unconditionally (i) submits and attorns to the non-exclusive jurisdiction of the courts of Ontario, (ii) agrees that all claims in respect of any suit, action or proceeding may be heard and determined in such

court, (iii) waives, to the fullest extent permitted by law, any objection which it may have based upon doctrines of venue or forum inconveniens.

3.14 Counterparts

This agreement may be executed in any number of separate counterparts (including by facsimile or other electronic means) and all such signed counterparts will together constitute one and the same agreement. To evidence its execution of an original counterpart of this agreement, a party may send a copy of its original signature on the execution page hereof to the other parties by facsimile or other means of recorded electronic transmission and such transmission with an acknowledgement of receipt shall constitute delivery of an executed copy of this agreement to the receiving party.

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IN WITNESS WHEREOF the Corporation and the Lender have executed and delivered this agreement.

iMARKETING SOLUTIONS GROUP INC.

By: *Lepkae Aere*
Authorized Signing Officer

**SHOTGUN FUND LIMITED PARTNERSHIP III,
by its general partner, SF FUND
MANAGEMENT III INC.**

By: _____
Authorized Signing Officer

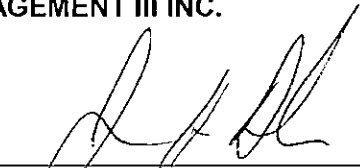
(Signature Page for Securities Pledge Agreement)

IN WITNESS WHEREOF the Corporation and the Lender have executed and delivered this agreement.

iMARKETING SOLUTIONS GROUP INC.

By: _____
Authorized Signing Officer

**SHOTGUN FUND LIMITED PARTNERSHIP III,
by its general partner, SF FUND
MANAGEMENT III INC.**

By:  _____
Authorized Signing Officer

SCHEDULE A
PLEGDED SECURITIES

ISSUER	CLASS OF SECURITIES	NUMBER OF SECURITIES	CERTIFICATE NUMBER
The Responsive Marketing Group Inc.	Class A	5,000,000	CA-3
The Responsive Marketing Group Inc.	Class B	526, 316	CB-2
The Responsive Marketing Group Inc.	Class C	5,000,000	CC-2
Direct Contact Strategies Inc.	Common	100	C3

Exhibit “N”

U.S. GUARANTY

This U.S. GUARANTY (this "Guaranty"), dated as of December 4, 2012, is made by GWE CONSULTING GROUP (USA), INC., a Washington corporation ("GWE"), TARGET OUTREACH, INC., a Nevada corporation ("Target"), and each other person who shall hereafter become a party hereto by execution of a Guaranty Joinder (as hereinafter defined) (each a "Guarantor" and collectively the "Guarantors") in favor of SHOTGUN FUND LIMITED PARTNERSHIP III, as lender (the "Lender"). All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Note (as defined below).

RECITALS

A. Pursuant to that certain Secured Convertible Promissory Note of even date herewith (as the same may be amended, restated, supplemented, subdivided, reissued, refinanced or replaced, the "Note") made by iMarketing Solutions Group Inc., an Alberta corporation and direct or indirect parent corporation of each Guarantor ("Parent"), the Lender has agreed to make certain loans and advances to Parent to be evidenced by such Note.

B. It is a condition to the Lender agreeing to make the loans and advances to Parent pursuant to the Note that each Guarantor enter into this Guaranty in order to ensure the prompt and complete payment and performance of the Obligations (as hereinafter defined) thereunder.

C. Each Guarantor is a direct or indirect subsidiary of Parent and, as such, will materially benefit from such extensions of credit to Parent and the entry into this Guaranty is in the best business interest of such Guarantor.

In consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Guaranty.

Each Guarantor hereby jointly and severally, unconditionally, absolutely, continually and irrevocably guarantees to the Lender, the prompt and complete payment and performance in full when due or declared due and at all such times of the Obligations (as hereinafter defined). For all purposes of this Guaranty, "Obligations" means: (a) all debts, liabilities and obligations (including interest that but for the filing of a petition in bankruptcy, would accrue on such debts, liabilities and obligations, whether or not allowed as a claim in any such proceeding) of any kind, whether present or future, direct or indirect, absolute or contingent, liquidated or unliquidated, matured or unmatured, voluntary or involuntary at any time or from time to time due or accruing and owing by or otherwise payable by Parent and/or any of its subsidiaries to Lender, however or wherever incurred, and in any currency, and whether incurred by Parent alone or with others and whether as principal, guarantor or surety, and whether for or constituting interest, principal, indemnities, losses, claims, reimbursements, costs, fees, premiums, penalties, damages, expenses or otherwise, including but not limited to, in each case, under and pursuant to the Note and the other Loan Documents (as hereinafter defined), (b) all fees, expenses, costs and other charges incurred by or on behalf of or owing to the Lender (including attorneys' fees and expenses) in connection with this Guaranty, the Note, any such other Obligations or any of the other instruments, documents, agreements executed and or delivered by any Person or entity in

connection therewith or pursuant thereto (including any security agreements or pledge agreements, collectively, the "Loan Documents") or the enforcement against or realization upon any collateral for any such Obligations ("Collateral"), including all legal fees, court costs, receiver's or agent's remuneration and other expenses of, or of taking or defending any action in connection with, taking possession of, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral or other lawful exercise of the powers conferred by the Loan Documents and (c) each of Guarantors' and Parent's (collectively, the "Loan Parties") prompt, full and faithful performance, observance and discharge of each and every other agreement, undertaking, covenant and provision to be performed, observed or discharged by any such Loan Party under or pursuant to the Loan Documents. The Guarantors' obligations to the Lender under this Guaranty are hereinafter collectively referred to as the "Guarantors' Obligations" and, with respect to each Guarantor individually, the "Guarantor's Obligations".

Notwithstanding the foregoing, the liability of each Guarantor with respect to the Guarantors' Obligations shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of any similar federal law or applicable state law. Each Guarantor agrees that it is jointly and severally, directly and primarily liable (subject to the limitation in the immediately preceding sentence) for the Obligations. The Guarantors' Obligations are secured by various security documents (such documents, collectively, the "Security Documents"), including, without limitation, that certain U.S. Security Agreement of even date herewith (as the same may be amended, restated, supplemented, subdivided, reissued, refinanced or replaced, the "Security Agreement"), by and among the GWE, Target, each other grantor signatory thereto and the Lender.

2. Payment.

Each Guarantor shall be primarily liable (and not just as a surety) for the Guarantors' Obligations and shall be liable for payment of all such Guarantors' Obligations when due, whether at maturity, upon acceleration or otherwise, whether or not demand therefor has been made on Parent or any other obligor or Guarantor thereon or thereof or Parent, any other obligor or any other Guarantor has failed to make any such payment.

3. Absolute Rights and Obligations.

This is a guaranty of payment and not of collection. Each Guarantor's liability for the Guarantors' Obligations under this Guaranty shall be joint and several, absolute and unconditional irrespective of, and each Guarantor hereby expressly waives, to the fullest extent permitted by law, any defense to its obligations under this Guaranty and all Security Documents to which it is a party by reason of:

(a) any lack of legality, validity or enforceability of the Note, of any other Loan Document, or of any other agreement or instrument creating, providing security for, or otherwise relating to any of the Guarantors' Obligations, any of the Obligations, or any other guaranty of any of the Obligations (the Loan Documents and all such other agreements and instruments being collectively referred to as the "Related Agreements");

(b) any action taken under any of the Related Agreements, any exercise of any right or power therein conferred, any failure or omission to enforce any right conferred thereby, or any waiver of any covenant or condition therein provided;

(c) any acceleration of the maturity of any of the Obligations, of the Guarantor's Obligations, or of any other obligations or liabilities of any Person under any of the Related Agreements;

(d) any release, exchange, non-perfection, lapse in perfection, disposal, deterioration in value, or impairment of any security for any of the Obligations, for the Guarantor's Obligations of any other Guarantor, or for any other obligations or liabilities of any Person under any of the Related Agreements;

(e) any dissolution of Parent, any Guarantor or any other party to a Related Agreement, or the combination or consolidation of Parent, any Guarantor or any other party to a Related Agreement into or with another entity or any transfer or disposition of any assets of Parent, any Guarantor or any other party to a Related Agreement;

(f) any extension (including without limitation extensions of time for payment), renewal, amendment, restructuring or restatement of, any acceptance of late or partial payments under, or any change in the amount of any borrowings or any credit facilities available under, the Note, any other Loan Document or any other Related Agreement, in whole or in part;

(g) the existence, addition, modification, termination, reduction or impairment of value, or release of any other guaranty (or security therefor) of the Obligations (including without limitation the release of the Guarantor's Obligations of any other Guarantor or the release of any other guaranty now or hereafter in effect);

(h) any waiver of, forbearance or indulgence under, or other consent to any change in or departure from any term or provision contained in the Note, any other Loan Document or any other Related Agreement (including, without limitation, any term pertaining to the payment or performance of any of the Obligations, any of the Guarantor's Obligations of any other Guarantor, or any of the obligations or liabilities of any party to any other Related Agreement); or

(i) any other circumstance whatsoever (with or without notice to or knowledge of any Guarantor) which may or might in any manner or to any extent vary the risks of such Guarantor, or might otherwise constitute a legal or equitable defense available to, or discharge of, a surety or a guarantor.

It is the express purpose and intent of the parties hereto that this Guaranty and Guarantor's liability in respect of the Guarantors' Obligations hereunder shall be absolute and unconditional under any and all circumstances and shall not be discharged except by payment as herein provided.

4. Currency and Funds of Payment.

All Guarantors' Obligations shall be paid by the Guarantors in Canadian Dollars by wire transfer in immediately available funds, regardless of any law, regulation or decree now or hereafter in effect that might in any manner affect the Obligations, or the rights of the Lender with respect thereto as against Parent, or cause or permit to be invoked any alteration in the time, amount or manner of payment by Parent of any or all of the Obligations.

5. Events of Default.

Without limiting the provisions of Section 2 hereof, in the event that there shall occur and be continuing an Event of Default, then notwithstanding any collateral or other security or credit support for the Obligations, at the Lender's election and without notice thereof or demand therefor, the Guarantors' Obligations may be declared and shall thereby immediately be and become due and payable.

6. Subordination.

Each Guarantor hereby unconditionally subordinates all present and future debts, liabilities or obligations now or hereafter owing to such Guarantor (a) by Parent, to the payment in full of the Obligations and the termination of all Loan Documents and obligations of the Lender to extend any further advances or financial accommodations thereunder, (b) by every other Guarantor (each, an "obligated guarantor"), to the payment in full of the Guarantors' Obligations of such obligated guarantor and the termination of all Loan Documents and obligations of the Lender to extend any further advances or financial accommodations to Parent thereunder, and (c) by each other Person now or hereafter constituting a Loan Party, to the payment in full of the Obligations of such Loan Party and the termination of all Loan Documents and obligations of the Lender to extend any further advances or financial accommodations to Parent thereunder. All amounts due under such subordinated debts, liabilities, or obligations shall, upon the occurrence and during the continuance of an Event of Default, be collected and, upon request by the Lender, paid over forthwith to the Lender on account of the Obligations, the Guarantors' Obligations, or such other obligations, as applicable, and, after such request and pending such payment, shall be held by such Guarantor as agent and bailee of the Lender separate and apart from all other funds, property and accounts of such Guarantor.

7. Suits.

Each Guarantor from time to time shall pay to the Lender, on demand, at the Lender's office set forth in the Note or such other address as the Lender shall give notice of to such Guarantor, the Guarantors' Obligations as they become or are declared due, and in the event such payment is not made forthwith, the Lender may proceed to suit against any one or more or all of the Guarantors. At the Lender's election, one or more and successive or concurrent suits may be brought hereon by the Lender against any one or more or all of the Guarantors, whether or not suit has been commenced against Parent, any other Guarantor, or any other Person and whether or not the Lender has taken or failed to take any other action to collect all or any portion of the Obligations or have taken or failed to take any actions against any collateral securing payment or

performance of all or any portion of the Obligations, and irrespective of any event, occurrence, or condition described in Section 3 hereof.

8. Set-off and Waiver.

Each Guarantor waives any right to assert against the Lender as a defense, counterclaim, set-off, recoupment or cross claim in respect of any liability for the Guarantor's Obligations, any defense (legal or equitable) or other claim which such Guarantor may now or at any time hereafter have against Parent or the Lender (other than payment in full of the Guarantors' Obligations). Each Guarantor agrees that the Lender shall have a Lien (such term used herein, as defined in the Security Agreement) for all the Guarantor's Obligations upon all deposits or deposit accounts, of any kind, or any interest in any deposits or deposit accounts, now or hereafter pledged, mortgaged, transferred or assigned to the Lender or otherwise in the possession or control of the Lender for any purpose (other than solely for safekeeping) for the account or benefit of such Guarantor, including any balance of any deposit account or of any credit of such Guarantor with the Lender, whether now existing or hereafter established, and hereby authorizes the Lender from and after the occurrence of an Event of Default at any time or times with or without prior notice to apply such balances or any part thereof to such of its Guarantor's Obligations as are then due and owing as Lender in its sole discretion may elect. For the purposes of this Section 8, all remittances and property shall be deemed to be in the possession of the Lender as soon as the same may be put in transit to it by mail or carrier or by other bailee.

9. Waiver of Notice; Subrogation.

(a) Each Guarantor hereby waives to the extent permitted by law notice of the following events or occurrences: (i) acceptance of this Guaranty; (ii) the Lender heretofore, now or from time to time hereafter loaning monies or giving or extending credit to or for the benefit of Parent or any other Loan Party, or otherwise entering into arrangements with any Loan Party giving rise to any Obligations, whether pursuant to the Note or any other promissory note or any other Loan Document or Related Agreement or any amendments, modifications, or supplements thereto, or increases, replacements or extensions thereof; (iii) presentment, demand, default, non-payment, partial payment and protest; and (iv) any other event, condition, or occurrence described in Section 3 hereof. Each Guarantor agrees that the Lender may heretofore, now or at any time hereafter do any or all of the foregoing in such manner, upon such terms and at such times as the Lender, in its sole and absolute discretion, deems advisable, without in any way or respect impairing, affecting, reducing or releasing such Guarantor from the Guarantors' Obligations, and each Guarantor hereby consents to each and all of the foregoing events or occurrences.

(b) Each Guarantor hereby agrees that payment or performance by such Guarantor of its Guarantor's Obligations under this Guaranty may be enforced by the Lender upon demand by the Lender to such Guarantor without the Lender being required to (such Guarantor expressly waiving to the extent permitted by law any right it may have to require the Lender to), (i) prosecute collection or seek to enforce or resort to any remedies against Parent, any other Loan Party, any other Guarantor or any other

guarantor of the Obligations, or (ii) seek to enforce or resort to any remedies with respect to any security interests, Liens or encumbrances granted to the Lender or other party to a Related Agreement by Parent, any other Guarantor, Loan Party or any other Person on account of the Obligations, the Guarantors' Obligations or any guaranty thereof.

(c) Each Guarantor further agrees with respect to this Guaranty that it shall have no right of subrogation, reimbursement, contribution or indemnity, nor any right of recourse to security for the Obligations or the Guarantors' Obligations unless and until 181 days from the later of (i) the termination of all Loan Documents and all obligations of the Lender to make any further loans, advances or other financial accommodations to Parent and the other Loan Parties and (ii) all Obligations, Guarantors' Obligations and any other amounts payable hereunder are paid in full in cash in accordance with Section 21 hereof shall have elapsed without the filing or commencement, by or against any other Loan Party, of any state or federal action, suit, petition or proceeding seeking any reorganization, liquidation or other relief or arrangement in respect of creditors of, or the appointment of a receiver, liquidator, trustee or conservator in respect to, such Loan Party or its assets. This waiver is expressly intended to prevent the existence of any claim in respect to such subrogation, reimbursement, contribution or indemnity by any Guarantor against the estate of any other Loan Party within the meaning of Section 101 of the Bankruptcy Code, in the event of a subsequent case involving any other Loan Party. If an amount shall be paid to any Guarantor on account of such rights, such amount shall be held in trust for the benefit of the Lender and shall forthwith be paid to the Lender to be credited and applied upon the Guarantors' Obligations, whether matured or unmatured, as the Lender in its sole discretion may elect. The agreements in this subsection shall survive the termination or expiration of this Guaranty in any manner, including, but not limited to, the repayment in full in cash in accordance with Section 21 hereof of all Guarantors' Obligations and any other amounts payable hereunder.

10. Effectiveness; Enforceability.

This Guaranty shall be effective as of the date first above written and shall continue in full force and effect until all Obligations, Guarantors' Obligations and any other amounts payable hereunder are paid in full in cash in accordance with Section 21 hereof and all Loan Documents and all obligations of the Lender to make any further loans, advances or other financial accommodations to Parent and the other Loan Parties shall have been terminated. Any claim or claims that the Lender may at any time hereafter have against a Guarantor under this Guaranty may be asserted by the Lender by written notice directed to such Guarantor in accordance with Section 23 hereof.

11. Representations and Warranties.

Each Guarantor warrants and represents to the Lender that (a) it is duly authorized to execute and deliver this Guaranty, and to perform its obligations under this Guaranty; (b) this Guaranty has been duly executed and delivered on behalf of such Guarantor by its duly authorized representatives; (c) this Guaranty is legal, valid, binding and enforceable against such Guarantor in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors'

rights generally and by general equitable principles; and (d) such Guarantor's execution, delivery and performance of this Guaranty do not violate or constitute a breach of any of its organizational documents, any agreement or instrument to which such Guarantor is a party, or any law, order, regulation, decree or award of any governmental authority or arbitral body to which it or its properties or operations is subject, or shall result in the imposition of any Lien or security interest on its assets, other than in favor of the Lender pursuant to the Loan Documents.

12. Expenses.

Each Guarantor agrees to be jointly and severally liable for the payment of all reasonable fees and expenses, including attorneys' costs, incurred by the Lender in connection with the enforcement of this Guaranty, whether or not suit is brought.

13. Reinstatement.

Each Guarantor agrees that this Guaranty shall continue to be effective or (if previously terminated) be reinstated, as the case may be, at any time payment received by the Lender in respect of the Obligations or the Guarantors' Obligations is rescinded or must be restored for any reason, or is repaid by the Lender in whole or in part in good faith settlement of any pending or threatened avoidance claim.

14. Attorney-in-Fact.

To the extent permitted by law, each Guarantor hereby appoints the Lender as such Guarantor's attorney-in-fact for the purposes of carrying out the provisions of this Guaranty and taking any action and executing any instrument which the Lender may deem necessary or advisable to accomplish the purposes hereof, which appointment is coupled with an interest and is irrevocable.

15. Reliance.

Each Guarantor represents and warrants to the Lender that: (a) such Guarantor has adequate means to obtain on a continuing basis (i) from Parent, information concerning the Loan Parties and the Loan Parties' financial condition and affairs and (ii) from other reliable sources, such other information as it deems material in deciding to provide this Guaranty ("Other Information"), and has full and complete access to the Loan Parties' books and records and to such Other Information; (b) such Guarantor is not relying on the Lender or the Lender's employees, directors, agents or other representatives or affiliates, to provide any such information, now or in the future; (c) such Guarantor has been furnished with and reviewed the terms of the Note and such other Loan Documents and Related Agreements as it has requested, is executing this Guaranty freely and deliberately, and understands the obligations and financial risk undertaken by providing this Guaranty; (d) such Guarantor has relied solely on the Guarantor's own independent investigation, appraisal and analysis of Parent, Parent's financial condition and affairs, the Other Information, and such other matters as it deems material in deciding to provide this Guaranty and is fully aware of the same; and (e) such Guarantor has not depended or relied on the Lender or the Lender's employees, directors, agents or other representatives or affiliates, for any information whatsoever concerning Parent or Parent's financial condition and affairs or any other matters material to such Guarantor's decision to

provide this Guaranty, or for any counseling, guidance, or special consideration or any promise therefor with respect to such decision. Each Guarantor agrees that the Lender doesn't have any duty or responsibility whatsoever, now or in the future, to provide to such Guarantor any information concerning Parent or Parent's financial condition and affairs, or any Other Information, other than as expressly provided herein, and that, if such Guarantor receives any such information from the Lender, or any of its respective employees, directors, agents or other representatives or affiliates, such Guarantor will independently verify the information and will not rely on the Lender or such employees, directors, agents or other representatives or affiliates, with respect to such information.

16. Survival.

All representations and warranties contained herein shall survive the delivery of documents and any extension of credit referred to herein or guaranteed hereby.

17. Amendment.

Any amendment or modification of, or consent or waiver under, this Guaranty or any Guaranty Joinder must be in writing and signed by each party hereto.

18. Binding Agreement; Assignment.

This Guaranty (including each Guaranty Joinder thereto) and the terms, covenants and conditions hereof and thereof, shall be binding upon and inure to the benefit of the Guarantors and the Lender, and to their respective legal representatives, successors and assigns; provided, however, that no Guarantor shall be permitted to assign any of its rights, powers, duties or obligations under this Guaranty or any other interest herein or therein without the prior written consent of the Lender. Without limiting the generality of the foregoing sentence of this Section 18, the Lender may assign to one or more Persons, or grant to one or more Persons participations in or to, all or any part of its rights and obligations under the Note and the other Loan Documents (to the extent permitted by the Note or such Loan Document, as applicable); and to the extent of any such assignment or participation such other Person shall, to the fullest extent permitted by law, thereupon become vested with all the benefits in respect thereof granted to the Lender herein or otherwise. All references herein to the Lender shall include any successors thereof.

19. Severability.

If any part of this Guaranty is not enforceable, the rest of the Guaranty may be enforced.

20. Counterparts.

This Guaranty may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement.

21. Termination.

Subject to reinstatement pursuant to Section 13 hereof, this Guaranty is a continuing and irrevocable guaranty by each Guarantor of all of the Guarantors' Obligations now or hereafter existing and shall remain in full force and effect until all of the Guarantors' Obligations have been paid in full and Loan Documents and all obligations of the Lender to make any further loans, advances or other financial accommodations to Parent and the other Loan Parties have been terminated.

22. Remedies Cumulative; Late Payments.

All remedies hereunder are cumulative and are not exclusive of any other rights and remedies of the Lender provided by law or under the Note, the other Loan Documents or other applicable agreements or instruments. The making of the loans and other extensions of credit to Parent pursuant to the Note and the other Loan Documents shall be conclusively presumed to have been made or extended, respectively, in reliance upon the Guarantors' guaranty hereunder. Any amounts not paid when due under this Guaranty shall bear interest at the highest rate applicable to loans (including any default rate) under the terms of the Note.

23. Notices.

Unless otherwise provided herein, any notice required or permitted hereunder must be in writing and delivered in accordance with Section 6.4 of the Note.

24. Additional Guarantors.

At any time after the date of this Guaranty, one or more additional Persons may become a party hereto by executing and delivering to the Lender a Joinder to Guaranty substantially in the form attached as Exhibit A hereto (each, a "Guaranty Joinder"). Immediately upon execution and delivery of such Guaranty Joinder, and without any further action, each such additional Person shall thereupon irrevocably, absolutely and unconditionally become a party hereto and obligated hereunder as a Guarantor, and this Guaranty shall be deemed amended by such Guaranty Joinder.

25. Governing Law.

This Guaranty shall be governed by and construed in accordance with the laws of New York. To the extent that the Lender has greater rights or remedies under federal law, whether as a national bank or otherwise, this paragraph shall not be deemed to deprive the Lender of such rights and remedies as may be available under federal law.

26. Jury Trial Waiver; Consent to Jurisdiction; Waiver of Claims.

(a) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH GUARANTOR HEREBY WAIVES ITS RIGHTS, IF ANY, TO A JURY TRIAL OF ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS GUARANTY OR

ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS (EACH A "CLAIM"). EACH GUARANTOR REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS GUARANTY MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

(b) EACH GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK AND STATE OF NEW YORK, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS GUARANTY SHALL AFFECT ANY RIGHT THAT THE LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS GUARANTY AGAINST ANY GUARANTOR OR ITS PROPERTIES IN THE COURTS OF ANY OTHER JURISDICTION. EACH GUARANTOR WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 26.

(c) NO CLAIM MAY BE MADE BY ANY GUARANTOR AGAINST THE LENDER OR ANY AFFILIATE, DIRECTOR, OFFICER, EMPLOYEE, COUNSEL, REPRESENTATIVE, AGENT, OR ATTORNEY-IN-FACT OF IT FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM FOR BREACH OF CONTRACT OR ANY OTHER THEORY OF LIABILITY ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTY, OR ANY ACT, OMISSION, OR EVENT OCCURRING IN CONNECTION HERewith, AND EACH GUARANTOR HEREBY WAIVES, RELEASES, AND AGREES NOT TO SUE UPON ANY CLAIM FOR SUCH DAMAGES, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOR.

27. New Subsidiaries.

Each Guarantor hereby agrees, if reasonably requested by the Lender, to cause its subsidiaries (whether by acquisition or creation) to enter into this Guaranty by executing and delivering to the Lender a Guaranty Joinder. Upon the execution and delivery of a Guaranty Joinder by any such new subsidiary, such subsidiary shall become a Guarantor hereunder with the same force and effect as if originally named as a Guarantor herein. The execution and delivery of any instrument adding an additional Guarantor as a party to this Guaranty shall not

require the consent of any Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor hereunder.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Guaranty as of the day and year first written above.

GUARANTORS:

GWE CONSULTING GROUP (USA), INC.

By: [Signature]
Title: CEO
Name: Andrew Langhovi

TARGET OUTREACH, INC.

By: [Signature]
Title: CEO
Name: Andrew Langhovi

Acknowledged and accepted:

LENDER:

**SHOTGUN FUND LIMITED
PARTNERSHIP III, by its general partner
SF FUND MANAGEMENT III INC.**

By: _____
Title: _____
Name: _____

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Guaranty as of the day and year first written above.

GUARANTORS:

GWE CONSULTING GROUP (USA), INC.

By: _____
Title: _____
Name: _____

TARGET OUTREACH, INC.

By: _____
Title: _____
Name: _____

Acknowledged and accepted:

LENDER:

**SHOTGUN FUND LIMITED
PARTNERSHIP III, by its general partner
SF FUND MANAGEMENT III INC.**

By: _____
Title: James H. Ambrose
Name: Vice President

(Signature Page to US Guaranty)

EXHIBIT A
to U.S. Guaranty

[FORM OF]
GUARANTY JOINDER

THIS JOINDER TO U.S. GUARANTY (this "Guaranty Joinder"), dated as of _____, is made by _____, a _____ (the "Joining Guarantor"), in favor of SHOTGUN FUND LIMITED PARTNERSHIP III ("Shotgun"), (the "Lender").

RECITALS

A. iMarketing Solutions Group Inc. ("Parent") executed that certain Secured Convertible Promissory Note, dated as of December 4, 2012 (as the same may be amended, restated, supplemented, subdivided, reissued, refinanced or replaced, the "Note"), in favor of the Lender. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Note.

B. Certain subsidiaries of Parent are party to that certain U.S. Guaranty, dated as of December 4, 2012 (as amended, restated, extended, amended and restated, supplemented or otherwise modified from time to time, the "Guaranty") in favor of the Lender.

C. The Joining Guarantor is a direct or indirect subsidiary of Parent and, as such, will materially benefit from the extensions of credit to Parent under the Note and being joined as a "Guarantor" under the Guaranty is in the best business interest of such Guarantor.

Accordingly, the Joining Guarantor hereby agrees as follows:

1. Joinder.

The Joining Guarantor hereby irrevocably, absolutely and unconditionally becomes a party to the Guaranty as a Guarantor. The Joining Guarantor acknowledges, agrees and confirms that, by its execution of this Guaranty Joinder, it (a) will be deemed to be a "Guarantor" for all purposes of the Guaranty and each other Loan Document, (b) shall have all of the obligations of a Guarantor under the Loan Documents as if it had executed the Guaranty, and (c) shall be bound by all the terms, conditions, obligations, liabilities and undertakings of each Guarantor or to which each Guarantor is subject thereunder, including without limitation the joint and several, unconditional, absolute, continuing and irrevocable guarantee to the Lender of the payment and performance in full of the Obligations (as defined in the Guaranty) whether now existing or hereafter arising, all with the same force and effect as if the Joining Guarantor were a signatory to the Guaranty.

2. Representations and Warranties.

The Joining Guarantor warrants and represents to the Lender that (a) it is duly authorized to execute and deliver this Guaranty Joinder, and to perform its obligations under the Guaranty; (b) this Guaranty Joinder has been duly executed and delivered by its duly authorized representatives; (c) this Guaranty Joinder is legal, valid, binding and enforceable against it in

accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles; and (d) its execution, delivery and performance of this Guaranty Joinder do not violate or constitute a breach of any of its organizational documents, any agreement or instrument to which it is a party, or any law, order, regulation, decree or award of any governmental authority or arbitral body to which it or its properties or operations is subject and will not result in the imposition of any Lien or security interest on its assets, other than in favor of the Lender pursuant to the Loan Documents.

3. Affirmations.

The Joining Guarantor hereby acknowledges and affirms as of the date hereof with respect to itself, its properties and its affairs each of the waivers, representations, warranties, acknowledgements and certifications applicable to a Guarantor contained in the Guaranty.

4. Severability.

If any part of this Guaranty Joinder is not enforceable, the rest of the Guaranty Joinder may be enforced.

5. Counterparts.

This Guaranty Joinder may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement.

6. Delivery.

The Joining Guarantor hereby irrevocably waives notice of acceptance of this Guaranty Joinder and acknowledges that the Obligations are and shall be deemed to be incurred, and credit extensions under the Loan Documents made and maintained, in reliance on this Guaranty Joinder and the Guarantor's joinder as a party to the Guaranty as herein provided.

7. Governing Law.

The provisions of Section 25 of the Guaranty are hereby incorporated by reference as if fully set forth herein.

8. Jury Trial Waiver; Consent to Jurisdiction; Waiver of Claims.

The provisions of Section 26 of the Guaranty are hereby incorporated by reference as if fully set forth herein.

[Signature pages follow.]

IN WITNESS WHEREOF, the Joining Guarantor has duly executed and delivered this Joinder to Guaranty as of the day and year first written above.

JOINING GUARANTOR:

[JOINING GUARANTOR]

By: _____
Title: _____
Name: _____

Acknowledged and accepted:

LENDER:

**SHOTGUN FUND LIMITED
PARTNERSHIP III, by its general partner
SF FUND MANAGEMENT III INC.**

By: _____
Title: _____
Name: _____

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF IMARKETING GROUP SOLUTIONS
INC. and those Companies referred to on Schedule "A"

Court File No.:

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**APPLICATION RECORD
Volume 1 OF 2**

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