

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

XENTEL INC., *et al.*¹

Debtors in a Foreign Proceeding.

Chapter 15

Case No. 13-10888 (KG)

Jointly Administered

Related Docket No. 29

**AFFIDAVIT OF DOMENIC E. PACITTI IN SUPPORT OF FOREIGN
REPRESENTATIVE'S MOTION FOR ENTRY OF AN ORDER
(I) ENFORCING CANADIAN SALE ORDER, (II) APPROVING THE SALE OF
DEBTORS' ASSETS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES,
AND OTHER INTERESTS, AND (III) GRANTING RELATED RELIEF**

DOMENIC E. PACITTI, pursuant to 28 U.S.C. §1746, hereby swears as follows:

1. I am a partner at Klehr Harrison Harvey Branzburg LLP, counsel to iMarketing Solutions Group, Inc., as authorized foreign representative to the above captioned Debtors in a proceeding commenced under Canada's *Companies' Creditors Arrangement Act* (R.S.C. 1985 c. 36) (the "CCAA"), and pending before the Ontario Superior Court of Justice.

2. I respectfully submit this affidavit in support of the Foreign Representative's Motion for Entry of an Order (I) Recognizing the Canadian Sale Order, (II) Authorizing and Approving the Sale of Debtors' Assets Free and Clear of Liens, Claims, Encumbrances, and Other Interests, and (III) Granting Related Relief (the "Motion")² filed contemporaneously herewith.

3. Attached as a true and correct copy of each of the following documents which are referenced in the Motion:

¹ The Debtors in these chapter 15 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: Xentel Inc. (6267); Wellesley Corporation Inc. (4092); GWE Consulting Group (USA) Inc. (2629); US Billing Inc. (7752); American Graphics & Design Inc. (7772); Courtesy Health Watch Inc. (1403); and Target Outreach Inc. (9046). The Debtors' main corporate address is 481 University Ave., Toronto, Canada M5G 2E9.

² Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Motion.

- A. Canadian Sale Motion (attached as Exhibit A hereto);
- B. APA (Redacted) (attached as Exhibit B hereto); and
- C. The Canadian Sale Order (attached as Exhibit C hereto).

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: November 1, 2013
Wilmington, DE

/s/ Domenic E. Pacitti
Domenic E. Pacitti (DE Bar No. 3989)

EXHIBIT A

Court File No.: CV-13-10067-00CL

**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

**MOTION RECORD
(Returnable October 25, 2013)**

October 18, 2013

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Lawyers for the Applicants

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

MLHL Marketing Inc.

MLHL Marketing 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)

INDEX

Court File No.: CV-13-10067-00CL

**ONTARIO
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IN THE MATTER OF THE *COMPANIES' CREDITORS
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Applicants

INDEX

Tab	Document
1	Notice of Motion returnable October 25, 2013
2	Affidavit of Andrew Langhorne sworn October 18, 2013
A	Initial Order dated April 12, 2013
B	Affidavit of Andrew Langhorne sworn April 11, 2013 (excluding exhibits)
C	Interim U.S. Recognition Order dated April 12, 2013
D	Final U.S. Recognition Order dated May 17, 2013
E	SIP Approval Order dated May 7, 2013
F	Stay Extension Order dated August 2, 2013
G	Stay Extension Order dated October 3, 2013
H	Stay Extension Order dated October 11, 2013
I	Asset Purchase Agreement dated October 8, 2013 [TO BE SEALED]
3	Draft Approval and Vesting Order
4	Draft Stay Extension Order

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.
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RMG Thunder Bay LP
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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)

TAB 1

Court File No. CV-13-10067-00CL

**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 the Companies referred to in Schedule "A"

Applicants

**NOTICE OF MOTION
(Approval and Vesting Order)**

iMarketing Solutions Group Inc. ("IMSG") and the Companies referred to in Schedule "A" (together, the "Applicants") will make a motion before a Judge of the Ontario Superior Court of Justice (Commercial List) (the "Court") on Friday, October 25, 2013 at 10:00 o'clock in the morning, or as soon after that time as the motion can be heard, at 330 University Avenue, in the City of Toronto.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. an Order abridging the time for service of the Notice of Motion and the Motion Record herein and dispensing with further service thereof;

- 2 -

2. an Order extending the Stay Period (as defined in the Initial Order of the Honourable Mr. Justice Newbould dated April 12, 2013 (the “**Initial Order**”)) in these proceedings to December 13, 2013;
3. an Order approving the transaction (the “**Transaction**”) contemplated by the Asset Purchase Agreement dated as of October 8, 2013 (the “**Agreement**”) between the Applicants and IMKT Direct Solutions Corporation and iMarketing Acquisition, LLC (collectively, the “**Purchaser**”) and authorizing the Applicants to execute and deliver all definitive documentation to permit the closing of the Transaction in accordance with the draft Order filed at Tab 3 of the Applicants’ Motion Record;
4. an Order vesting in the Canadian Purchaser and the U.S. Purchaser all of the Applicants’ right, title and interest in and to the Purchased Assets (as defined in the Agreement) located in Canada and the U.S., respectively, free and clear of all liens, charges and encumbrances upon the closing of the Transaction;
5. an Order approving the extension of the deadlines set out in the SIP (as defined herein) for the approval of a transaction by this Honourable Court and the U.S. Court (as defined herein) and the closing of a transaction to November 30, 2013 and December 13, 2013, respectively;
6. an Order approving the DIP Loan (as defined in the Initial Order), as amended to date;
7. an Order sealing Exhibit “**I**” to the Affidavit of Andrew Langhorne sworn October 18, 2013 attaching the Agreement until after the closing of the Transaction or further order of this Honourable Court;

- 3 -

8. an Order sealing Confidential Appendix "1" to the Sixth Report of Duff & Phelps Canada Restructuring Inc. ("**Duff & Phelps**"), in its capacity as monitor (the "**Monitor**"), dated October 21, 2013 attaching a summary of offers received during the SIP;
9. an Order sealing that part of Schedule "C" to the approval and vesting order setting out the Applicants' customer contracts that form part of the Purchased Assets;
10. an Order approving the Fourth, Fifth and Sixth Reports of the Monitor dated October 2, 2013, October 9, 2013 and October 21, 2013, respectively, and the actions and activities of the Monitor described therein; and
11. such further and other relief as counsel may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. the Applicants 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;
2. on April 12, 2013, the Applicants sought and were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**"), as amended, pursuant to the Initial Order;
3. pursuant to the Initial Order, Duff & Phelps was appointed as Monitor;
4. pursuant to the Initial Order, Illumina Partners Inc. was appointed as the Applicants' chief restructuring officer (the "**CRO**");

5. pursuant to the Order of the Honourable Mr. Justice Gross of the United States Bankruptcy Court for the District of Delaware (the “**U.S. Court**”) dated April 12, 2013, the U.S. Court recognized the Applicants’ CCAA proceedings in the United States and granted a stay of proceedings in respect of the Applicants on an interim basis pursuant to Chapter 15 of the United States Bankruptcy Code;

6. pursuant to the Order of the Honourable Mr. Justice Gross dated May 17, 2013, the U.S. Court granted a final Order recognizing the Applicants’ CCAA proceedings as a “foreign main proceeding”;

7. pursuant to the Order of the Honourable Mr. Justice Newbould dated May 7, 2013, the Stay Period was extended until August 2, 2013 and a sale and investment process (the “**SIP**”) in respect of the Applicants’ business and assets was approved by the Court (the “**SIP Approval Order**”);

8. pursuant to Orders dated August 2, 2013, October 3, 2013 and October 11, 2013, the Stay Period was further extended, most recently, until October 25, 2013;

9. pursuant to the SIP Approval Order, the CRO, under the supervision of and with the assistance of the Monitor, marketed the Applicants’ business and assets in accordance with the SIP terms;

10. the CRO, under the supervision of and with the assistance of the Monitor, thoroughly canvassed the market for potential investors and purchasers in a fair and transparent manner with a view to obtaining the best possible price for the Purchased Assets;

- 5 -

11. the original deadline for the receipt of offers under the SIP was July 5, 2013. Pursuant to the SIP, the CRO, with the Monitor's approval, was authorized to extend the dates set out in the SIP up to three (3) weeks without Court approval;
12. the CRO, with the Monitor's approval, extended the deadline for the receipt of offers under the SIP to July 26, 2013;
13. the CRO, in conjunction with the Monitor, evaluated offers and expressions of interest received by the offer deadline, as well as restructuring alternatives in respect of the Applicants' business and assets, and determined that the offer submitted by the Purchaser was the superior offer;
14. negotiations with the Purchaser ensued that culminated in the execution of the Agreement by the Applicants and the Purchaser;
15. the CRO, in conjunction with the Monitor, periodically reported to the senior secured creditors of the Applicants and sought their input regarding the decision to pursue the Transaction with the Purchaser;
16. the Agreement contemplates the sale of substantially all of the Applicants' Canadian and American assets on a going-concern basis and will maximize value for all of the Applicants' stakeholders and provides a higher recovery than the creditors would otherwise receive if the Purchased Assets were liquidated or any other offer was accepted;
17. pursuant to the terms of the Agreement, there is also the likelihood of continued employment for the vast majority of the Applicants' employees;

- 6 -

18. an extension of the Stay Period is necessary to allow the Applicants to seek approval of the Agreement from the U.S. Court and to close the Transaction;
19. the Applicants' updated consolidated cash flow forecast projects that the Applicants have sufficient funding to continue operating until at least December 13, 2013;
20. at the Applicants' request, the DIP Lender (as defined in the Initial Order) has agreed to extend the maturity date under the DIP Loan to April 10, 2014;
21. based on the information available, the Applicants' creditors will not be materially prejudiced by the relief being sought by the Applicants;
22. the Applicants have acted, and continue to act, in good faith and with due diligence, and circumstances exist that make granting an extension of the Stay Period appropriate;
23. the Monitor supports the relief being sought by the Applicants;
24. Section 11 of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
25. Rules 1.04, 2.03, 3.02, 16.08 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
26. such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- 7 -

1. the Affidavit of Andrew Langhorne sworn October 18, 2013, and the exhibits attached thereto;
2. the Sixth Report of the Monitor dated October 21, 2013; and
3. such further and other material as counsel may advise and this Honourable Court may permit.

October 17, 2013

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TO: THIS HONOURABLE COURT

AND TO: THE ATTACHED SERVICE LIST

Schedule "A"

List of Applicants

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The Responsive Marketing Group Inc.
GWE Consulting Group (USA) Inc.
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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 the Companies referred to in Schedule "A"

Court File No.: CV-13-100067-00CL

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

Proceedings commenced at Toronto

**NOTICE OF MOTION
(Approval and Vesting Order)**

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Lawyers for the Applicants

TAB 2

Court File No.: CV-13-10067-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *COMPANIES' CREDITORS*
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ARRANGEMENT OF **iMARKETING SOLUTIONS GROUP**
INC. and those Companies referred to on Schedule "A"

Applicants

AFFIDAVIT OF ANDREW LANGHORNE
(Sworn October 18, 2013)

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Applicants

**AFFIDAVIT OF ANDREW LANGHORNE
(Sworn October 18, 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 of iMarketing Solutions Group Inc. ("**IMSG**"), the direct or indirect parent company of the nineteen (19) subsidiary companies referred to in Schedule "A" attached hereto (together with IMSG, the "**IMSG Group**" or the "**Applicants**"), 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.

RELIEF SOUGHT

2. This Affidavit is sworn in support of a motion by the Applicants for an order:

- (a) extending the Stay Period, as defined in the Order of the Honourable Mr. Justice Newbould dated April 12, 2013 (the “**Initial Order**”), in these proceedings to December 13, 2013;
- (b) approving the transaction (the “**Transaction**”) contemplated by the Asset Purchase Agreement dated as of October 8, 2013 (the “**Agreement**”) between the Applicants and IMKT Direct Solutions and iMarketing Acquisition, LLC (together, the “**Purchaser**”) and authorizing the Applicants to execute and deliver all definitive documentation to permit the closing of the Transaction in accordance with the draft Order filed at Tab 3 of the Applicants’ Motion Record;
- (c) an Order vesting in the Canadian Purchaser and the U.S. Purchaser all of the Applicants’ right, title and interest in and to the Purchased Assets (as defined in the Agreement) located in Canada and the U.S., respectively, free and clear of all liens, charges and encumbrances upon the closing of the Transaction;
- (d) an Order approving the extension of the deadlines set out in the SIP (as defined herein) for the approval of the Transaction by this Honourable Court and the U.S. Court (as defined herein) and the closing of the Transaction to November 30, 2013 and December 15, 2013, respectively;
- (e) an Order approving the DIP Loan, as amended to date;
- (f) an Order sealing Exhibit “**I**” to this Affidavit attaching the Agreement until after the closing of the Transaction or further order of this Honourable Court;

- (g) an Order sealing Confidential Appendix “1” to the Sixth Report of Duff & Phelps Canada Restructuring Inc. (“**Duff & Phelps**”), in its capacity as monitor (the “**Monitor**”), dated October 21, 2013 attaching a summary of offers received during the SIP (as defined herein);
- (h) an Order sealing that part of Schedule “C” to the approval and vesting order setting out the Applicants’ customer contracts that form part of the Purchased Assets (the “**Customer Contracts Schedule**”);
- (i) an Order approving the Fourth, Fifth and Sixth Reports of the Monitor dated October 2, 2013, October 9, 2013 and October 21, 2013, respectively, and the actions and activities of the Monitor described therein; and
- (j) such further and other relief as counsel may request and this Honourable Court may deem just.

3. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Initial Order. A copy of the Initial Order is attached hereto as Exhibit “A”.

BACKGROUND

4. The Applicants form a North American integrated marketing services business that provides direct marketing solutions for not-for-profit organizations, political organizations and professional associations.

5. The Applicants are one of North America’s largest participants in the telemarketing and fundraising industry. As at the date of the Initial Order, the Applicants had approximately 1,140

employees, of which 480 employees were laid off in March 2013 prior to the commencement of these proceedings. As at the date of this Affidavit, the Applicants currently have more than 700 employees.

6. The Applicants currently operate from fifteen (15) leased premises across Canada and the United States and they service over 200 customers. The Applicants' business is described in greater detail in my Affidavit sworn April 11, 2013 and filed in support of the Applicants' application for the Initial Order. Attached hereto as Exhibit "B" is a true copy of the Affidavit of Andrew Langhorne sworn April 11, 2013 (excluding exhibits).

7. On April 12, 2013, the Applicants sought and were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA").

8. Pursuant to the Initial Order, Duff & Phelps was appointed as Monitor.

9. Pursuant to the Initial Order, Illumina Partners Inc. was appointed as the Applicants' chief restructuring officer (the "CRO").

10. The Applicants sought and were granted recognition of these CCAA proceedings by the U.S. Bankruptcy Court for the District of Delaware (the "U.S. Court") pursuant to the Orders of the Honourable Mr. Justice Gross dated April 12, 2013 (the "**Interim U.S. Recognition Order**") and May 17, 2013 (the "**Final U.S. Recognition Order**"). Copies of the Interim U.S. Recognition Order and Final U.S. Recognition Order are attached hereto as Exhibits "C" and "D", respectively.

11. Pursuant to the Order of the Honourable Mr. Justice Newbould dated May 7, 2013 (the "**SIP Approval Order**"), the Stay Period was extended to August 2, 2013 and a process to solicit

the market for investors and purchasers (the “SIP”) was approved by the Court. Attached hereto as Exhibit “E” is a copy of the SIP Approval Order.

12. Pursuant to the Orders of the Honourable Mr. Justice Wilton-Siegel dated August 2, 2013, the Honourable Mr. Justice Newbould dated October 3, 2013 and the Honourable Mr. Justice Morawetz dated October 11, 2013, the Stay Period was further extended most recently, to October 25, 2013. Attached hereto as Exhibits “F”, “G” and “H” are true copies of the August 2nd, October 3rd and October 11th Orders, respectively.

CURRENT STATE OF THE BUSINESS

13. The Applicants’ business is stable and has operated without any major disruptions since the date of the Initial Order.

14. The Applicants continue to retain customers, renew existing clients in the normal course and have attracted new clients. The Applicants continue to complete billable calling hours substantially consistent with the number of billable calling hours underlying the cash flow projections filed in these proceedings.

15. The Applicants have continued to fund their operations substantially consistent with the cash flow projections filed in these proceedings. There has been only one draw on the DIP Loan since the commencement of these proceedings in the amount of \$650,000 and use of these funds by the Applicants has not been significant. It is expected that further drawings on the DIP Loan will be required prior to the expiry of the proposed Stay Period on December 13, 2013.

16. The Applicants have prepared an estimated cash flow projection for the period October 12, 2013 to December 13, 2013 on a consolidated basis (the “**Stay Extension Cash Flow**”

Projection”). A copy of the Stay Extension Cash Flow Projection will be appended to the Sixth Report of the Monitor (the “**Sixth Report**”).

Sale and Investment Process

17. Pursuant to the SIP, the CRO, under the supervision of and with the assistance of the Monitor, marketed the Applicants’ business to strategic partners and investors who might be interested in either making an equity investment in or purchasing the Applicants’ business. The list of parties to whom this opportunity was presented included numerous strategic partners and investors in the telemarketing and fundraising industry that were originally considered as potential investors and/or purchasers by the Applicants prior to the commencement of the CCAA proceedings.

18. The CRO, under the supervision of and with the assistance of the Monitor, thoroughly canvassed the market for potential investors and purchasers. An interest solicitation letter was prepared and sent to fifty-five (55) parties. A confidentiality agreement (“CA”) was attached to the interest solicitation letter. Those parties that executed the CA were provided with a confidential information memorandum (the “CIM”) prepared by the CRO, with the Monitor’s assistance. The CIM provided interested parties with an overview of the Applicants’ business, property and financial results.

19. Those interested parties that executed the CA were also given the opportunity to perform due diligence, including reviewing information on the Applicants’ business in a virtual data room and attending meetings with the Applicants’ management.

20. The original deadline for the receipt of offers under the SIP was July 5, 2013. Pursuant to the SIP, the CRO, with the Monitor's approval, was authorized to extend the dates set out in the SIP up to three (3) weeks without Court approval.

21. The CRO, with the Monitor's approval, extended the deadline for the receipt of offers under the SIP to July 26, 2013 with a corresponding extension of all deadlines after the offer deadline. As a result, the original deadlines for the execution of an asset purchase agreement, approval of any transaction contemplated therein by this Honourable Court and the U.S. Court and the closing of any transaction were extended to August 12th, August 20th and August 27th, respectively.

22. The CRO, in conjunction with the Monitor, evaluated offers and expressions of interest received by the offer deadline, as well as restructuring alternatives in respect of the Applicants' business and assets, and determined that the offer to purchase submitted by the Purchaser was the superior offer.

23. The CRO, with the Monitor's assistance, entered into negotiations with the Purchaser that culminated in the Applicants and the Purchaser executing the Agreement. Attached hereto as Exhibit "I" is a true copy of the Agreement (including schedules), in respect of which a sealing order is being sought, subject to further order of this Honourable Court.

24. The Agreement contemplates the sale of substantially all of the Applicants' assets located in Canada and the United States on a going-concern basis.

25. As part of the Agreement, the Applicants and the Purchaser also agreed to a Transitional Services Agreement pursuant to which the Applicants will provide certain services to the

Purchaser for up to six (6) months after closing of the Transaction to assist the Purchaser in transitioning the Applicants' businesses to the Purchaser. The Transitional Services Agreement is appended to the Agreement as Schedule "E".

26. Aside from certain common conditions precedent such as the representations and warranties made by the Applicants to the Purchaser being true and correct as at the Closing Date (as defined in the Agreement), the only material condition precedent is that the Applicants shall obtain approval and vesting orders from this Honourable Court on or before October 25, 2013 and from the U.S. Court on or before November 25, 2013.

27. The Monitor assisted the CRO in carrying out the SIP which was done in a fair and transparent manner.

28. The CRO, in conjunction with the Monitor, periodically consulted with the Applicants' secured creditors, The Shotgun Fund Limited Partnership III ("**Shotgun Fund**"), which has also acted as the Applicants' DIP Lender, and Canadian Imperial Bank of Commerce ("**CIBC**"), with respect to the results of the SIP. Their input was sought regarding the decision to pursue the offer submitted by the Purchaser.

29. The Applicants, with the assistance of the Monitor, also considered restructuring the Applicants' business and other options. The Applicants and the Monitor considered the financial and practical elements of these options and discussed them with Shotgun Fund and CIBC. The Applicants and the Monitor believe that the Transaction provides for a superior result for the Applicants' stakeholders compared to the restructuring options considered by the Applicants and the Monitor.

30. The Transaction represents the best option for all of the Applicants' stakeholders as it provides greater consideration than that which would be received if a liquidation ensued or if any other offer had been accepted. Furthermore, the terms of the Agreement provide for the possible continued employment for the vast majority of the Applicants' employees.

31. The Applicants expect to close the Transaction shortly after obtaining the U.S. approval and vesting order. The Applicants respectfully request that the Agreement, included as Exhibit "I" to this Affidavit, and the SIP bid summary and Customer Contracts Schedule, included as Confidential Appendix "1" to the Sixth Report of the Monitor and Schedule "C" to the draft approval and vesting order, be sealed pending closing of the Transaction as they contain commercially sensitive information. If, for some unforeseen reason, the Transaction does not close, it would be prejudicial to the Applicants if such sensitive information were available to other potential replacement counterparties.

PROPOSED EXTENSION OF THE STAY PERIOD

32. The Maturity Date of the DIP Loan, as such term is defined in the DIP Term Sheet, has been extended twice at the Applicants' request, most recently to October 25, 2013. In consideration for the DIP Lender's agreement to extend the Maturity Date, extension fees in the aggregate amount of \$225,000 have been incurred.

33. The Stay Extension Cash Flow Projection projects that the Applicants have sufficient funding to continue operating until December 13, 2013. The DIP Lender has agreed to extend the Maturity Date of the DIP Loan until April 10, 2014 on substantially the same terms and conditions as previously agreed upon with the Applicants. The terms of the extension provide for an extension fee of \$35,000 which shall be fully earned upon this Honourable Court granting an

extension of the Stay Period but which shall only be payable on the earlier of the Maturity Date or an event of default.

34. The Monitor has indicated that it supports an extension of the Stay Period until December 13, 2013.

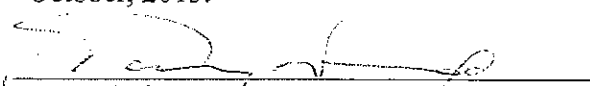
35. An extension of the Stay Period is necessary to allow the Applicants to obtain an approval and vesting order from the U.S. Court and to close the Transaction.

36. I do not believe that any creditor of the Applicants will suffer any material prejudice if the Stay Period is extended until December 13, 2013.

37. The Applicants have acted, and continue to act, in good faith and with due diligence.

38. I swear this Affidavit in support of the Applicants' request that an Order be granted under the CCAA substantially in the form included at Tabs 3 and 4 of the Motion Record, and for no other or improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, this 18th day of
October, 2013.


Commissioner for Taking Affidavits

DANNY NICKLES


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

MLHL Marketing Inc.

MLHL Marketing 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"

Cv 13-10067-0001
Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.)
JUSTICE NEWBOULD)
FRIDAY, THE 12TH
DAY OF APRIL, 2013

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 the Companies referred to in Schedule "A" (the
"Applicants")

INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Andrew Langhorne sworn April 11, 2013 and the Exhibits thereto (the "**Langhorne Affidavit**"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, counsel for the DIP Lender (as defined herein), counsel for the Canadian Imperial Bank of Commerce, no one else appearing although duly served as appears from the affidavit of service of Sandra Reid sworn April 12, 2013 and on reading the consent of Duff & Phelps Canada Restructuring Inc. to act as the Monitor.

- 2 -

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies. Although not Applicants, the limited partnerships listed in Schedule "B" to this Order (the "LPs") shall enjoy the benefits of and the protections provided to the Applicants by this Order. (The Applicants and the LPs are hereinafter referred to collectively as "IMSG Partics").

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the IMSG Parties shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the IMSG Parties shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the IMSG Parties shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The IMSG Parties shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively

- 3 -

“Assistants”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the IMMSG Parties shall be entitled to continue to utilize the central cash management system currently in place as described in the Langhorne Affidavit (the “Cash Management System”) and that any bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the IMMSG Parties of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the IMMSG Parties, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that the IMMSG Parties shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

- 4 -

- (b) the fees and disbursements of any Assistants retained or employed by the ISMG Parties in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the ISMG Parties shall be entitled but not required to pay all reasonable expenses incurred by the ISMG Parties in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the ISMG Parties following the date of this Order.

8. **THIS COURT ORDERS** that the ISMG Parties shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or payable in any other jurisdiction or any other taxation authority which are required to be deducted from employees' wages on or after the date hereof, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the ISMG Parties in connection with the sale of goods and services by the ISMG Parties, but only where such Sales Taxes are accrued or

- 5 -

collected after the date of this Order or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

- (c) any amount payable to the Crown in right of Canada or payable in any other jurisdiction or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the IMMSG Parties.

9. **THIS COURT ORDERS** that until a real property lease (where the leased premises are occupied by the IMMSG Parties or any of them as of the date hereof) is disclaimed or resiliated in accordance with the CCAA, the IMMSG Parties shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the IMMSG Parties and the landlords from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the IMMSG Parties are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the IMMSG Parties to any of their

- 6 -

creditors as of this date, except as contemplated in the DIP Credit Documentation, as herein defined; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property, except as permitted hereunder; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business or as permitted hereunder.

CRITICAL SUPPLIER PAYMENTS

11. **THIS COURT ORDERS** that the IMMSG Parties shall be permitted to make such payments to customers to which the IMMSG Parties are indebted and to those suppliers of goods and services as the IMMSG Parties, always in consultation with the Monitor and only as permitted under the DIP Credit Documentation (as hereinafter defined), determine to be necessary to permit the IMMSG Parties to proceed with the Restructuring (as defined below).

RESTRUCTURING

12. **THIS COURT ORDERS** that the IMMSG Parties shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Credit Documentation, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$100,000 in the aggregate;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and

- 7 -

- (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the IMMSG Parties to proceed with an orderly restructuring of the Business (the "Restructuring").

13. **THIS COURT ORDERS** that the IMMSG Parties shall provide each of the relevant landlords with notice of the IMMSG Parties' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the IMMSG Parties' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the IMMSG Parties, or by further Order of this Court upon application by the IMMSG Parties on at least two (2) days notice to such landlord and any such secured creditors. If the IMMSG Parties disclaim or resiliate the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the IMMSG Parties' claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to

- 8 -

prospective tenants during normal business hours, on giving the IMMSG Parties and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the IMMSG Parties in respect of such lease or leased premises and such landlord shall be entitled to notify the IMMSG Parties of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE IMMSG PARTIES OR THE PROPERTY

15. **THIS COURT ORDERS** that until and including May 11, 2013, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the IMMSG Parties, the CRO, as herein defined, or the Monitor, or affecting the Business or the Property, except with the written consent of the IMMSG Parties and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the IMMSG Parties or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the

- 9 -

IMSG Parties or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the IMSG Parties and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the IMSG Parties to carry on any business which the IMSG Parties are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the IMSG Parties, except with the written consent of the IMSG Parties and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the IMSG Parties or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the IMSG Parties, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the IMSG Parties, and that the IMSG Parties shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for

- 10 -

all such goods or services received after the date of this Order are paid by the IMMSG Parties in accordance with normal payment practices of the IMMSG Parties or such other practices as may be agreed upon by the supplier or service provider and each of the IMMSG Parties and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

19. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the IMMSG Parties. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the IMMSG Parties with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the IMMSG Parties whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the IMMSG Parties, if one is filed, is sanctioned by this Court or is refused by the creditors of the IMMSG Parties or this Court.

- 11 -

CHIEF RESTRUCTURING OFFICER

21. **THIS COURT ORDERS** that the appointment of Illumina Partners Inc. using the services of Upkar Arora thereof, as chief restructuring officer of the IMMSG Parties (the "CRO") and as an officer of this Court is hereby confirmed and approved and the CRO is hereby authorized and empowered to operate and manage the affairs of the IMMSG Parties during the pendency of these CCAA proceedings.

22. **THIS COURT ORDERS** that the IMMSG Parties shall pay the CRO his fees and disbursements, including the fees and disbursements of the CRO's counsel, if any, in accordance with the CRO's retention agreement with the IMMSG Parties dated April 11, 2013, annexed as **Exhibit "Z"** to the Langhorne Affidavit save and except that any payment of a success fee thereunder shall be subject to further Order of this Court.

23. **THIS COURT ORDERS** that the CRO shall incur no liability or obligation as a result of his appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on his part.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

24. **THIS COURT ORDERS** that the IMMSG Parties shall indemnify their directors and officers, including the CRO, against obligations and liabilities that they may incur as directors or officers of the IMMSG Parties after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

- 12 -

25. **THIS COURT ORDERS** that the directors and officers of the IMMSG Parties, including the CRO, shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$1,300,000, as security for the indemnity provided in paragraph 24 of this Order. The Directors' Charge shall have the priority set out in paragraphs 44 and 46 herein.

26. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the IMMSG Parties' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 24 of this Order.

APPOINTMENT OF MONITOR

27. **THIS COURT ORDERS** that Duff & Phelps Canada Restructuring Inc. is hereby appointed pursuant to the CCAA, as the Monitor, an officer of this Court, to monitor the business and financial affairs of the IMMSG Parties with the powers and obligations set out in the CCAA or set forth herein and that the IMMSG Parties and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the IMMSG Parties pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

28. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby authorized and empowered to:

- 13 -

- (a) monitor the IMMSG Parties' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the IMMSG Parties, to the extent required by the IMMSG Parties, in their dissemination, to the DIP Lender (as herein defined) and its counsel of financial and other information as agreed to between the IMMSG Parties and the DIP Lender which may be used in these proceedings including reporting on the basis agreed with the DIP Lender in the DIP Credit Documentation;
- (d) advise the IMMSG Parties in their preparation of the IMMSG Parties' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, as agreed to by the DIP Lender in the DIP Credit Documentation;
- (e) advise the IMMSG Parties in their development of the Plan and any amendments to the Plan;
- (f) assist the IMMSG Parties, to the extent required by the IMMSG Parties, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the IMMSG Parties, to the extent that is necessary to adequately assess the IMMSG

- 14 -

Parties' business and financial affairs or to perform its duties arising under this Order;

- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

29. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

30. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable

- 15 -

Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

31. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the IMSG Parties and the DIP Lender with information provided by the IMSG Parties in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the IMSG Parties is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the IMSG Parties may agree.

32. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

33. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor (including U.S. counsel), the CRO and counsel (including U.S. counsel) to the IMSG Parties shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the IMSG Parties as part of the costs of these proceedings subject to the passing of their accounts. The IMSG Parties are hereby authorized and directed to pay the accounts of the Monitor, counsel for

- 16 -

the Monitor, the CRO and counsel for the IMMSG Parties at regular intervals at such time as each of them may agree with the IMMSG Parties and, in addition, the IMMSG Parties are hereby authorized to pay to the Monitor, counsel to the Monitor, the CRO and counsel to the IMMSG Parties, retainers in such amount as may be agreed with each of them to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

34. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

35. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, the CRO and counsel to the IMMSG Parties shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$300,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 44 and 46 hereof.

INTER-COMPANY CHARGE

36. **THIS COURT ORDERS** that, subject to the terms of the DIP Term Sheet (as defined herein) and the DIP Credit Documentation:

- (a) iMarketing Solutions Group Inc. ("**IMMSG**") is authorized to make loans, advances or transfers of funds to any of the other Applicants or LPs (each an "**IMG Subsidiary**" and collectively, the "**IMMSG Subsidiaries**") from time to time in

- 17 -

accordance with the Cash Management System and the DIP Credit Documentation;

- (b) the IMMSG Subsidiaries are hereby authorized to repay funds previously advanced to the IMMSG Subsidiaries by IMMSG from time to time in accordance with the Cash Management System and the DIP Credit Documentation; and
- (c) for greater certainty, the IMMSG Parties shall not be entitled to transfer funds to any direct or indirect subsidiary, affiliate or associate of IMMSG or an IMMSG Subsidiary that is not a Credit Party under the DIP Term Sheet (as defined therein) without prior consent of the DIP Lender, or Order of this Court.

37. **THIS COURT ORDERS** that IMMSG shall be entitled to the benefits of, and is hereby granted, a charge (the “Inter-Company Charge”) on the Property of the IMMSG Subsidiaries in an amount equal to but not exceeding the aggregate amounts outstanding at any given time based on advances made by IMMSG Subsidiaries pursuant to the authorization granted under subparagraph 36 herein from and after the date of this Order. The Inter-Company Charge shall have the priority set out in paragraphs 44 and 46 hereof.

DIP FINANCING

38. **THIS COURT ORDERS** that IMMSG is hereby authorized and empowered to obtain and borrow under a credit facility (the “DIP Loan”) from Shotgun Fund Limited Partnership III (the “DIP Lender”) for the purposes set out in the DIP Term Sheet, provided that borrowings under such credit facility shall not exceed a total of CAD \$1,000,000 unless agreed to by the DIP Lender and permitted by further Order of this Court.

- 18 -

39. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the term sheet amongst IMMSG, as borrower, the IMMSG Subsidiaries, as guarantors, and the DIP Lender dated as of April 11, 2013 (the "**DIP Term Sheet**"), filed.

40. **THIS COURT ORDERS** that the IMMSG Parties are hereby authorized and empowered to execute and deliver the DIP Term Sheet and such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**DIP Credit Documentation**"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the IMMSG Parties are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the DIP Credit Documentation for the benefit of the DIP Lender as and when the same become due and are to be performed, notwithstanding any other provision of this Order. For greater certainty, the IMMSG Subsidiaries are hereby authorized and directed to execute and deliver the Confirmations (as defined in the DIP Term Sheet), and the New Guarantees (as defined in the DIP Term Sheet), as applicable.

41. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, to secure the repayment and the payment of all amounts owing by the IMMSG Parties to the DIP Lender, including all principal, interest, fees, liabilities and obligations under the DIP Credit Documentation, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 44 and 46 hereof. For greater certainty, the DIP Lender's Charge shall apply to the Inter-Company Charge.

- 19 -

42. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the DIP Credit Documentation;
- (b) upon the occurrence of an event of default under the DIP Term Sheet, the DIP Credit Documentation or the DIP Lender's Charge, the DIP Lender, upon two (2) days notice to IMSG and the Monitor, and subject to the prior approval of this Court, may exercise any and all of its rights and remedies against the IMSG Parties, the Guarantors, or the Property under or pursuant to the DIP Term Sheet, the DIP Credit Documentation and the DIP Lender's Charge; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the IMSG Parties or the Property.

43. **THIS COURT ORDERS AND DECLARES** that the claims of the DIP Lender in relation to the DIP Loan are not claims that may be compromised pursuant to the Plan, and shall be treated as unaffected in any Plan, any proposal under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") or any other restructuring and no such Plan, proposal or restructuring shall be approved that does not provide for the payment of all amounts due to the DIP Lender pursuant to the terms of the DIP Term Sheet and the DIP Credit Documentation.

- 20 -

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge, the DIP Lender's Charge and the Inter-Company Charge, as among them, shall be as follows for all IMMSG Parties except The Responsive Marketing Group Inc. ("RMG"):

First – Administration Charge (to the maximum amount of \$300,000);

Second – DIP Lender's Charge (to the maximum amount of \$1,400,000);

Third – Inter-Company Charge; and

Fourth – Directors' Charge (to the maximum amount of \$1,300,000);

and, solely in respect of the Applicant, RMG, the priorities of the Directors' Charge, the Administration Charge, the DIP Lender's Charge and the Inter-Company Charge, as among them, shall be as follows:

First – The security interest of Canadian Imperial Bank of Commerce ("CIBC") to the extent such charge is properly perfected against the assets of RMG;

Second – Administration Charge (to the maximum amount of \$300,000);

Third – DIP Lender's Charge (to the maximum amount of \$1,400,000);

Fourth – Inter-Company Charge; and

Fifth – Directors' Charge (to the maximum amount of \$1,300,000).

45. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge, the Administration Charge, the DIP Lender's Charge or the Inter-Company Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

- 21 -

46. **THIS COURT ORDERS** that each of the Directors' Charge, the Administration Charge, the Inter-Company Charge and the DIP Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person, except solely in relation to the assets of RMG, the security interest of CIBC and any Encumbrances that have priority over the security interest of CIBC.

47. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the IMSG Parties shall not grant any Encumbrances over any Property that rank in priority to, or pari passu with, any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge, unless the IMSG Parties also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

48. **THIS COURT ORDERS** that the Directors' Charge, the Administration Charge, the DIP Term Sheet, the DIP Credit Documentation and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained

- 22 -

in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the IMMSG Parties, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the DIP Credit Documentation shall create or be deemed to constitute a breach by the IMMSG Parties of any Agreement to which they are parties;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the IMMSG Parties entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the DIP Credit Documentation; and
- (c) the payments made by the IMMSG Parties pursuant to this Order, the DIP Term Sheet or the DIP Credit Documentation, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

49. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the IMMSG Parties' interest in such real property leases.

SERVICE AND NOTICE

50. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii)

- 23 -

within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the IMSG Parties of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

51. **THIS COURT ORDERS** that the IMSG Parties and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the IMSG Parties' creditors or other interested parties at their respective addresses as last shown on the records of the IMSG Parties and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

52. **THIS COURT ORDERS** that the IMSG Parties, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on its website at <http://www.duffandphelps.com/services/restructuring/Pages/RestructuringCases.aspx>.

- 24 -

GENERAL

53. **THIS COURT ORDERS** that the IMMSG Parties or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

54. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the IMMSG Parties, the Business or the Property.

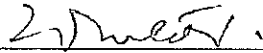
55. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the IMMSG Parties, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the IMMSG Parties and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor or iMarketing Solutions Group Inc. in any foreign proceeding, or to assist the IMMSG Parties and the Monitor and their respective agents in carrying out the terms of this Order.

56. **THIS COURT ORDERS** that each of the IMMSG Parties and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that iMarketing Solutions Group Inc. is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

- 25 -

57. THIS COURT ORDERS that any interested party (including the IMSG Parties and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

58. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.



APR 12 2013

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)

Schedule "B"

List of Limited Partnerships

RMG Smiths Falls LP

RMG Thunder Bay LP

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"

Ce 13-10067 BCL

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER

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EXHIBIT "B"

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

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

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CONTENTS

	Page
I. RELIEF SOUGHT	- 1 -
II. OVERVIEW, BUSINESS OPERATIONS AND CORPORATE STRUCTURE	- 3 -
A. Management of the Applicants	- 5 -
B. Integration of the Applicants and Centre of Main Interest	- 6 -
III. THE APPLICANTS' BUSINESSES	- 8 -
A. Core Businesses and Services	- 9 -
B. Facilities	- 10 -
C. Licenses	- 11 -
D. Employees	- 12 -
E. Financing Activities in 2012	- 12 -
F. Key Factors Affecting the Business	- 14 -
G. Bank Accounts and Cash Management	- 16 -
IV. CURRENT STATUS OF THE COMPANY	- 20 -
A. Immediate Liquidity Issue	- 20 -
B. Financial Status	- 20 -
C. Inter-Company Accounts	- 23 -
D. Causes of Insolvency	- 25 -
E. Efforts to Restructure	- 26 -
V. FILING FOR PROTECTION	- 30 -
A. Overview of Restructuring Plan	- 30 -
B. Cash Flows	- 31 -
C. DIP Financing	- 31 -
D. Chapter 15 Proceeding in the U.S.	- 32 -
E. The Initial Order	- 33 -
F. The CRO	- 35 -
G. The Monitor	- 36 -

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

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:

- 2 -

- (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 IMSG 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 IMSG Group to profitability, scheduled to occur this year, as discussed in more detail below.
5. The purpose of this Application is to:

- 3 -

- (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. IMSG 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". 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. With the exception of SPUCC, MLHL, RMG Quebec, Professionally Speaking and Advanced Communications (all as defined below), the remaining subsidiaries along with IMSG comprise the Applicants in these proceedings (collectively, the "IMSG Group" or the "Applicants"). Attached hereto and marked as Exhibit "B" is a list of entities forming the IMSG 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, IMSG 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.

- 4 -

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

- 5 -

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. IMSG 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 IMSG's investments in IMSG'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 IMSG 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, IMSG'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 IMSG Group.

- 6 -

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 IMMSG 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 IMMSG Group's business is fully integrated, including between the Canadian and the U.S. operations. The restructuring of the IMMSG 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 IMMSG's registered head office is located in Calgary, Alberta, the majority of all business operations are run out of IMMSG's head office in Toronto. The primary corporate, management, banking, accounting and strategic functions for all Applicants are undertaken from IMMSG'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 IMMSG 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.

- 7 -

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 IMSG Group occurs at IMSG's Toronto office and the CEO and Chief Financial Officer ("CFO") have their primary business office in Ontario;
- (b) as CEO of IMSG, 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 IMSG Group, are conducted from IMSG'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 IMSG's office in Ontario;
- (f) accounting is performed and the books and records are maintained at IMSG'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;

- 8 -

- (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 IMMSG Group that are common to several of the Applicants.

23. In addition to the credit facility advanced to IMMSG 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, SPUCC, 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 IMMSG Group as needed, demonstrating that the operations of the IMMSG 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 IMMSG Group are managed centrally at the IMMSG level, the Applicants are of the view that Ontario is the most appropriate forum for overseeing the restructuring of the entire IMMSG Group.

III. THE APPLICANTS' BUSINESSES

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

- 9 -

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.

- 10 -

(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.

- 11 -

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.

- 12 -

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.

- 13 -

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 IMSG'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 IMSG's U.S. subsidiaries, GWE and Target, guaranteed IMSG'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, IMSG provided further security by pledging the shares directly held by IMSG 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, IMSG was exempt from the formal valuation requirements of MI 61-101 as no securities of IMSG 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. IMSG 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) IMSG had one or more independent directors in respect of the Bridge Loan who were not employees of IMSG; and (iii) all of the independent directors approved the Bridge Loan.

- 14 -

45. On December 4, 2012, IMMSG 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 IMMSG'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. IMMSG 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 IMMSG'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 IMMSG's U.S. subsidiaries, GWE and Target, guaranteed IMMSG'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, IMMSG provided further security by pledging the shares directly held by IMMSG 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 IMMSG 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 IMMSG 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.

- 15 -

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

- 16 -

- (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, IMMSG 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 IMMSG 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.

- 17 -

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.

- 18 -

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.

- 19 -

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.

- 20 -

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.

- 21 -

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

- 22 -

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, IMMSG 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 IMMSG's shares in RMG and Direct Contact. The Convertible Note is also guaranteed by two of IMMSG's U.S. subsidiaries, GWE and Target, who also granted SF LP III a security interest in all of their assets. IMMSG also provided a pledge of shares directly held by IMMSG 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 IMMSG. 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.

- 23 -

(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>
	<u>\$7.8</u>

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.

- 24 -

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

- 25 -

- (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.

- 26 -

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.

- 27 -

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.

- 28 -

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 centered 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.

- 29 -

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.

- 30 -

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.

- 31 -

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 IMMSG 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

- 32 -

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

- 33 -

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.

- 34 -

127. Finally, IMMSG'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 IMMSG 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 IMMSG 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

- 35 -

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. IMSG 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 IMSG'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 IMSG'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.

- 36 -

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 IMMSG 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

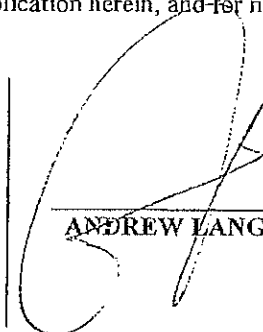
137. The Applicants propose that Duff & Phelps be appointed Monitor for this proceeding. Duff & Phelps is not the auditor for the Applicants. Duff & Phelps has consented to act as Monitor and its written consent is being filed with this Honourable Court. Attached hereto and marked as Exhibit "AA" is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

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
XENTEL INC., <i>et al.</i> , ¹)	Chapter 15
Debtors in a Foreign Proceeding.)	Case No. 13-10888 (KG)
)	Joint Administration Pending
)	Related to Docket No. 7

ORDER GRANTING PROVISIONAL RELIEF

Upon the motion (the "Motion")² of iMarketing Solutions Group Inc., in its capacity as the authorized foreign representative for the above captioned debtors (collectively, the "Debtors") in a proceeding commenced under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and pending before the Ontario Superior Court of Justice, pursuant to sections 362, 364, 365, 1517, 1519, 1520, 1521, and 105(a) of title 11 of the United States Code, as amended from time to time (the "Bankruptcy Code") for entry of (a) a provisional order (this "Order"): (i) recognizing and enforcing in the United States, on an interim basis, the Initial Order (the "Initial CCAA Order") issued on April 12, 2013 by the Canadian Court, including, without limitation, the Canadian Court's decision (A) to authorize the Debtors to enter into and perform under that certain DIP Loan, and (B) to grant the DIP Charge to the DIP Lender under the DIP Loan, (ii) granting, on an interim basis, to and for the benefit of the DIP

¹ The Debtors in these chapter 15 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: Xentel Inc. (6267); Wellesley Corporation Inc. (4092); GWE Consulting Group (USA) Inc. (2629); US Billing Inc. (7752); American Graphics & Design Inc. (7772); Courtesy Health Watch Inc. (1403); and Target Outreach Inc. (9046). The Debtors' main corporate address is 481 University Ave., Toronto, Canada M5G 2E9.

² Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Motion.

Lender certain protections afforded by the Bankruptcy Code, including those protections provided by sections 364(c), 364(d), and 364(e) of the Bankruptcy Code, as applicable, (iii) granting an interim stay of execution against the Debtors' assets and applying sections 362 and 365(e) of the Bankruptcy Code in these chapter 15 cases on an interim basis pursuant to sections 1519(a)(3), 1521(a)(7), and 105(a), of the Bankruptcy Code, and (iv) granting such other and further relief as this Court deems just and proper; and (b) entry of a final order after notice and a hearing (the "Final Order") (i) granting the petitions in these cases and recognizing the CCAA Proceeding as a foreign main proceeding pursuant to section 1517 of the Bankruptcy Code, (ii) giving full force and effect in the United States to the Initial CCAA Order, including any extensions or amendments thereof authorized by the Canadian Court and extending the protections of this Order to the Debtors on a final basis, (iii) granting the DIP Lender certain protections afforded by the Bankruptcy Code, and (iv) granting such other and further relief as this Court deems just and proper; and it appearing that this Court has jurisdiction to consider the Motion pursuant to sections 157 and 1334 of title 28 of the United States Code, and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012; and this Court having reviewed the Motion, the Petitions for Recognition, the Langhorne Declaration, and the Memorandum of Law, and having considered the statements of counsel with respect to the Motion at a hearing before this Court (the "Hearing"); and due and sufficient notice of the provisional relief sought in the Motion having been given; and it appearing that no other or further notice need be provided; and it appearing that the provisional relief requested by the

Motion is in the best interest of the Debtors, their creditors, and other parties in interest; and after due deliberation and sufficient cause appearing therefor;

THIS COURT HEREBY FINDS AND DETERMINES THAT:

A. The findings and conclusions set forth herein constitute this Court's findings of fact and conclusions of law pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, as well as the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P). Venue for this proceeding is proper before this Court pursuant to 28 U.S.C. § 1410.

C. The Foreign Representative has demonstrated a substantial likelihood of success on the merits that (a) the Debtors are subject to a pending "foreign main proceeding" as that term is defined in section 1502(4) of the Bankruptcy Code, (b) the Foreign Representative is a "foreign representative" as that term is defined in section 101(24) of the Bankruptcy Code, and (c) all statutory elements for recognition of the CCAA Proceeding are satisfied in accordance with section 1517 of the Bankruptcy Code.

D. The Foreign Representative has demonstrated that (a) the commencement of any proceeding or action against the Debtors and their respective businesses and all of their assets should be enjoined pursuant to sections 1519, 1521, and 105(a) of the Bankruptcy Code, which protections, in each case, shall be coextensive with the

provisions of section 362 of the Bankruptcy Code, to permit the fair and efficient administration of the CCAA Proceeding and an orderly sale process for substantially all of the property and assets used in connection with the business carried on by the Debtors in North America pursuant to the Initial CCAA Order and any other applicable orders of the Canadian Court, for the benefit of all stakeholders; and (b) the relief requested will neither cause an undue hardship nor create any hardship to parties in interest that is not outweighed by the benefits of the relief granted herein.

E. The Foreign Representative has demonstrated that unless this Order is entered, there is a material risk that one or more parties in interest will take action against the Debtors or their assets, thereby interfering with the jurisdictional mandate of this Court under chapter 15 of the Bankruptcy Code and interfering with and causing harm to the efforts to maximize the value of the Debtors' assets, including through the sale process, pursuant to the terms of the Initial CCAA Order. As a result, the Debtors will suffer immediate and irreparable harm for which they will have no adequate remedy at law and therefore it is necessary that this Court grant the relief requested without prior notice to parties in interest or their counsel.

F. The Foreign Representative has demonstrated that the incurrence of indebtedness under the DIP Loan, as authorized by the Initial CCAA Order, is necessary to prevent irreparable harm to the Debtors because without such financing, the Debtors will be unable to continue operations, which will significantly impair the value of their assets.

G. The Foreign Representative has demonstrated that the terms of the DIP Loan are fair and reasonable and were entered into in good faith by the Debtors and the

DIP Lender, as defined in the Initial CCAA Order, and the DIP Lender would not have extended financing without conditions precedent requiring a final recognition order by this Court and the interim protection pursuant to sections 364(c), 364(d), and 364(e) of the Bankruptcy Code, as made applicable by sections 1519(a)(3), 1521(a)(7), and 105(a) of the Bankruptcy Code, while consideration of final recognition was pending.

H. Absent the relief granted herein, the Debtors may suffer immediate and irreparable injury, loss, or damage for which there is no adequate remedy at law. Further, unless this Order is entered, the assets of the Debtors located in the United States could be subject to efforts by creditors to control, possess, or execute upon such assets and such efforts could result in the Debtors suffering immediate and irreparable injury, loss, or damage by, among other things, (a) interfering with the jurisdictional mandate of this Court under chapter 15 of the Bankruptcy Code, and (b) interfering with or undermining the success of the CCAA Proceeding and the Debtors' efforts to pursue a going-concern sale of their core business for the benefit of all their stakeholders.

I. The Foreign Representative has demonstrated that without the protection of section 365(e) of the Bankruptcy Code, there is a material risk that counterparties to certain of the Debtors' contracts and leases may take the position that the commencement of the CCAA Proceeding authorizes them to terminate such contracts or accelerate obligations thereunder. Such termination or acceleration, if permitted and valid, would severely disrupt the Debtors' operations and efforts to consummate a sale, resulting in irreparable damage to the value of the Debtors' business, and causing substantial harm to the Debtors' creditors and other parties in interest.

J. The Foreign Representative has demonstrated that no injury will result to any party that is greater than the harm to the Debtors' business, assets, and property in the absence of the requested relief.

K. The interests of the public and the public policy of the United States will be served by entry of this Order.

L. The Foreign Representative and the Debtors are entitled to the full protections and rights available pursuant to section 1519(a)(1)-(3) of the Bankruptcy Code.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is granted to the extent set forth herein.
2. The Initial CCAA Order is hereby enforced on an interim basis, including, without limitation, (a) authorizing the Debtors to obtain credit under the DIP Loan and granting the DIP Lender the DIP Lender's Charge, and (b) staying the commencement or continuation of any actions against the Debtors or their assets, and shall be given full force and effect in the United States until otherwise ordered by this Court.

3. While this Order is in effect, the Foreign Representative and the Debtors shall be entitled to the full protections and rights pursuant to section 1519(a)(1), which protections shall be coextensive with the provisions of section 362 of the Bankruptcy Code, and this Order shall operate as a stay of any execution against the Debtors' assets within the territorial jurisdiction of the United States; *provided* that upon the occurrence of an event of default under the DIP Credit Documentation (as defined below) or the DIP Lender's Charge, this paragraph shall be deemed to be automatically modified to the

extent necessary to allow the DIP Lender to exercise its rights pursuant to the Initial CCAA Order. Specifically, all persons and entities are hereby enjoined from continuing any action or commencing any additional action involving the Debtors, their assets or the proceeds thereof, (b) enforcing any judicial, quasi-judicial, or administrative judgment, assessment or order, or arbitration award against the Debtors or their assets, (c) commencing or continuing any action to create, perfect, or enforce any lien, setoff, or other claim against the Debtors or any of their property, or (d) managing or exercising control over the Debtors' assets located within the territorial jurisdiction of the United States, except as expressly authorized by the Debtors in writing.

4. While this Order is in effect, pursuant to sections 1519(a)(3) and 1521(a)(7) of the Bankruptcy Code, (a) section 362 of the Bankruptcy Code is hereby made applicable in these cases to the Debtors and the property of the Debtors within the territorial jurisdiction of the United States and (b) section 365(e) of the Bankruptcy Code is hereby made applicable to the Debtors in these cases.

5. Notwithstanding anything to the contrary contained herein, this Order shall not be construed as (a) enjoining the police or regulatory act of a governmental unit, including a criminal action or proceeding, to the extent not stayed pursuant to section 362 of the Bankruptcy Code or (b) staying the exercise of any rights that section 362(o) of the Bankruptcy Code does not allow to be stayed.

6. As authorized under the Initial CCAA Order, the DIP Lender is hereby granted, on a provisional basis, the DIP Lender Charge, as defined in the Initial CCAA Order, including, among other things, the grant of a first lien on the Debtors' United States assets pursuant to § 364(c)(2) of the Bankruptcy Code (and to the extent necessary

pursuant to Section 364(d) of the Bankruptcy Code after appropriate hearing) in the amount outstanding from time to time under the DIP Loan up to a maximum of USD \$1.4 million, subject to the priorities, terms, and conditions of the Initial CCAA Order, to secure current and future amounts outstanding under the DIP Loan. The obligations under the DIP Loan shall be on a joint and several basis for all Debtors. As set forth in the Initial CCAA Order, all Debtors shall provide Foreign Representative a lien that is a super-priority, first-ranking charge on account of any funds extended by Foreign Representative to any Debtor after the commencement of the Canadian Proceeding (the "Intercompany Liens"). The obligations arising under the DIP Loan shall be further secured by the Intercompany Liens. The DIP Lender Charge shall apply to the Intercompany Liens.

7. The obligations of the Debtors under the DIP Loan shall be an allowed administrative expense claim with priority under section 364(c)(1) of the Bankruptcy Code, subject and subordinate only to the Carve-Out, and otherwise over all administrative expense claims and unsecured claims against the Debtors, now existing or hereafter arising.

8. To the extent provided in the Initial CCAA Order, the Debtors are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees, and other definitive documents as are contemplated by the DIP Loan (collectively, the "DIP Credit Documentation") or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Debtors are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities, and obligations to the DIP Lender under and pursuant to the DIP

Loan (and in accordance with the budget delivered in connection therewith) including, but not limited to, the fees and expenses of the DIP Lender's Canadian and United States counsel, and other advisors, as and when the same become due and are to be performed, notwithstanding any other provision of this Order and without any further order of this Court.

9. This Order shall be sufficient and conclusive notice and evidence of the grant, validity, perfection, and priority of the liens granted to the DIP Lender in the Initial CCAA Order without the necessity of filing or recording this Order or any financing statement, mortgage, or other instrument or document which may otherwise be required under the law of any jurisdiction; *provided* that the Debtors are authorized to execute and the administrative agent under the DIP Loan may file or record financing statements, mortgages, or other instruments to further evidence the liens authorized, granted, and perfected hereby and by the Initial CCAA Order.

10. The DIP Credit Documentation has been negotiated in good faith and at arm's-length between the Debtors and the DIP Lender. Any financial accommodations made to the Debtors by the DIP Lender pursuant to the Initial CCAA Order and the DIP Documents shall be deemed to have been made by the DIP Lender in good faith, as that term is used in section 364(e) of the Bankruptcy Code. Accordingly, pursuant to sections 364(e), 1519(a)(3), 1521(a)(7), and 105(a) of the Bankruptcy Code, section 364(e) of the Bankruptcy Code hereby applies for the benefit of the DIP Lender, and the validity of the indebtedness, and the priority of the liens authorized by the Initial CCAA Order made enforceable in the United States by this Order, shall not be affected by any reversal or

modification of this Order, on appeal or the entry of an order denying recognition of the CCAA Proceeding pursuant to section 1517 of the Bankruptcy Code.

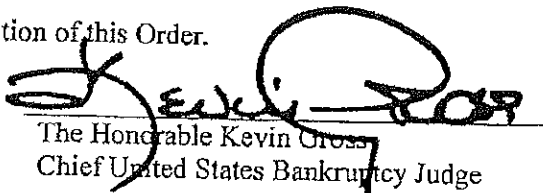
11. No action, inaction or acquiescence by the DIP Lender including funding of the Debtors' ongoing operations under this Order, shall be deemed to be or shall be considered as evidence of any alleged consent by the DIP Lender to a charge against the collateral pursuant to sections 506(c), 552(b) or 105(a) of the Bankruptcy Code. The DIP Lender shall not be subject in any way whatsoever to the equitable doctrine of "marshalling" or any similar doctrine with respect to the collateral.

12. Any party in interest may make a motion seeking relief from, or modification of, this Order, by filing a motion, unless otherwise ordered by the Court, on not less than seven business days' written notice to Klehr Harrison Harvey Branzburg LLP, 919 N. Market Street, Suite 1000, Wilmington, Delaware 19801 Attn: Domenic E. Pacitti, Esq., and this Court will hear such motion on a date to be scheduled by this Court.

13. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (a) this Order shall be effective immediately and enforceable upon entry; (b) the Foreign Representative shall not be subject to any stay in the implementation, enforcement, or realization of the relief granted in this Order; and (c) the Foreign Representative is authorized and empowered, and may in its discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Order. Pursuant to Rule 65(b) of the Federal Rules of Civil Procedure, made applicable to these proceedings pursuant to Bankruptcy Rule 7065, no notice to any person is required prior to entry and issuance of this Order. Pursuant to Bankruptcy Rule 7065, the provisions of Federal Rule of Civil Procedure 65(c) are hereby waived, to the extent applicable.

14. This Court shall retain jurisdiction with respect to any and all matters relating to the interpretation or implementation of this Order.

Date: April 12, 2013
Wilmington, Delaware



The Honorable Kevin Cross
Chief United States Bankruptcy Judge

EXHIBIT "D"

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 15
XENTEL INC., <i>et al.</i> , ¹)	Case No. 13-10888 (KG)
Debtors in a Foreign Proceeding.)	Joint Administration Pending
)	Related to Docket Nos. 7 and 18

**ORDER GRANTING RECOGNITION OF FOREIGN MAIN PROCEEDING AND
CERTAIN RELATED RELIEF ON A FINAL BASIS**

Upon the motion (the "Motion")² of iMarketing Solutions Group Inc., in its capacity as the authorized foreign representative for the above captioned debtors (collectively, the "Debtors") in a proceeding commenced under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and pending before the Ontario Superior Court of Justice, pursuant to sections 362, 364, 365, 1517, 1519, 1520, 1521, and 105(a) of title 11 of the United States Code, as amended from time to time (the "Bankruptcy Code") for entry of (a) a provisional order (the "Provisional Order"): (i) recognizing and enforcing in the United States, on an interim basis, the Initial Order (the "Initial CCAA Order") issued on April [], 2013 by the Canadian Court, including, without limitation, the Canadian Court's decision (A) to authorize the Debtors to enter into and perform under that certain DIP Loan, and (B) to grant the DIP Lender's Charge to the DIP Lender under the DIP Loan, (ii) granting, on an interim basis, to and for the

¹ The Debtors in these chapter 15 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: Xentel Inc. (6267); Wellesley Corporation Inc. (4092); GWE Consulting Group (USA) Inc. (2629); US Billing Inc. (7752); American Graphics & Design Inc. (7772); Courtesy Health Watch Inc. (1403); and Target Outreach Inc. (9046). The Debtors' main corporate address is 481 University Ave., Toronto, Canada M5G 2E9.

² Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Motion.

benefit of the DIP Lender certain protections afforded by the Bankruptcy Code, including those protections provided by sections 364(c), 364(d), and 364(e) of the Bankruptcy Code, as applicable, (iii) granting an interim stay of execution against the Debtors' assets and applying sections 362 and 365(e) of the Bankruptcy Code in these chapter 15 cases on an interim basis pursuant to sections 1519(a)(3), 1521(a)(7), and 105(a) of the Bankruptcy Code, and (iv) granting such other and further relief as this Court deems just and proper; and (b) entry of a final order after notice and a hearing, (this "Order") (i) granting the petitions in these cases and recognizing the CCAA Proceeding as a foreign main proceeding pursuant to section 1517 of the Bankruptcy Code, (ii) giving full force and effect in the United States to the Initial CCAA Order, including any extensions or amendments thereof authorized by the Canadian Court, and extending the protections of the Provisional Order to the Debtors on a final basis, (iii) granting the DIP Lender certain protections afforded by the Bankruptcy Code, and (iv) granting such other and further relief as this Court deems just and proper; and it appearing that this Court has jurisdiction to consider the Motion pursuant to sections 157 and 1334 of title 28 of the United States Code, and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012; and this Court having reviewed the Motion, the Petitions for Recognition, the Langhorne Declaration, and the Memorandum of Law, and having considered the statements of counsel with respect to the Motion at a hearing before this Court (the "Hearing"); and appropriate and timely notice of the filing of the Motion and the Hearing having been given; and no other or further notice being necessary or required; and this Court having determined that the legal and factual bases set forth in the Motion, the Petitions for Recognition, the

Langhorne Declaration, the Memorandum of Law, and all other pleadings and papers in these cases establish just cause to grant the relief ordered herein, and after due deliberation therefor;

THIS COURT HEREBY FINDS AND DETERMINES THAT:

A. The findings and conclusions set forth herein constitute this Court's findings of fact and conclusions of law pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P). Venue for this proceeding is proper before this Court pursuant to 28 U.S.C. § 1410.

C. The Foreign Representative is the duly appointed "foreign representative" of the Debtors within the meaning of section 101(24) of the Bankruptcy Code.

D. This chapter 15 case was properly commenced pursuant to sections 1504, 1509, and 1515 of the Bankruptcy Code.

E. The Foreign Representative has satisfied the requirements of section 1515 of the Bankruptcy Code and Bankruptcy Rule 2002(q).

F. The CCAA Proceeding is a "foreign proceeding" pursuant to section 101(23) of the Bankruptcy Code.

G. The CCAA Proceeding is entitled to recognition by this Court pursuant to section 1517 of the Bankruptcy Code.

H. Canada is the center of main interests of each of the Debtors, and accordingly the CCAA Proceeding is a "foreign main proceeding" as defined in section 1502(4) of the Bankruptcy Code, and is entitled to recognition as a foreign main proceeding pursuant to section 1517(b)(1) of the Bankruptcy Code.

I. The Foreign Representative has demonstrated that the borrowings under the DIP Loan authorized by the Initial CCAA Order are necessary to preserve the value of the Debtors' business.

J. The Foreign Representative has demonstrated that the terms of the DIP Loan, as approved in the Initial CCAA Order, are fair and reasonable and were entered into in good faith by the Debtors and the DIP Lender and that the DIP Lender would not extend financing without the protections provided by sections 364(c), 364(d), and 364(e) of the Bankruptcy Code, as made applicable by section 1521(a)(7) of the Bankruptcy Code. The Foreign Representative has demonstrated that the terms of the DIP Loan are reasonable under the circumstances.

K. The Foreign Representative has demonstrated that the incurrence of indebtedness under the DIP Loan, as authorized by the Initial CCAA Order, is necessary to prevent irreparable harm to the Debtors and their affiliates because, without such financing, they will be unable to continue operations, which will significantly impair the value of the Debtors' assets.

L. The Foreign Representative is entitled to all the automatic relief available pursuant to section 1520 of the Bankruptcy Code without limitation.

M. The Foreign Representative is further entitled to the discretionary relief expressly set forth in section 1521(a) and (b) of the Bankruptcy Code.

N. The relief granted herein is necessary and appropriate, in the interests of the public and international comity, consistent with the public policy of the United States, and warranted pursuant to sections 1517, 1520, and 1521 of the Bankruptcy Code.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Petitions for Recognition and the Motion are granted.
2. The CCAA Proceeding is granted recognition as a foreign main proceeding pursuant to section 1517 of the Bankruptcy Code.
3. The Initial CCAA Order, including any extensions, amendments, or modifications thereto, is hereby enforced on a final basis and given full force and effect in the United States.
4. All relief afforded foreign main proceedings pursuant to section 1520 of the Bankruptcy Code is hereby granted to the CCAA Proceeding, the Debtors, and the Foreign Representative, as applicable.
5. Sections 362 and 365(e) of the Bankruptcy Code shall hereby apply with respect to the Debtors and the property of the Debtors that is within the territorial jurisdiction of the United States; provided that upon the occurrence of an event of default under the DIP Credit Documentation (as defined below) or the DIP Lender's Charge, this paragraph shall be deemed to be automatically modified to the extent necessary to allow the DIP Lender to exercise their rights pursuant to the Initial CCAA Order.
6. Subject to sections 1520 and 1521 of the Bankruptcy Code, the CCAA Proceeding and the Initial CCAA Order, and the transactions consummated or to be

consummated thereunder, including without limitation, the DIP Loan and the DIP Lenders' Charge, shall be granted comity and given full force and effect in the United States to the same extent that they are given effect in Canada, and each is binding on all creditors of the Debtors and any of their successors or assigns.

7. Pursuant to section 1521(a)(6) of the Bankruptcy Code, all prior relief granted to the Debtors or the Foreign Representative by this Court pursuant to section 1519(a) of the Bankruptcy Code shall be extended and the Provisional Order shall remain in full force and effect, notwithstanding anything to the contrary contained therein.

8. All entities (as that term is defined in section 101(15) of the Bankruptcy Code), other than the Foreign Representative and its expressly authorized representatives and agents, are hereby enjoined from:

- a. execution against any of the Debtors' assets;
- b. the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, arbitral, or other action or proceeding, or to recover a claim, which in either case is in any way related to, or would interfere with, the administration of the Debtors' estates in the CCAA Proceeding or the solicitation, implementation, or consummation of the transactions contemplated by the Initial CCAA Order, including without limitation any and all unpaid judgments, settlements, or otherwise against the Debtors in the United States; taking or continuing any act to create, perfect, or enforce a lien or other security interest, set-off, or other claim against the Debtors or any of their property;
- c. transferring, relinquishing, or disposing of any property of the Debtors to any entity (as that term is defined in section 101(15) of the Bankruptcy Code) other than the Foreign Representative; and
- d. commencing or continuing an individual action or proceeding concerning the Debtors' assets, rights,

obligations, or liabilities to the extent they have not been stayed pursuant to section 1520(a);

provided, in each case, that such injunction shall be effective solely within the territorial jurisdiction of the United States.

9. The obligations of the Debtors under the DIP Loan shall be an allowed administrative expense claim with priority, subject and subordinate only to the Carve-Out, under section 364(c)(1) of the Bankruptcy Code and otherwise over all administrative expense claims and unsecured claims against the Debtors, now existing or hereafter arising.

10. Pursuant to the Initial CCAA Order, the Debtors are hereby authorized to borrow up to USD \$1 million under and in accordance with the terms of the DIP Loan. In addition, the Debtors are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees, and other documents as are contemplated by the DIP Loan (collectively, the "DIP Credit Documentation") or as may be reasonably requested by the DIP Lender pursuant to the terms thereof, and the Debtors are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities, and obligations to the DIP Lender under and pursuant to the DIP Loan (and in accordance with the budget delivered in connection therewith) including, but not limited to, the fees and expenses of the DIP Lender's Canadian and United States counsel, and other advisors, as and when the same become due and are to be performed, notwithstanding any other provision of this Order and without any further order of this Court. As set forth in the Initial CCAA Order, all Debtors shall provide Foreign Representative a lien that is a super-priority, first-ranking charge on account of any funds extended by Foreign Representative to any Debtor after

the commencement of the Canadian Proceeding (the "Intercompany Liens"). The obligations arising under the DIP Loan shall be further secured by the Intercompany Liens. The DIP Lender Charge shall apply to the Intercompany Liens.

11. Pursuant to section 364 of the Bankruptcy Code and subject to the priorities, terms, and conditions of the Initial CCAA Order, to secure current and future amounts outstanding under the DIP Loan, the DIP Lender are hereby granted the DIP Lender' Charge on all of the Debtors' United States assets up to the maximum amount of the obligations under the DIP Loan; this shall include a first lien on all the Debtors' United States assets pursuant to Section 364(c)(2), and, if necessary, pursuant to Section 364(d) after appropriate hearing.

12. Any obligations incurred by the Debtors as a result of entering into or performing their obligations under the DIP Loan do not and will not constitute preferences, fraudulent conveyances or transfers, transfers at under value, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

13. This Order shall be sufficient and conclusive notice and evidence of the grant, validity, perfection, and priority of the liens granted to the DIP Lender in the Initial CCAA Order without the necessity of filing or recording this Order or any financing statement, mortgage, or other instrument or document, which may otherwise be required under the law of any jurisdiction; provided that the Debtors are authorized to execute and the administrative agent under the DIP Loan may file or record financing statements, mortgages, or other instruments to further evidence the liens authorized, granted, and perfected hereby and by the Initial CCAA Order.

14. The DIP Credit Documentation and the DIP Loan have been negotiated in good faith between the Debtors and the DIP Lender. Any financial accommodations made to the Debtors by the DIP Lender pursuant to the Initial CCAA Order and the DIP Documents shall be deemed to have been made by the DIP Lender in good faith, as that term is used in section 364(e) of the Bankruptcy Code. Accordingly, pursuant to sections 364(e), 1519(a)(3), 1521(a)(7), and 105(a) of the Bankruptcy Code, section 364(e) of the Bankruptcy Code hereby applies for the benefit of the DIP Lender, and the validity of the indebtedness, and the priority of the liens authorized by the Initial CCAA Order made enforceable in the United States by this Order, shall not be affected by any reversal or modification of this Order on appeal or the entry of an order denying recognition of the CCAA Proceeding pursuant to section 1517 of the Bankruptcy Code.

15. Effective upon entry of this Order, no person or entity shall be entitled, directly or indirectly, whether by operation of sections 105, 506(c) or 552(b) of the Bankruptcy Code or otherwise, to direct the exercise of remedies or seek (whether by order of this Court or otherwise) to marshal or otherwise control the disposition of collateral or property after an Event of Default under the DIP Loan, the Initial CCAA Order or this Order.

16. Notwithstanding anything to the contrary contained herein, this Order shall not be construed as (a) enjoining the police or regulatory act of a governmental unit, including a criminal action or proceeding, to the extent not stayed pursuant to section 362 of the Bankruptcy Code or (b) staying the exercise of any rights that section 362(o) of the Bankruptcy Code does not allow to be stayed.

17. The Foreign Representative is hereby authorized to apply to this Court to examine witnesses, take evidence, seek production of documents, and deliver information concerning the assets, affairs, rights, obligations, or liabilities of the Debtors, as such information is required in the CCAA Proceeding.

18. The Foreign Representative, the Debtors and/or each of their successors, agents, representatives, advisors, or counsel shall be entitled to the protections contained in sections 306 and 1510 of the Bankruptcy Code.

19. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (a) this Order shall be effective immediately and enforceable upon entry; (b) neither the Foreign Representative nor the DIP Lender are subject to any stay in the implementation, enforcement, or realization of the relief granted in this Order; and (c) the Foreign Representative is authorized and empowered, and may in its discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Order.

20. A copy of this Order, confirmed to be true and correct, shall be served, within three business days of entry of this Order, by facsimile, electronic mail, or overnight express delivery, upon all persons or bodies authorized to administer foreign proceedings of the Debtors, all entities against whom provisional relief was granted pursuant to section 1519 of the Bankruptcy Code, all parties to litigation pending in the United States in which any of the Debtors were a party at the time of the filing of the Petitions for Recognition, the Office of the United States Trustee for the District of Delaware, and such other entities as this Court may direct.

21. Such service shall be good and sufficient service and adequate notice for present purposes.

22. This Court shall retain jurisdiction with respect to: (a) the enforcement, amendment, or modification of this Order; (b) any requests for additional relief or any adversary proceeding brought in and through these cases; and (c) any request by an entity for relief from the provisions of this Order, for cause shown.

Date: May 17, 2013
Wilmington, Delaware



The Honorable Kevin Gross
Chief United States Bankruptcy Judge

EXHIBIT "E"

Court File No. CV-13-10067-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) TUESDAY, THE 7TH
JUSTICE NEWBOULD) DAY OF MAY, 2013

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 the Companies referred to in Schedule "A"

Applicants



~~AMENDED~~ ORDER
(Stay Extension and SIP Approval)

THIS MOTION, made by the Applicants, for an order, among other things: (a) approving the sale and investment process (the "SIP"), attached as Schedule "B" to this Order; (b) approving the amended agreement (the "Amended CRO Agreement") between iMarketing Solutions Group Inc. and Illumina Partners Inc. ("Illumina") appointing Illumina as the Applicants' Chief Restructuring Officer (the "CRO") and permitting the Applicants to pay a success fee to Illumina, in its capacity as CRO; (c) extending the Stay Period (as defined in the Initial Order of the Honourable Mr. Justice Newbould granted on April 12, 2013 in these proceedings) to August 2, 2013 (the "Initial Order"); (d) requiring American Express Corporate Credit Cards, American Express and any affiliated companies ("collectively, AMEX") to immediately comply with the provisions of the Initial Order; and (e) approving the First Report

- 2 -

of Duff & Phelps Canada Restructuring Inc. (the “**Monitor**”) dated May 2, 2013 (the “**First Report**”), the Supplemental Report of the Monitor dated May 6, 2013 (the “**Supplemental Report**”) and the actions and activities of the Monitor described therein, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Andrew Langhorne sworn May 2, 2013, and the Exhibits thereto (the “**Langhorne Affidavit**”), and the First Report and the Supplemental Report, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for Shotgun Fund Limited Partnership III, counsel for the Canadian Imperial Bank of Commerce, counsel for AMEX, no one else appearing although duly served as appears from the affidavit of service of Danny M. Nunes sworn on May 3, 2013.

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and this Court hereby dispenses with further service thereof.

SALE AND INVESTOR SOLICITATION PROCESS

2. **THIS COURT ORDERS** that the SIP, attached as Schedule “B” to this Order, be and is hereby approved.

3. **THIS COURT ORDERS** that the Applicants, the CRO and the Monitor be and are hereby authorized and directed to perform their obligations under and take such steps as they consider necessary or desirable in carrying out the SIP and any step taken by the Applicants, the

- 3 -

CRO and the Monitor in connection with the SIP prior to the date hereof be and is hereby approved and ratified.

4. **THIS COURT ORDERS** that the Monitor and the CRO, to the extent either of them assists with the SIP, shall have no personal or corporate liability in connection with the SIP, including, without limitation:

- (a) by advertising the SIP, including, without limitation, the opportunity to acquire all or a portion of the Applicants' assets (the "Assets") or to invest by way of equity or debt in the Applicants' business;
- (b) by exposing the Assets to any and all parties, including, but not limited to, those parties who have made their interests known to the Monitor or the CRO;
- (c) by responding to any and all requests or inquiries in regards to due diligence conducted in respect of the Applicants or the Assets;
- (d) through the disclosure of any and all information regarding the Applicants or the Assets arising from, incidental to or in connection with the SIP;
- (e) pursuant to any and all offers received by the Applicants in accordance with the SIP;
and
- (f) pursuant to any agreements entered into by any of the Applicants in respect of the sale of any of the Assets or the investment in or financing of the Applicants' business.

5. **THIS COURT ORDERS** that, in connection with the SIP and pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicants,

- 4 -

the CRO and the Monitor are authorized and permitted to disclose personal information of identifiable individuals to prospective investors, financiers, purchasers or bidders and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more investment, finance or sale transactions (each, a "Transaction"). Each prospective investor, financier, purchaser, or bidder to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Applicants, the CRO or the Monitor; (ii) destroy all such information; or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so.

APPROVAL OF AMENDED CRO AGREEMENT AND SUCCESS FEE

6. **THIS COURT ORDERS** that the Applicants shall pay the CRO his fees and disbursements, including the fees and disbursements of the CRO's counsel, if any, in accordance with the Amended CRO Agreement annexed as Exhibit "F" to the Langhorne Affidavit and that the Applicants are permitted to pay the success fee set out therein when due.

STAY EXTENSION

7. **THIS COURT ORDERS** that the Stay Period, as defined in paragraph 15 of the Initial Order, be and is hereby extended to and including August 2, 2013.

AMERICAN EXPRESS

8. **THIS COURT ORDERS** that AMEX shall immediately comply with the provisions of the Initial Order, including but not limited to those provisions of the Initial Order preventing all

- 5 -

persons having agreements with the Applicants for the supply of goods and/or services from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and shall immediately unfreeze and make available to the Applicants, subject to the qualifications below, all credit accounts held by the Applicants with AMEX upon the Applicants (i) paying AMEX, (which term includes Amex Bank of Canada and Amex Canada Inc.) all post-filing amounts currently owing to AMEX by the Applicants under the credit accounts, and (ii) posting a deposit with AMEX in an amount sufficient to cover the Applicants' expected charges on their credit accounts for the following two (2) week period and replenishing said deposit on a going forward basis as required (the "Deposit").

9. **THIS COURT ORDERS** that notwithstanding anything contained in paragraph 8 of this order, under no circumstance shall AMEX be required to provide post-filing credit to the Applicants, and AMEX shall not be required to process any transaction initiated by the Applicants in a credit account, which would result in AMEX providing credit to the Applicants in an amount greater than the Deposit held by AMEX.

APPROVAL OF THE FIRST REPORT, SUPPLEMENTAL REPORT AND MONITOR'S ACTIVITIES

10. **THIS COURT ORDERS** that the First Report, the Supplemental Report and the actions and activities of the Monitor as described therein be and they are hereby approved.



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)

SCHEDULE "B"

iMarketing Solutions Group Inc. Sale and Investment Process Summary

The purpose of the Sale and Investment Process (the "SIP") is to identify one or more purchasers of, or investors in, the IMSG Group of Companies' ("IMSG") business with a projected completion date of a transaction or transactions by the middle of July, 2013.

All capitalized terms used but not otherwise defined herein have the meaning given to them in the Order granted by the Ontario Superior Court of Justice (the "Court") on April 12, 2013 (the "Initial Order") in respect of the IMSG Parties' proceedings commenced under the *Companies' Creditors Arrangement Act* (the "CCAA").

The SIP details are provided below.

- IMSG's Chief Restructuring Officer ("CRO") has compiled, and with the assistance of the Monitor and the DIP Lender may continue to compile, a list of interested parties ("Interested Parties") and will distribute to them an interest solicitation letter detailing this opportunity. The CRO, with the assistance of the Monitor, will contact all parties identified as well as any additional parties that come to its attention. A confidentiality agreement ("CA") will be attached to the interest solicitation letter;
- The CRO, with the assistance of the Monitor, will prepare a confidential information memorandum ("CIM") which will be made available to Interested Parties that execute the CA. The CIM will provide an overview of the IMSG's business, property and financial results and be in form and substance acceptable to the DIP Lender;
- Interested Parties who execute the CA will have an opportunity to perform diligence, including reviewing information in a virtual data room;
- A notice will be published in the national edition of *The Globe and Mail* newspaper and, at the discretion of the CRO and the Monitor, in a U.S. periodical. As soon as reasonably practicable after the granting of an order of the Court approving the SIP (the "SIP Order"), IMSG shall issue a press release setting out the notice and such other relevant information in form and substance satisfactory to the Monitor and the CRO, with Canada Newswire designating dissemination in Canada and the U.S.;
- The CRO, with the assistance of the Monitor, will facilitate diligence efforts by, among other things, responding to questions and coordinating meetings between Interested Parties and IMSG's management and such other parties as the CRO and/or the Monitor may arrange. All meetings with management will be convened in the presence of a representative of the Monitor;

- Prospective investors shall be required to identify all material terms of their proposed investment to permit evaluation of such proposal but will not be required to submit the terms and structure of their proposed investment in a predetermined prescribed format;
- Parties interested in acquiring assets will be able to refer to a template asset purchase agreement ("APA") that will be posted in the data room. The form and substance of the APA shall be approved by the DIP Lender prior to it being posted by the Monitor in the data room. Interested Parties will be encouraged to submit offers substantially in the form of the APA, with any changes black-lined against the APA;
- Interested Parties will be entitled to submit offers for IMSG's businesses and assets on an individual/divisional basis or *en bloc*. Subject to the value of the consideration to be paid, preference will be given to *en bloc* offers;
- The deadline for submission of offers ("Offer Deadline") will be 5:00 pm EST on the 60th day from the date of the SIP Order;
- Offers are to be submitted to the Monitor with a refundable cash deposit in the form of a wire transfer (to a bank account specified by the Monitor) or such other form of deposit as is acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to 10% of the purchase price or investment amount. Offers are to be supported by evidence, satisfactory to the CRO and the Monitor, of financing sufficient to close a transaction within the timelines detailed in these procedures. All offers are to be irrevocable until 120 days after the date of the SIP Order;
- The CRO and the Monitor will evaluate the offers and may seek clarifications and/or a re-bidding of certain offers. Copies of all offers received shall be provided to the DIP Lender on a confidential basis provided that the DIP Lender is not a bidder in the SIP;
- IMSG's senior management, Canadian Imperial Bank of Commerce ("CIBC"), in its capacity as secured creditor, and the DIP Lender (or any of its affiliates), along with their respective legal counsel, will be consulted on a timely basis during the different phases of the SIP provided that they confirm to the Monitor that they are not bidders in the SIP. Only High level, directional updates may be provided to these parties if they do not confirm that they are not a bidder; and
- Upon completion of definitive documentation, the Monitor will apply to the Court for an order approving one or more offers ("Transaction"), with a transaction projected to be completed as soon as possible following approval of the Transaction by the Court. The Monitor will provide its recommendation to the Court with respect to the Transaction.

Other attributes of the SIP:

- The CRO, with the approval of the Monitor, shall have the right to extend by up to three weeks any deadline in the SIP in order to facilitate the SIP. Further

extensions will require Court approval;

- IMSG's management and employees are required to assist and support the efforts of the CRO and the Monitor as provided for herein;
- Any transaction will be consistent with insolvency principles, including without material representations and warranties and shall be on an "as is, where is" basis;
- The CRO, with the prior approval of the Monitor, and after consultation with the DIP Lender (provided it is not a bidder), reserves the right to accept one or more offers on behalf of IMSG and to take such steps as are necessary to finalize and complete an APA or investment agreement or to continue negotiations with a selected number of Interested Parties with a view to finalizing an agreement(s) with one or more of them;
- The CRO, with the approval of the Monitor, and after consultation with the DIP Lender, shall be under no obligation to accept the highest offer, the best offer, or any offer, and the selection of any offer(s) shall be at the discretion of the CRO and the Monitor, after consultation with the DIP Lender (provided it is not a bidder);
- Acceptance of any transaction is subject to the approval of the Court, and the US Bankruptcy Court for the District of Delaware in IMSG's proceedings under Chapter 15 of the US Bankruptcy Code, if necessary. Neither IMSG nor the Monitor shall be bound by the terms of any transaction(s) until approval of the courts is obtained;
- The CRO and the Monitor may consider transactions involving a restructuring or investment in IMSG if, in the opinion of the CRO and the Monitor, the resulting transaction is in the best interests of IMSG and maximizes value for the benefit of its stakeholders and such transactions are in form and substance acceptable to the DIP Lender;
- The CRO and the Monitor reserve the right to apply to the Court at any time to modify or terminate the SIP if they consider it appropriate in the circumstances or to apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder; and
- The CRO and the Monitor may, after consultation with the DIP Lender, extend the period between execution of an APA and Court approval of a transaction should the successful bidder require time to obtain regulatory approvals.

SUMMARY TIMELINE OF IMPORTANT DATES

Sale Process Procedures	Date
Court approval of Sale Process	Day 1
Begin marketing to Interested Parties	Days 2-60
Begin distributing CIM and access to on-line data room	Days 2-60
Management presentations and site visits for select Interested Parties	Days 14-60
Offer Deadline	Day 60
Clarification of offers and re-bidding, if applicable	Days 61-75
Execution of APA	Day 75
Court approval of Transaction(s)	Day 85
Closing(s)	Day 90

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 the Companies referred to in Schedule "A"

Court File No.: CV-13-100067-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

AMENDED ORDER
(Stay Extension and SIP Approval)

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100 Wellington Street West
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Lawyers for the Applicants

EXHIBIT "F"

Court File No. CV-13-10067-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) FRIDAY, THE 2nd
)
JUSTICE WILTON-SIEGEL) DAY OF AUGUST, 2013

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 the Companies referred to in Schedule "A"

Applicants

ORDER
(Stay Extension)

THIS MOTION, made by the Applicants for the relief sought in the Notice of Motion herein dated July 29, 2013, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Andrew Langhorne sworn July 29, 2013, and the Exhibits thereto and the Third Report of Duff & Phelps Canada Restructuring Inc. (the "**Monitor**") dated July 31, 2013 (the "**Third Report**"), and on hearing the submissions of counsel for the Applicants and counsel for the Monitor, no one else appearing although duly served as appears from the affidavit of service of Maria Magni sworn on July 29, 2013.

- 2 -

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and this Court hereby dispenses with further service thereof.

APPROVAL OF THE THIRD REPORT AND THE MONITOR'S ACTIVITIES

2. **THIS COURT ORDERS** that the Third Report and the actions and activities of the Monitor as described therein be and they are hereby approved.

STAY EXTENSION

3. **THIS COURT ORDERS** that the Stay Period, as defined in paragraph 15 of the Order of the Honourable Mr. Justice Newbould dated April 12, 2013, be and is hereby extended to and including October 4, 2013.

W. J. Hon - M.J.

ENREGISTRÉ / INSCRIT À TORONTO
ON / SOUS NO:
LE / DANS LE REGISTRE NO.:

AUG 02 2013

MB

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
MLHL Marketing Inc.
MLHL Marketing 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)

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.: CV-13-10067-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER
(Stay Extension)

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Lawyers for the Applicants

EXHIBIT "G"

Court File No. CV-13-10067-00CL



**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.

)

THURSDAY, THE 3rd

JUSTICE NEWBOULD

)

)

DAY OF OCTOBER, 2013

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 the Companies referred to in Schedule "A"

Applicants

**ORDER
(Stay Extension)**

THIS MOTION, made by the Applicants for the relief sought in the Notice of Motion herein dated October 1, 2013, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Andrew Langhorne sworn October 1, 2013, and the Exhibits thereto and the Fourth Report of Duff & Phelps Canada Restructuring Inc. (the "Monitor"), to be filed (the "Fourth Report"), and on hearing the submissions of counsel for the Applicants and counsel for the Monitor, no one else appearing although duly served as appears from the affidavit of service of Maria Magni sworn on October 1, 2013.

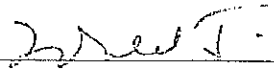
- 2 -

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and this Court hereby dispenses with further service thereof.

STAY EXTENSION

2. **THIS COURT ORDERS** that the Stay Period, as defined in paragraph 15 of the Order of the Honourable Mr. Justice Newbould dated April 12, 2013, be and is hereby extended to and including October 11, 2013.



Brent T.
Clerk of the Court
OCT 03 2013
MB

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.: CV-13-10067-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER
(Stay Extension)

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Lawyers for the Applicants

EXHIBIT "H"

Court File No. CV-13-10067-00CL



**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) FRIDAY, THE 11th
)
JUSTICE MORAWETZ) DAY OF OCTOBER, 2013

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 the Companies referred to in Schedule "A"

Applicants

**ORDER
(Stay Extension)**

THIS MOTION, made by the Applicants for the relief sought in the Notice of Motion herein dated October 8, 2013, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Andrew Langhorne sworn October 8, 2013, and the Exhibits thereto and the Fifth Report of Duff & Phelps Canada Restructuring Inc. (the "**Monitor**"), to be filed (the "**Fifth Report**"), and on hearing the submissions of counsel for the Applicants and counsel for the Monitor, no one else appearing although duly served as appears from the affidavit of service of Maria Magni sworn on October 9, 2013.

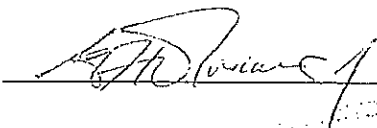
- 2 -

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and this Court hereby dispenses with further service thereof.

STAY EXTENSION

2. **THIS COURT ORDERS** that the Stay Period, as defined in paragraph 15 of the Order of the Honourable Mr. Justice Newbould dated April 12, 2013, be and is hereby extended to and including October 25, 2013.



OCT 11 2013
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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.: CV-13-10067-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER
(Stay Extension)

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Lawyers for the Applicants

EXHIBIT B

ASSET PURCHASE AGREEMENT

By and among

**iMARKETING SOLUTIONS GROUP INC. and the
other Applicants that are signatories hereto**

As the Vendor

- and -

IMKT DIRECT SOLUTIONS CORPORATION AND

iMARKETING ACQUISITION, LLC

As the Purchaser

DATED AS OF October 8, 2013

TABLE OF CONTENTS

	Page
Article I INTERPRETATION	- 2 -
1.01 Definitions.....	- 2 -
1.02 Headings and Sections	- 8 -
1.03 Number and Gender	- 8 -
1.04 Currency	- 8 -
1.05 Statute References	- 8 -
1.06 Time Periods	- 8 -
1.07 Consent.....	- 8 -
1.08 No Strict Construction.....	- 8 -
1.09 Entire Agreement	- 8 -
1.10 Section and Schedule References.....	- 9 -
Article II PURCHASE AND SALE	- 9 -
2.01 Purchase and Sale of Purchased Assets.....	- 9 -
2.02 Excluded Assets	- 10 -
2.03 Purchase Price	- 10 -
2.04 Satisfaction of Purchase Price	- 10 -
2.05 Sales and Transfer Taxes; HST Election.....	- 11 -
2.06 Assumed Obligations	- 11 -
2.07 Excluded Liabilities.....	- 12 -
2.08 Working Capital Adjustment	- 12 -
2.09 Performance Incentive Payment.....	- 15 -
Article III CLOSING ARRANGEMENTS	- 15 -
3.01 Closing	- 15 -

3.02 Tender..... - 16 -

3.03 Vendor’s Closing Deliveries - 16 -

3.04 Purchaser’s Closing Deliveries - 16 -

Article IV CONDITIONS PRECEDENT..... - 17 -

4.01 Conditions Precedent of the Purchaser..... - 17 -

4.02 Conditions Precedent of the Vendor - 18 -

4.03 Non-Satisfaction of Conditions..... - 18 -

Article V REPRESENTATIONS AND WARRANTIES..... - 19 -

5.01 Representations and Warranties of the Vendor..... - 19 -

5.02 Representations and Warranties of the Purchaser - 20 -

5.03 Survival of Representations and Warranties - 21 -

5.04 Acquisition of Assets on “As Is, Where Is” Basis - 21 -

Article VI INTERIM PERIOD - 21 -

6.01 Approval and Vesting Order - 21 -

6.02 Access..... - 22 -

6.03 Risk of Loss..... - 23 -

6.04 Purchaser’s Right to Close or Terminate - 23 -

6.05 Transfer and Delivery of Purchased Assets - 23 -

6.06 Premises; Contracts - 23 -

6.07 Conduct of the Vendor Prior to the Closing..... - 24 -

6.08 Exclusivity..... - 24 -

Article VII EMPLOYEES - 24 -

7.01 Employees - 24 -

Article VIII TERMINATION - 25 -

8.01 Termination by the Parties - 25 -

8.02	Treatment of Deposit.....	- 26 -
8.03	Effect of Termination.....	- 26 -
Article IX POST-CLOSING MATTERS.....		- 26 -
9.01	Books and Records.....	- 26 -
9.02	Transferred Employees	- 27 -
Article X OTHER COVENANTS OF THE PARTIES; GENERAL.....		- 27 -
10.01	Expenses.....	- 27 -
10.02	Confidentiality.....	- 27 -
10.03	Notices.....	- 27 -
10.04	Successors and Assigns.....	- 29 -
10.05	No Third Party Beneficiaries.....	- 30 -
10.06	Time of the Essence	- 30 -
10.07	Amendment	- 30 -
10.08	Further Assurances.....	- 30 -
10.09	Severability.....	- 30 -
10.10	Governing Law.....	- 30 -
10.11	Execution and Delivery.....	- 30 -

ASSET PURCHASE AGREEMENT

This Agreement made this 8th day of October, 2013.

AMONG:

iMARKETING SOLUTIONS GROUP INC., a corporation governed by the laws of Alberta (“**IMSG**”) and the other Applicants that are signatories hereto

(together, the “**Vendor**”)

- and -

IMKT DIRECT SOLUTIONS CORPORATION, a corporation governed by the laws of British Columbia, and **iMARKETING ACQUISITION, LLC**, a limited liability company governed by the laws of Delaware

(together, the “**Purchaser**”)

WHEREAS on April 12, 2013, the Vendor made an application under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) and an Order (the “**Initial Order**”) was made by the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granting, among other things, a stay of proceedings against the Vendor and appointing Duff & Phelps Canada Restructuring Inc. as the monitor (the “**Monitor**”);

AND WHEREAS the CCAA proceedings have been recognized in the United States of America (the “**U.S.**”) pursuant to Orders dated April 12, 2013 and May 17, 2013 of the Honourable Justice Gross of the U.S. Bankruptcy Court for the District of Delaware (the “**U.S. Court**”) under Chapter 15 of Title 11 to the *United States Code*;

AND WHEREAS on May 7, 2013, the Court made an Order extending the stay of proceedings under the Initial Order to August 2, 2013 and authorizing the Vendor and Monitor to conduct a sale and investment process (the “**SIP Approval Order**”) with a view to obtaining offers to: (i) acquire all, substantially all, or a portion of the property and assets of the Vendor; or (ii) make an investment in the business of the Vendor, all subject to the approval of the Court pursuant to an Approval and Vesting Order (as defined herein) in the case of a sale;

AND WHEREAS on August 2, 2013, the Court made an Order extending the stay of proceedings under the Initial Order to October 4, 2013 and authorizing the Vendor and Monitor to continue with the sale and investment process with a view to obtaining offers to: (i) acquire all, substantially all, or a portion of the property and assets of the Vendor; or (ii) make an investment in the business of the Vendor, all subject to the approval of the Court pursuant to an Approval and Vesting Order (as defined herein) in the case of a sale;

AND WHEREAS in connection therewith, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, all of the Vendor's right, title and interest in and to the Purchased Assets (as defined herein) in accordance with the terms of this Agreement;

NOW THEREFORE, in consideration of the premises and mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are each hereby acknowledged by the parties, the parties hereto agree as follows:

ARTICLE I INTERPRETATION

1.01 Definitions

In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

"Accounts Receivable" means any and all accounts receivable, notes receivable, book debts, trade debts, rebates, refunds and other debts or receivables properly due or accruing due to the Vendor, together with all interest accrued on such items, and the full benefit of any security therefore, relating to the Business or the Purchased Assets, but excluding any tax refunds owing to the Vendor;

"Accounting Firm" means Collins Barrow.

"Accrued Vacation Pay" means the amount that would be payable for all accrued and unpaid vacation pay pursuant to employment arrangements as at the measurement date for all Transferred Employees which amount shall be no greater than \$ [REDACTED]

"Affiliate" shall mean, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by or is under common Control with, such Person. For purposes of this definition, **"Control"** (including, with correlative meanings, the terms **"Controlled by"** and **"under common Control with"**) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of stock, as trustee or executor, by written or oral contracts, commitments, understandings or other agreements or credit arrangement or otherwise.

"Agreement" means this asset purchase agreement, including all schedules and all amendments or restatements, as permitted and references to **"Article"** **"Section"** or **"Schedule"** mean the specified Article, Section of, or Schedule to this Agreement and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement;

"Applicable Law" means, with respect to any Person, property, transaction, event or other matter, all applicable laws, statutes, regulations, rules, by-laws, ordinances, regulatory policies, codes,

guidelines, official directives, orders, rulings, judgments and decrees of any Governmental Authority;

"Applicants" means 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., Wellesley Corporation Inc., US Billing Inc., American Graphics & Design Inc., Courtesy Health Watch Inc., Target Outreach Inc., MLHL Marketing Inc., MLHL Marketing LP and Engage Funding Inc.;

"Approval and Vesting Order" has the meaning given in Section 6.01;

"Assumed Contract" means a Contract listed in Schedule "A" which is designated by the Purchaser as an Assumed Contract prior to the expiration of the term of the Transitional Services Agreement and assumed by the Purchaser, and **"Assumed Contracts"** means every Assumed Contract;

"Assumed Obligations" has the meaning given in Section 2.06;

"Books and Records" means all books and records relating to the Purchased Assets or the Business in the possession of the Vendor, including financial, operations and sales books, records, books of account, sales and purchase records, including all data, information and databases stored on computer-related or other electronic media;

"Business" means the business conducted by the Vendor prior to the Closing Date;

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario;

"CCAA" has the meaning given in the recitals above;

"Claims" includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, orders, charges, indictments, prosecutions or other similar processes;

"Closing" means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement;

"Closing Date" means (i) the Business Day (a) two days following the date on which the U.S. Approval and Vesting Order is granted, to the extent such order provides for a waiver of any appeal period, (ii) one Business Day following the date on which the U.S. Approval and Vesting Order becomes final and non appealable to the extent such order does not provide for a waiver of any appeal period, or (ii) such earlier or later date as may be agreed to in writing by the Parties;

"Confidential Information" means any information described as confidential under the Confidentiality Agreement;

"Confidentiality Agreement" means the confidentiality agreement dated May 29, 2013 by and between Blackstreet Capital Management, LLC and the Vendor;

“**Contract**” means any contracts, licences, leases, agreements, undertakings, understandings, arrangements, documents, commitments, entitlements or engagements to which the Vendor is a party, and “**Contracts**” means every Contract;

“**Convertible Note**” means that certain unsecured convertible promissory note substantially in the form attached hereto as Schedule “**D**”;

“**Court**” has the meaning given in the recitals above;

“**Deposit**” has the meaning given in Section 2.04(a);

“**Encumbrances**” means liens, charges, security interests, pledges, leases, title retention agreements, mortgages, restrictions on use, development or similar agreements, easements, rights-of-way, title defects, options or adverse claims or encumbrances of any kind or character whatsoever;

“**Employee Liabilities**” means any liability imposed upon the Vendor pursuant to any federal, provincial or state legislation pursuant to which such party is deemed to be a successor employer, related employer or otherwise responsible for or liable for payment of any amounts owing to any of the current or former Employees (including, but not limited to, the Transferred Employees up to and including the Closing Date), whether pursuant to the *Employment Standards Act, 2000*, S.O. 2000, c. 41, the *Pay Equity Act*, R.S.O. 1990, c. P.7, or the *Workplace Safety and Insurance Act, 1997*, S.O. 1997, c. 16, Sch. A. or similar legislation. Without limiting the foregoing, Employee Liabilities shall include:

- (a) all salaries, wages, bonuses, commissions and other compensation (including accrued but unpaid vacation pay and any retroactive pay) and all liabilities under employee benefit plans relating to employment of the current or former Employees;
- (b) all severance payments, damages for wrongful dismissal and all related costs in respect of the termination by the Vendor of the current or former Employees; and
- (c) all liabilities for claims for injury, disability, death or workers’ compensation arising from or relating to employment in the Business;

“**Employee**” means an individual currently or formerly employed by the Vendor in the Business of the Vendor, including individuals that may be considered, treated or deemed, at law, to be currently or formerly employed by the Vendor, and “**Employees**” means every Employee;

“**Excluded Assets**” has meaning given in Section 2.02;

“**Excluded Liabilities**” has the meaning given in Section 2.07;

“**Excluded Accounts Receivable**” means all Accounts Receivable which at the Closing Date are owed by a Person who does not deal at arm’s length (within the meaning of the *Income Tax Act* (Canada)) with the Vendor or any shareholder thereof or an Affiliate thereof (but specifically excluding any notes receivable owed to the Applicants by current employees which for avoidance of doubt are not Excluded Accounts Receivable) and any and all tax refunds.

“**Final Working Capital**” has meaning given in Section 2.08(b);

“**Governmental Authorities**” means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power and “**Governmental Authority**” means any one of them;

“**HST**” means all harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada);

“**IMSG**” mean iMarketing Solutions Group Inc.;

“**Initial Order**” has the meaning given in the recitals above;

“**Intellectual Property**” shall mean all works of authorship, inventions (whether patentable or not), invention disclosures, industrial models, industrial designs, utility models and certificates of invention, designs (including without limitation graphics, labels and artistic designs), all local or foreign patents and patent applications (including all provisional patent applications, continuations, continuations-in-part, 5e-examina, 5e-examination certificates, reissues and the like), trademarks, trade names, service marks, all goodwill associated with such trademarks and service marks, copyrights, and any applications for such trademarks, trade names, service marks and copyrights, and all product designs, product packaging, business and product names and logos trade styles and all other forms of business identifiers, together in all cases with related intangible value, domain names, business telephone numbers, pricing and cost information, business and marketing plans and proposals and all other trade secrets or other confidential information and data in any form or format, know-how, and computer software programs or applications, source code, object code and tangible or intangible proprietary information or material.

“**Interim Period**” means the period from and including the date of this Agreement to and including the Closing Date;

“**Leased Premises**” means all of the leased premises from which the Vendor conducted the Business located at the municipal addresses as described in Schedule “A”;

“**Licences and Permits**” means all licences, permits, filings, certificates, authorizations, approvals or indicia of authority related to the Business or the Purchased Assets or necessary for the operation or use of the Purchased Assets;

“**Monitor**” has the meaning given in the recitals above;

“**Notice of Objection**” has meaning given in Section 2.08(b);

“**Parties**” means the Vendor and the Purchaser collectively, and “**Party**” means either one of them;

“Person” is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;

“Post-Filing Prepaid Expenses and Deposits” means advances, deposits or other amounts paid by the Vendor to procure goods and services on and after the commencement of the CCAA and remaining on deposit with the supplier or service provider as at the Closing Date;

“Pre-Filing Prepaid Expenses and Deposits” means all liabilities, including all operating expenses, with respect to the Purchased Assets referable in whole or in part to the period from and after the Closing Date which have been prepaid prior to the commencement of the CCAA proceedings by the Vendor as at the Closing Date;

“Post-Closing Working Capital Calculation” has meaning given in Section 2.08(b);

“Prospective Employees” has the meaning given in Section 7.01;

“Prospective Premise Leases” means the two premises that the Vendor has signed leases for but has not taken occupancy of, consisting of 393 Portage Ave, Winnipeg and 130 Research Drive, Hampton, Virginia;

“Purchase Price” has the meaning given in Section 2.03;

“Purchased Assets” means all of the right, title and interest of the Vendor in and to its property, assets and undertaking of whatsoever nature and kind, legal and equitable, tangible and intangible, including, without limitation, (i) the assets described in Schedule “A”, including fixed assets (which portion of the schedule shall be subject to updating prior to the Closing Date to add additional fixed assets of the Vendor), the Contracts set forth on Schedule “A” (to the extent designated by the Purchaser as Assumed Contracts prior to the expiration of the term of the Transitional Services Agreement), leases in respect of the Leased Premises and Intellectual Property. For greater certainty, the Purchased Assets shall not include the Excluded Assets;

“Purchaser’s Solicitors” means Chaitons LLP;

“Target Working Capital” has meaning given in Section 2.08(a);

“Takeover Proposal” has meaning given in Section 6.08;

“Taxes” means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, harmonized, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any Governmental Authority, and whether disputed or not;

“Transferred Employee Liabilities” means any liability imposed upon the Purchaser pursuant to any federal, provincial or state legislation pursuant to which such party is deemed to be a successor employer, related employer or otherwise responsible for or liable for payment of any amounts owing to any of the Transferred Employees, whether pursuant to the *Employment Standards Act*, 2000, S.O. 2000, c. 41, the *Pay Equity Act*, R.S.O. 1990, c. P.7, or the *Workplace Safety and Insurance Act*, 1997, S.O. 1997, c. 16, Sch. A. or similar legislation. Without limiting the foregoing, Employee Liabilities shall include:

- (a) all statutory severance and notice payments in the aggregate amount of \$ [REDACTED] damages for wrongful dismissal and all related costs in respect of the termination by the Purchaser of the Transferred Employees, excluding Michael Davis; and
- (b) the Accrued Vacation Pay.

“Transferred Employees” has the meaning given in Section 7.01;

“Transitional Services Agreement” means that certain Transitional Services Agreement substantially in the form attached hereto as Schedule “E” pursuant to which the Vendor shall assist with the transition of the Business to the Purchaser following the Closing Date;

“Unbilled Revenue” means amounts due from third parties for services rendered by the Applicants which have not yet been billed, but for which all or substantially all of the services have been performed to permit recognition of revenue and issuance of invoices;

“U.S. Approval and Vesting Order” has the meaning given in Section 6.01;

“U.S. Court” has the meaning given in the recitals above;

“Vendor’s Solicitors” means Thornton Grout Finnigan LLP;

“WIP” means work in progress as at a specific date and all amounts payable to the Applicants pursuant to client agreements after that specific date on account of said work in progress;

“Working Capital” means the aggregate of the following: (i) Accounts Receivable net of an allowance for doubtful accounts in an amount consistent with past practices; (ii) Pre-Filing Prepaid Expenses and Deposits; (iii) WIP; and (iv) Unbilled Revenue;

“Working Capital Adjustment” has the meaning given in Section 2.08(e).

“Working Capital Adjustment Shortfall” has meaning given in Section 2.08(e); and

“Working Capital Adjustment Surplus” has meaning given in Section 2.08(e);

1.02 Headings and Sections

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.03 Number and Gender

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

1.04 Currency

Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in Canadian dollars.

1.05 Statute References

Unless otherwise specified, any reference in this Agreement to any statute or any section thereof shall be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

1.06 Time Periods

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day if the last day of the period is not a Business Day.

1.07 Consent

Unless otherwise specified, whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

1.08 No Strict Construction

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.09 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties relating to the subject matter of this Agreement and supersede all prior agreements,

understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and the Purchaser shall acquire the Purchased Assets on an "as is, where is" basis subject to the benefit of the representations and warranties in this Agreement. Any cost estimates, projections or other predictions contained or referred to in any other material that has been provided to the Purchaser or any of its affiliates, subsidiaries, agents or representatives are not and shall not be deemed to be representations or warranties of the Vendor or any of its affiliates, subsidiaries, agents, employees or representatives.

1.10 Section and Schedule References

Unless the context requires otherwise, references in this Agreement to Sections or Schedules are to Sections and Schedules of this Agreement, as applicable. The Schedules to this Agreement, listed as follows, are an integral part of this Agreement:

Schedule	Description
Schedule "A"	Purchased Assets
Schedule "B"	Excluded Accounts Receivable
Schedule "C"	Post-Filing Prepaid Expenses and Deposits
Schedule "D"	Convertible Note
Schedule "E"	Transitional Services Agreement
Schedule "F"	Bill of Sale and Assignment

ARTICLE II PURCHASE AND SALE

2.01 Purchase and Sale of Purchased Assets

On the Closing Date, subject to the issuance of the Approval and Vesting Order, the U.S. Approval and Vesting Order and the other terms and conditions of this Agreement:

- (a) the Vendor shall transfer, sell, convey, assign and deliver unto the Purchaser, and the Purchaser shall acquire and accept, all of the Vendor's right, title and interest in and to the Purchased Assets, free and clear of all Claims, liabilities and Encumbrances; and
- (b) the Purchaser shall pay the Purchase Price as provided in Section 2.03.

2.02 Excluded Assets

The Purchased Assets do not include any of the following property, assets, rights and interests of the Vendor (collectively, the "**Excluded Assets**"):

- (a) all cash on hand or on deposit with banks or other depositories, other cash equivalents, certificates of deposit, money market instruments and rights in and to bank accounts of the Vendor, in each case as of the Closing;
- (b) the Excluded Accounts Receivable set forth on Schedule "**B**";
- (c) the Post-Filing Prepaid Expenses and Deposits set forth on Schedule "**C**";
- (d) all Tax installments paid by the Vendor and the right to receive any refund of Taxes paid by the Vendor and all other governmental refunds or credits attributable or relating to periods or portions of periods prior to the Closing Date;
- (e) all debts, liabilities and obligations due or accruing due to the Vendor from any of its current or former shareholders, directors or officers or any Affiliates of the Vendor or any of the foregoing;
- (f) all equity interests in any Applicant ; and
- (g) any Contracts on Schedule "A" which are not designated as Assumed Contracts by the Purchaser prior to the expiration of the term of the Transitional Services Agreement.

2.03 Purchase Price

The amount payable by the Purchaser for the Purchased Assets, exclusive of all applicable sales and transfer taxes, shall be \$ [REDACTED] (the "**Purchase Price**") plus any amounts payable pursuant to Section 2.09 herein on account of the Performance Incentive Payment.

2.04 Satisfaction of Purchase Price

The Purchaser shall satisfy the Purchase Price as follows:

- (a) by paying to the Monitor a deposit of \$ [REDACTED] (the "**Deposit**") upon execution of this Agreement, which Deposit shall be held by the Monitor pursuant to the terms set out herein until the Closing Date and credited towards the Purchase Price upon Closing unless the Vendor is unable to satisfy the conditions to Closing;
- (b) by paying to the Monitor, on the Closing Date, an amount equal to the balance of the Purchase Price after crediting the Deposit, less the face amount of the Convertible Note, and after any adjustment pursuant to the Closing Date Adjustment set out in Section 2.08(a);

- (c) by providing the Vendor with the Convertible Note, duly executed by the Purchaser;
- (d) by promptly paying to the Vendor any amounts that may be owing to the Vendor pursuant to Section 2.08(e) on account of the Final Working Capital and the amount, if any, of the Working Capital Adjustment; and
- (e) by promptly paying to the Vendor any amounts that may be owing to the Vendor pursuant to Section 2.09 on account of the Performance Incentive Payment, if any.

The Monitor agrees to cause the Deposit to be placed in an interest bearing account or deposit, with all interest earned or accrued thereon to be paid or credited to the Purchaser at Closing, unless the Purchaser forfeits the Deposit as provided herein in which event the interest shall be paid to the Vendor. In the event that the Agreement is terminated in accordance with Article VIII, the Monitor shall pay the Deposit, including all interest accrued thereon, to the Purchaser or the Vendor, as applicable pursuant to Article VIII, within two (2) Business Days of the Monitor's receipt of notice of termination of this Agreement.

2.05 Sales and Transfer Taxes; HST Election

- (a) The Purchaser shall be responsible for the payment on Closing of any sales and transfer taxes, including, without limitation, HST, that are required to be paid or remitted in connection with the consummation of the transactions contemplated hereunder. For greater certainty, the Purchaser agrees to indemnify and hold the Vendor harmless in respect of any sales and transfer taxes, including, without limitation, HST, which may be assessed against the Vendor in respect of the sale to the Purchaser of the Purchased Assets.
- (b) At the Closing, the Vendor and the Purchaser shall, to the extent applicable, jointly execute elections under Section 167 of the *Excise Tax Act* (Canada) to have the sale of the Purchased Assets take place on a HST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its HST return for the reporting period in which the sale of the Purchased Assets takes place.
- (c) The Vendor, at no cost to it, shall cooperate with the Purchaser to take all reasonably available steps to minimize any applicable sales and transfers taxes that may be payable in the U.S.

2.06 Assumed Obligations

At and from the date of Closing, the Purchaser shall assume and be liable for the "Assumed Obligations". The Assumed Obligations shall consist of the following:

- (a) all Transferred Employee Liabilities;
- (b) the Vendor's liabilities and obligations under any of the Assumed Contracts; and

- (c) all liabilities arising or accruing from the use of the Purchased Assets and/or the operation of the Business from and after the Closing Date to the extent relating to periods following the Closing Date.

If so required by the Vendor, the Purchaser shall enter into such specific indemnity agreement(s) and assumption agreement(s) as the Vendor may reasonably require, and in form and substance acceptable to the Purchaser, acting reasonably, with respect to any Assumed Obligations.

2.07 Excluded Liabilities

Except for the Assumed Obligations, the Purchaser is not assuming, and shall not be deemed to have assumed, any liabilities, obligations, Contracts (written or unwritten) or commitments of the Vendor (collectively, the "**Excluded Liabilities**"), whether pursuant to this Agreement or as a result of the transactions described in this Agreement. For greater certainty, the Excluded Liabilities shall include, but not be limited to, the following:

- (a) except as otherwise agreed in this Agreement, all taxes payable by the Vendor referable to the period up to the Closing Date, including present or future federal, provincial and state income taxes, municipal business taxes, realty taxes and school taxes;
- (b) any liabilities associated with any of the Excluded Assets;
- (c) all Employee Liabilities with respect to Transferred Employees that are not Transferred Employee Liabilities; and,
- (d) all Employee Liabilities with respect to any former or current Employees that are not Transferred Employees.

2.08 Working Capital Adjustment

- (a) The Parties have agreed to a Working Capital target as at the Closing Date of \$ [REDACTED], net of Accrued Vacation Pay (the "**Target Working Capital**"). The Parties agree that no more than two (2) Business Days prior to the Closing Date, the Vendor shall deliver to the Purchaser a good faith estimate of the Working Capital as of the Closing Date (the "**Working Capital Estimate**"), which such Working Capital Estimate shall be calculated, using the most recent financial information available to the Vendor, and shall form the basis for any adjustment to the Purchase Price at Closing (the "**Closing Date Adjustment**"). In connection therewith, the parties agree that the following provisions shall govern any adjustments to the Working Capital as of the Closing Date:
 - (i) to the extent that the Accounts Receivable, net of an allowance for doubtful accounts and Pre-Filing Prepaid Expenses and Deposits included in the calculation of Final Working Capital are less than or greater than \$ [REDACTED] million and \$ [REDACTED] respectively, the amount payable by the Vendor to the Purchaser or Purchaser to the Vendor shall be equal to the difference on a dollar for dollar basis;

- (ii) to the extent that the aggregate of WIP and Unbilled Revenue included in the calculation of Final Working Capital is less than or greater than \$ [REDACTED] [REDACTED] the amount payable by the Vendor to the Purchaser or the Purchaser to the Vendor shall be equal to 50% of the difference;
- (iii) to the extent that the Accrued Vacation Pay is less than \$ [REDACTED] the Purchaser shall pay the difference to the Vendor on a dollar for dollar basis. To the extent that the Accrued Vacation Pay is greater than \$ [REDACTED] the Vendor shall pay the amount in excess of \$ [REDACTED] prior to Closing in order to limit the Accrued Vacation Pay assumed by the Purchaser on Closing to no more than \$ [REDACTED]

The Purchase Price shall be adjusted downwards in the event that the Working Capital Estimate is lower than the Target Working Capital and shall be adjusted upwards in the event that the Working Capital Estimate is higher than the Target Working Capital, based on calculations set out in (i), (ii) and (iii) above, but in no event shall there be a Closing Date Adjustment if the amount of the variance does not exceed \$ [REDACTED].

- (b) Within forty five days (45) days following the Closing Date, the Purchaser shall prepare and deliver to the Vendor a statement of the Final Working Capital as of the Closing Date (the "**Post-Closing Working Capital Calculation**"). If, within thirty (30) days following receipt of the Post-Closing Working Capital Calculation, the Purchaser has not received written notice of any objection by the Vendor to the Post-Closing Working Capital Calculation (which objection notice must contain a reasonable statement of the basis of the Vendor's objection) (the "**Notice of Objection**"), then the Post-Closing Working Capital Calculation shall be deemed accepted by the Vendor and will be the "**Final Working Capital**." However, if the Vendor provides the Notice of Objection to the Purchaser, the Vendor and the Purchaser will have thirty (30) days to resolve the dispute in good faith among them. If the Vendor and the Purchaser have not resolved their dispute within such thirty (30) day period, then any such dispute between the Vendor and the Purchaser shall be resolved in accordance with Section 2.08(d) below.
- (c) The Purchaser agrees to grant the Vendor reasonable access to all Books and Records relating to the Purchased Assets and to make any employees of the Purchaser reasonably available, on reasonable notice in writing being given to the Purchaser by the Vendor, for the purposes of assisting the Vendor in determining the appropriateness of the Post-Closing Working Capital Calculation.
- (d) If, after a Notice of Objection is received relating to the Post-Closing Working Capital Calculation and the Vendor and the Purchaser cannot resolve their disputes, the Vendor and the Purchaser shall, during the thirty (30) days following such delivery, use their best efforts to reach an agreement on the disputed items or amounts in order to determine, as may be required, the Final Working Capital and the amount of the Working Capital Adjustment, if any. If during such period, the Vendor and the Purchaser are unable to reach such agreement, they shall promptly

thereafter cause the Accounting Firm to audit the components of the Post-Closing Working Capital Calculation in dispute. The Accounting Firm shall review this Agreement and the disputed items or amounts for the purpose of calculating the Final Working Capital (it being understood that in making such calculation, the Accounting Firm shall be functioning as an expert and not as an arbitrator). In making such calculation, the Accounting Firm shall consider only those items or amounts in the Post-Closing Working Capital Calculation as to which the Vendor has disagreed. The Accounting Firm shall deliver to the the Vendor and the Purchaser, as promptly as practicable (but in any case no later than forty-five (45) days from the date of engagement of the Accounting Firm), a report setting forth such calculation. Such report shall be final and binding upon the Vendor and the Purchaser. The Vendor and the Purchaser shall, and shall cause their respective representatives to, cooperate and assist in such review conducted by the Accounting Firm, including, without limitation, the making available to the extent necessary of books, records, work papers and personnel. The cost of such review and report shall be borne one-half by each party.

- (e) Following the agreement or determination of the Final Working Capital, there shall be a post-Closing adjustment (the "**Working Capital Adjustment**") to the Purchase Price calculated as follows:

Working Capital Adjustment = Final Working Capital – Working Capital Estimate.

If the Working Capital Adjustment is a negative amount and exceeds \$ [REDACTED] (the "**Working Capital Adjustment Shortfall**"), the Vendor shall pay to the Purchaser the amount of the Working Capital Adjustment Shortfall. If the Working Capital Adjustment is a positive amount and exceeds \$ [REDACTED] (the "**Working Capital Adjustment Surplus**"), the Purchaser shall pay to the Vendor the amount of the Working Capital Adjustment Surplus. Any payment required pursuant to this Section 2.08, must be made in immediately available funds on or before the date that is five (5) Business Days after the Final Working Capital (and the amount of any Working Capital Adjustment) is determined.

- (f) Any Working Capital Adjustment Shortfall shall be paid in priority to the claims of all creditors, secured and unsecured, including all charges created by orders of the court in the CCAA proceeding. In this regard, until such time as the Final Working Capital has been determined pursuant to Section 2.08(b) or (d), as applicable, the Vendor agrees that at least \$ [REDACTED] of the cash proceeds from the sale of the Purchased Assets as contemplated herein shall not be distributed to any creditors of the Vendor or otherwise. Further, the Purchaser and the Vendor each retain all of their respective legal and equitable rights of set off under the Transitional Services Agreement as it relates to amounts that may be owing by the Vendor to the Purchaser or the Purchaser to the Vendor as a result of the Post-Closing Working Capital Calculation.

2.09 Performance Incentive Payment

- (a) The Purchaser shall pay to the Vendor the amount of \$ [REDACTED] (the “**Performance Incentive Payment**”) if the Vendor achieves the following three performance targets:
- (i) Contribution Margin for the period September 1, 2013 to October 31, 2013 is greater than \$ [REDACTED];
 - (ii) Losses before interest, taxes, depreciation, amortization and restructuring costs for the period September 1, 2013 to October 31, 2013 are less than (\$ [REDACTED]); and
 - (iii) Contingent Calling Hours for the period September 1, 2013 to October 31, 2013 are greater than 99,956.
- (b) The calculation of the Performance Incentive Payment shall be done in accordance with generally accepted accounting practices and in a manner consistent with the Vendor’s management budget provided to the Purchaser, subject to the adjustment for the removal of subcontract revenue and expenses as provided for therein. The performance targets set out in subparagraphs 2.09(a)(i), (ii) and (iii) are based on the Vendor’s management budget.
- (c) The Vendor shall provide the Purchaser with its calculation of the Performance Incentive Payment by no later than November 30, 2013 (the “**PIP Calculation**”). If, within fifteen (15) days following receipt of the PIP Calculation, the Purchaser has not advised the Vendor, in writing, of any objection to the PIP Calculation, the PIP Calculation shall be deemed accepted by the Purchaser and shall be payable in accordance with Section 2.04(d). However, if the Purchaser provides written notice to the Vendor of its objection to the PIP Calculation, the Vendor and the Purchaser will have five (5) days to resolve the dispute in good faith among them. If the Vendor and the Purchaser have not resolved their dispute within such five (5) day period, then any such dispute between the Vendor and the Purchaser shall be resolved in accordance with Section 2.08(d) above relating to the resolution of any dispute in respect of the Working Capital Adjustment.

ARTICLE III CLOSING ARRANGEMENTS

3.01 Closing

Closing shall take place on the Closing Date at the offices of the Vendor’s Solicitors, or such other time and location as the Parties may agree upon in writing.

3.02 Tender

Any tender of documents or money under this Agreement may be made upon the Parties or their respective counsel and money may be tendered by official bank draft drawn upon a Canadian or

U.S. chartered bank, by negotiable cheque payable in Canadian funds and certified by a Canadian or U.S. chartered bank or trust company or, by wire transfer of immediately available funds to the account specified by that Party.

3.03 Vendor's Closing Deliveries

At the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following documents:

- (a) if applicable, the election referred to in Section 2.05(b);
- (b) a copy of the Approval and Vesting Order and the U.S. Approval and Vesting Order and the vesting certificate relating thereto;
- (c) a bill of sale and assignment substantially in the form of Schedule "F", duly executed by the Vendor;
- (d) the Convertible Note, duly acknowledged by the Vendor;
- (e) the Transitional Services Agreement, duly executed by the Vendor;
- (f) a bring down certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Vendor contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (g) an acknowledgement dated as of the Closing Date, that each of the conditions precedent in Section 4.01 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (h) a certificate of the Monitor to the effect that the transactions contemplated herein have closed and the Purchase Price has been paid; and
- (i) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to complete the transactions provided for in this Agreement.

3.04 Purchaser's Closing Deliveries

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor (or as the Vendor may otherwise direct) the following documents and payments:

- (a) the payments in respect of the amounts referred to in Section 2.04(b);
- (b) if applicable, the election referred to in Section 2.05(b);
- (c) a bill of sale and assignment substantially in the form of Schedule "F", duly executed by the Purchaser;

- (d) the Convertible Note, duly executed by the Purchaser;
- (e) the Transitional Services Agreement, duly executed by the Purchaser;
- (f) a bring down certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (g) an acknowledgement dated as of the Closing Date, that each of the conditions precedent in Section 4.02 of this Agreement have been fulfilled, performed or waived as of the Closing Date; and
- (h) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to complete the transactions provided for in this Agreement.

ARTICLE IV CONDITIONS PRECEDENT

4.01 Conditions Precedent of the Purchaser

The Purchaser shall not be obliged to complete the purchase and sale of the Purchased Assets pursuant to this Agreement unless, at or before the Closing Date (or such other date as may be indicated below), each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing by the Purchaser at any time; and the Vendor agrees with the Purchaser to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Date:

- (a) *Representations and Warranties.* The representations and warranties of the Vendor in Section 5.01 shall be true and correct at the Closing Date;
- (b) *Vendor's Compliance.* The Vendor shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before Closing and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the deliveries contemplated in Section 3.03 or elsewhere in this Agreement;
- (c) *No Litigation.* There shall be no litigation or proceedings pending or threatened or order issued by a Governmental Authority against any of the Parties, or involving the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the transactions contemplated hereby or otherwise claiming that such completion is improper; and
- (d) *Approval and Vesting Order.* The Approval and Vesting Order shall have been obtained on or by October 25, 2013 and the U.S. Approval and Vesting Order shall have been obtained on or by November 25, 2013].

4.02 Conditions Precedent of the Vendor

The Vendor shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Date (or such other date as may be indicated below), each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Vendor, and may be waived, in whole or in part, in writing, by the Vendor at any time; and the Purchaser agrees with the Vendor to take all such actions, steps and proceedings within the Purchaser's reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Date:

- (a) *Representations and Warranties.* The representations and warranties of the Purchaser in Section 5.02 shall be true and correct at the Closing;
- (b) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed by or complied with at or before the Closing Date and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing Date all the deliveries contemplated in Section 3.04 or elsewhere in this Agreement;
- (c) *No Litigation.* There shall be no litigation or proceedings pending or threatened or order issued by a Governmental Authority against any of the Parties, or involving the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the transactions contemplated hereby or otherwise claiming that such completion is improper; and
- (d) *Approval and Vesting Order.* The Approval and Vesting Order shall have been obtained on or by October 25, 2013 and the U.S. Approval and Vesting Order shall have been obtained on or by November 25, 2013.

4.03 Non-Satisfaction of Conditions

If any condition precedent set out in this Article IV is not satisfied or performed prior to the time specified therefor, the Party for whose benefit the condition precedent is inserted may:

- (a) waive compliance with the condition, in whole or in part, in its sole discretion by written notice to the other Party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) in accordance with Section 8.01, elect on written notice to the other Party to terminate this Agreement before Closing.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of the Vendor

As a material inducement to the Purchaser entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendor set out in this Section 5.01, the Vendor hereby represents and warrants to the Purchaser as follows:

- (a) *Incorporation and Power.* Each Applicant comprising the Vendor is a corporation duly incorporated or limited partnership duly registered, as the case may be, under the laws of their respective jurisdictions of their incorporation and registration and are validly subsisting;
- (b) *Corporate Power and Authorization.* Each Applicant comprising the Vendor has the requisite corporate or limited partnership (as applicable) power to own its property and assets, including the Purchased Assets, and to carry on the Business as it is currently conducted;
- (c) *Due Authorization.* Each Applicant comprising the Vendor has all necessary corporate or limited partnership (as applicable) power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments. Subject to the granting of the Approval and Vesting Order and the U.S. Approval and Vesting Order, the execution and delivery of this Agreement and such other agreements and instruments and the completion of the transactions contemplated by this Agreement and such other agreements and instruments have been duly authorized by all necessary corporate action on the part of each Applicant comprising the Vendor;
- (d) *HST.* Each Applicant required to be registered under Part IX of the *Excise Tax Act* (Canada) is duly registered thereunder;
- (e) *No Litigation.* To the knowledge of the Vendor, there is no litigation, action, suits or proceedings pending or threatened against any Applicant, or involving the Purchased Assets for the purpose of enjoining, preventing or restraining the completion of the transactions contemplated hereby;
- (f) *Title:* None of the Applicants comprising the Vendor are aware of any claims asserted by any party challenging title, ownership or possession of any of the Purchased Assets as at the date of this Agreement's execution; and
- (g) *Finders' Fees:* There is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of the Vendor or its Affiliates who might be entitled to any fee or commission from the Purchaser or any of its Affiliates upon consummation of the transactions contemplated by this Agreement.

5.02 Representations and Warranties of the Purchaser

As a material inducement to the Vendor entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Vendor is entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 5.02, the Purchaser hereby represents and warrants to the Vendor as follows:

- (a) *Incorporation of the Purchaser.* The Purchaser is a corporation or limited liability company, as applicable duly incorporated or formed under the laws of the jurisdiction of its incorporation or formation and is duly organized and validly subsisting under such laws;
- (b) *Due Authorization.* The Purchaser has all necessary corporate or limited liability company power (as applicable), authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments. The execution and delivery of this Agreement and such other agreements and instruments and the completion of the transactions contemplated by this Agreement and such other agreements and instruments have been duly authorized by all necessary corporate or limited liability company power, as applicable, action on the part of the Purchaser;
- (c) *Enforceability of Obligations.* Subject to the granting of the Approval and Vesting Order and the U.S. Approval and Vesting Order, this Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors or others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought;
- (d) *Approvals and Consents.* Except as otherwise provided herein or as may be required under the *Investment Canada Act* (Canada), no authorization, consent or approval of, or filing with or notice to any governmental agency, regulatory body, court or other Person is required in connection with the execution, delivery or performance of this Agreement by the Purchaser or the purchase of any of the Purchased Assets hereunder;
- (e) *Sufficient Funds:* The Purchaser has sufficient funds or committed financing available to effect the transactions contemplated by this Agreement on the terms set forth herein, and to pay all of its related fees and expenses;
- (f) *Finders' Fees:* There is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of the Purchaser or its Affiliates who might be entitled to any fee or commission from the Vendor or any of their Affiliates upon consummation of the transactions contemplated by this Agreement; and

- (g) *HST*. The Purchaser is or will be a registrant under Part IX of the *Excise Tax Act* (Canada) on the Closing Date.

5.03 Survival of Representations and Warranties

- (a) The representations and warranties of the Vendor contained in Section 5.01 or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive the Closing.
- (b) The representations and warranties of the Purchaser contained in Section 5.02 or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive the Closing.

5.04 Acquisition of Assets on “As Is, Where Is” Basis

The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an “as is, where is” basis as they shall exist on the Closing Date, subject to the terms of the Approval and Vesting Order and the U.S. Approval and Vesting Order. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and status of the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations, expressed or implied, pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser.

ARTICLE VI INTERIM PERIOD

6.01 Approval and Vesting Order

As soon as practicable after the finalization of this Agreement and the execution and delivery of this Agreement by the Purchaser and the Vendor, and in any event by no later than seven (7) Business Days following such execution and delivery, the Vendor shall file a motion with the Court for an order, substantially in form and substance satisfactory to the Purchaser, acting reasonably (the “**Approval and Vesting Order**”), among other things, approving this Agreement and the Transitional Services Agreement and finally and unconditionally approving the sale of the Purchased Assets to the Purchaser and the assumption of the Assumed Obligations by the Purchaser and vesting, upon the filing of the Monitor’s certificate referenced below, all right, title and interest of the Vendor in and to the Purchased Assets to the Purchaser, free and clear of all Claims, liabilities and Encumbrances pursuant to the terms and conditions of this Agreement. In this regard, the Vendor shall provide to the Purchaser a draft of the motion record and proposed Approval and Vesting Order at least five (5) days prior to the above filing deadline for the Purchaser’s review and comment. The Approval and Vesting Order will vest title to the Purchased Assets as aforesaid in the Purchaser subject to the Monitor delivering a certificate to the Purchaser to the effect that the transactions contemplated herein have closed and the Purchase Price (other

than any amounts that may be due after the Closing Date pursuant to Section 2.04(d) or (e)) has been paid. The Approval and Vesting Order shall be served upon the necessary parties by the Vendor, and in the time frame, as approved by the Purchaser, acting reasonably.

Pursuant to the Approval and Vesting Order, the Court shall order and direct the Vendor to satisfy and perform all of the Vendor's obligations provided for under the Transitional Services Agreement and the Approval and Vesting Order shall provide that, in the event of the Vendor's breach of any term of the Transitional Services Agreement, the Purchaser shall be permitted to immediately bring a motion before the Court to compel the Vendor's compliance with the terms and obligations of the Vendor as provided for in the Transitional Services Agreement.

As soon as practicable the Vendor shall file an application with the U.S. Court for an order, such application and order to be substantially in form and substance satisfactory to the Purchaser, acting reasonably, including the request for waiver of any stay of such order following its entry (the "U.S. Approval and Vesting Order"), approving this Agreement, and finally and unconditionally approving the sale of the Purchased Assets to the Purchaser and the assumption of the Assumed Obligations by the Purchaser and vesting, upon the filing of the Monitor's certificate referenced below, all right, title and interest of the Vendor in and to the Purchased Assets to the Purchaser, free and clear of all Claims, liabilities and Encumbrances pursuant to the terms and conditions of this Agreement. In this regard, the Vendor shall provide to the Purchaser a draft of the application and proposed U.S. Approval and Vesting Order at least five (5) days prior to the above filing deadline for the Purchaser's review and comment. The U.S. Approval and Vesting Order will vest title to the Purchased Assets as aforesaid in the Purchaser subject to the Monitor delivering a certificate to the Purchaser to the effect that the transactions contemplated herein have closed and the Purchase Price (other than any amounts that may be due after the Closing Date pursuant to Section 2.04(d) or (e)) has been paid. The U.S. Approval and Vesting Order shall be served upon the necessary parties by the Vendor, and in the time frame, as approved by the Purchaser, acting reasonably.

6.02 Access

During the Interim Period, the Purchaser shall have reasonable access to the Purchased Assets and the Vendor's premises which contain any of the Purchased Assets or records relating thereto during normal business hours and at such other times as agreed to by the Vendor to, among other things, conduct such commercially reasonable inspections of the Purchased Assets as it deems appropriate. Such inspection shall only be conducted in the presence of a representative of the Applicants or the Monitor. The Purchaser shall not be provided with access to any of the foregoing to the extent that such access would violate or conflict with (i) any Applicable Laws to which the Vendor or any of the Purchased Assets are subject; or (ii) any agreement, instrument or understanding by which the Vendor is bound. The Purchaser shall indemnify and hold harmless the Vendor from and against all claims, demands, losses, damages, actions and costs (exclusive of any fees of the Monitor or any personnel) incurred or arising from or in any way related to the inspection of the Purchased Assets by the Purchaser or attendance by the Purchaser at the Leased Premises, save and except for any claims, demands, losses, damages, actions and costs incurred or resulting from the negligence or wilful misconduct of the Vendor.

6.03 Risk of Loss

The Purchased Assets shall remain at the risk of the Vendor, to the extent of its interest, until the earlier of 12:01 a.m. on the date immediately following the Closing Date. From and after such date and time, the Purchased Assets shall be at the risk of the Purchaser.

6.04 Purchaser's Right to Close or Terminate

If, prior to Closing, the Purchased Assets are substantially damaged, destroyed by fire or other casualty, then, at its option, the Purchaser may decline to complete the transaction. Such option shall be exercised within five (5) Business Days after notification to the Purchaser by the Vendor of the occurrence of damage or destruction (or prior to the Closing Date if such occurrence takes place within five (5) Business Days of the Closing Date) in which event this Agreement shall be terminated automatically and the Purchaser shall be entitled only to a return of the Deposit paid under Section 2.04(a) but without any other compensation. If the Purchaser does not exercise such option, it shall complete the transaction and shall be entitled to an assignment of the proceeds of insurance referable to such damage or destruction, if any, without any abatement to the Purchase Price. Where any damage or destruction is not substantial, the Purchaser shall complete the transaction and shall be entitled to an assignment of the proceeds of insurance referable to such damage or destruction provided that such damage or destruction is insured or, otherwise, to an abatement agreed between the Vendor and the Purchaser, each acting reasonably.

6.05 Transfer and Delivery of Purchased Assets

The Purchaser acknowledges that it shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents, approvals (other than the Approval and Vesting Order and the U.S. Approval and Vesting Order) or any further documentation or assurances which may be required to carry out the terms of this Agreement, including in respect of any Purchased Assets subject to lease or any Purchased Assets which are not assignable without the consent or other action of a third party or parties. Notwithstanding the foregoing, the Vendor shall execute and deliver to the Purchaser all such bills of sale, assignments, instruments of transfer, deeds, assurances, consents and other documents as shall be reasonably necessary to effectively transfer to the Purchaser, or as the Purchaser may direct, all the Vendor's right, title and interest in, to and under, or in respect of, the Purchased Assets, provided that any such documents shall contain no representations or warranties of the Vendor except for those provided herein; and the Vendor shall execute and deliver such documents to effect registrations, recordings and filings with Governmental Authorities as may be reasonably required in connection with the transfer of ownership to the Purchaser of the Purchased Assets.

6.06 Premises; Contracts

The Purchaser shall provide the Vendor with a list of those Leased Premises (including without limitation any Prospective Premise Leases) and Contracts, if any, that it desires to assume at least forty-five (45) days prior to the expiration of the Transitional Services Agreement. In this regard, the Vendor shall not disclaim any Contracts (including any leases for Leased Premises) without the prior written consent of the Purchaser. In the event the Purchaser provides notice following the Closing Date, the Parties shall cooperate to effectuate the assignment and assumption of any such

Leased Premises or Contracts, including by obtaining a subsequent order of the Court, to the extent applicable.

6.07 Conduct of the Vendor Prior to the Closing

Unless the Purchaser otherwise consents in writing (which consent shall not be unreasonably withheld or delayed), during the period commencing with the execution and delivery of this Agreement and terminating upon the earlier to occur of the Closing or the termination of this Agreement pursuant to and in accordance with Article VIII, the Vendor shall conduct its operations and the Business in the ordinary course of business, consistent with past practices and in compliance with all laws, and preserve intact its current business organization, keep its physical assets in good working condition, keep available the services of its current officers and employees and preserve its relationships with customers, clients, suppliers and other Persons that relate to the Business so that its goodwill and the Business shall not be impaired in any material respect.

6.08 Exclusivity

The Vendor agrees that from the date of execution of this Agreement until the earlier of (a) Closing or (b) termination of this Agreement in accordance with Article VIII, none of the Vendor, nor its officers, directors, stockholders, members, managers, employees, agents, representatives (including without limitation the Monitor) or its Affiliates shall: (i) directly or indirectly communicate, engage, or participate in negotiations or proposals regarding, or provide information with respect to, or otherwise cooperate with, facilitate or encourage any effort or attempt by any person or entity other than the Purchaser to do or seek, an acquisition of all or any part of the equity interests, debt or assets of the Vendor (by merger, consolidation, stock purchase, debt purchase, asset purchase or otherwise) ("**Takeover Proposal**"); (ii) directly or indirectly solicit, initiate, entertain, or encourage any proposal or offer related to such a Takeover Proposal; or (iii) enter into any understanding, letter of intent or agreement in connection with the foregoing.

ARTICLE VII EMPLOYEES

7.01 Employees

- (a) Following the execution and delivery of this Agreement by the Parties, the Purchaser may provide the Vendor with a list of Employees to whom it may offer employment (the "**Prospective Employees**") and shall make such offers of employment, effective as of the Closing Date, to the Prospective Employees. For greater certainty, the Purchaser shall not be obligated to offer employment to any Employee. The Purchaser shall provide the Vendor with a list of the names, if any, of the Prospective Employees at least twenty (20) Business Days before the Closing Date. The Purchaser will advise the Vendor no less than forty-five (45) days prior to the expiration of the Transitional Services Agreement which Prospective Employees it intends to hire. Prospective Employees who accept employment with the Purchaser are collectively referred to herein as the "**Transferred Employees**"). Without limiting any of the Purchaser's rights hereunder, the Purchaser may request that the Vendor terminate any of the

Transferred Employees prior to the expiration of the Transitional Services Agreement, and the Vendor shall promptly comply with any such request (subject to compliance with any notice periods under applicable law).

- (b) The Vendor shall be responsible for all Employee Liabilities, including but not limited to all wages, salaries and related employee withholding taxes (but excluding vacation pay) up to the Closing Date.
- (c) The Transferred Employees shall remain employees of the Vendor until transferred to Purchaser. The cost for such employees will be reimbursed by the Purchaser to the Vendor while they are employed by the Vendor but providing services to the Purchaser pursuant to the Transitional Services Agreement. Once transferred the Transferred Employees shall become employees of the Purchaser. The terms and conditions related to reimbursement of employee costs are to be governed by the Transitional Services Agreement. Purchaser shall be liable for all Transferred Employee Liabilities, including but not limited to the payment of all legal obligations relating to the employment on and after the Closing Date of all Transferred Employees. All items in respect of the Transferred Employees, including premiums for employment insurance, employer health tax, worker's compensation, benefit plans, Canada Pension Plan, accrued wages, salaries, commissions, incentive compensation, expenses and other employee benefits which are payable to, receivable by or accrued in favour of the Transferred Employees up to the Closing Date, even if not then due, shall be the responsibility of the Vendor. It is understood that the Purchaser shall have no obligation or liability to any Employee (including the Transferred Employees) or to any Governmental Authority for any premiums for employment insurance, employer health tax, worker's compensation, benefit plans, Canada Pension Plan, accrued wages (but excluding vacation pay), accrued overtime pay, salaries, commissions, incentive compensation, expenses, sick leave benefits and other employee benefits or Taxes which are payable to, received by or accrued in favour of any Employee on or prior to the Closing Date even if not then due. The Vendor shall be responsible for all wages, notice of termination, severance pay and other obligations including entitlement to benefit coverage and overtime pay to all Employees who are not Transferred Employees.

ARTICLE VIII TERMINATION

8.01 Termination by the Parties

This Agreement may be validly terminated:

- (a) upon the mutual written agreement of the Vendor and the Purchaser;
- (b) pursuant to Section 6.04 by the Purchaser;

- (c) by the Purchaser, if the U.S. Approval and Vesting Order has not been obtained within fifty (50) days of the execution of this Agreement (and notwithstanding anything to the contrary herein);
- (d) by the Purchaser, if it has satisfied the conditions precedent set out in Section 4.02 and the Vendor fails to consummate the Closing; and
- (e) by the Vendor, if it has satisfied the conditions precedent set out in Section 4.01 and the Purchaser fails to consummate the Closing.

8.02 Treatment of Deposit

- (a) if this Agreement is terminated pursuant to Section 8.01(a), (b), (c) or (d), the Deposit, together with all interest accrued thereon, shall be returned to the Purchaser who shall have no further recourse against the Vendor; and
- (b) if this Agreement is terminated pursuant to Section 8.01(e), the Vendor may, by notice to the Purchaser, elect to treat this Agreement as having been repudiated by the Purchaser and, in such event, the Deposit, together with all interest accrued thereon shall be forfeited to the Vendor on account of its liquidated damages in satisfaction of any liability for breach of contract (and not as a penalty), and the Purchased Assets may be resold and/or reassigned by the Vendor without further recourse to the Purchaser.

8.03 Effect of Termination

If this Agreement is terminated for any reason pursuant to Section 8.01, then:

- (a) all obligations of each of the Vendor and the Purchaser hereunder shall be at an end;
- (b) the Purchaser shall destroy or return to the Vendor any Confidential Information in its possession;
- (c) the Purchaser's obligations with respect to the Confidentiality Agreement shall continue; and
- (e) neither party shall have any right to specific performance, to recover damages or expenses or to any other remedy or relief other than as provided herein.

**ARTICLE IX
POST-CLOSING MATTERS**

9.01 Books and Records

The Purchaser shall preserve and keep the Books and Records which relate to the Purchased Assets for a period of two (2) years from the Closing Date or for any longer period as may be required by any Applicable Law or Governmental Authority. Upon reasonable advance notice, after the Closing Date, the Purchaser will grant the Vendor and, in the event the Vendor is adjudged

bankrupt, any trustee of the estate of either of the Vendor and its representatives, reasonable access during normal business hours, and a licence free of charge, to use the books, records and documentation included in the Purchased Assets up to the Closing Date, including, without limitation, any employment records of the Transferred Employees relating to the period up to the Closing Date and any Employees engaged by the Vendor at or in respect of the Purchased Assets up to and including the Closing Date, and computer systems, tapes, disks, records and software acquired as part of the Purchased Assets. If the Purchaser intends to destroy the Books and Records it will provide notice of such intention to Vendor. Vendor may request and Purchaser shall facilitate the transfer of Books and Records to Vendor if the Vendor confirms its intention to acquire such Books and Records in lieu of destruction; provided, that the Purchaser shall be permitted to destroy such Books and Records if the Vendor does not respond within two (2) Business Days of such notice of intention.

9.02 Transferred Employees

Following the Closing Date, the Purchaser shall make available to the Vendor and/or the Monitor, on a reasonable basis and during normal business hours, the Transferred Employees as may be reasonably requested by the Vendor or the Monitor from time to time as is needed to administer their respective duties in the Vendor's proceedings under the CCAA or other insolvency proceedings provided that the provision of the Transferred Employees as aforesaid does not cause unreasonable disruption to the business operations of the Purchaser.

ARTICLE X OTHER COVENANTS OF THE PARTIES; GENERAL

10.01 Expenses

Each Party shall pay their respective legal, accounting, and other professional advisory fees, costs and expenses incurred in connection with the transactions contemplated in this Agreement, and the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement. Any commissions or fees payable to any agents or brokers used by the Purchaser shall be for the Purchaser's account and shall be payable by the Purchaser.

10.02 Confidentiality

The Purchaser acknowledges and agrees that Blackstreet Capital Management, LLC has entered into the Confidentiality Agreement and that the terms of the Confidentiality Agreement continue to apply in respect of the transactions contemplated hereunder and are binding on the Purchaser and Blackstreet Capital Management, LLC. From and after Closing, the Confidentiality Agreement shall be terminated and be of no further force and effect with respect to the Purchased Assets.

10.03 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by email:

- (a) in the case of a notice to the Vendor at:

iMarketing Solutions Group Inc.
6th Floor – 481 University Avenue
Toronto, ON M5G 2E9

Attention: Andrew Langhorne
Email: andrew.langhorne@imkgp.com
Fax No.: (416) 921-2373

with a copy to:

Thornton Grout Finnigan LLP
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7

Attention : Robert I. Thornton
Email : rthornton@tgf.ca
Fax No.: (416) 304-1313

- (b) in the case of a notice to the Purchaser at:

iMarketing Direct Solutions Corporation
c/o Blackstreet Capital Management, LLC
5425 Wisconsin Avenue, Suite 701
Chevy Chase, Maryland 20815

Attention: Lawrence Berger
Email : lberger@blackstreetcapital.com
Fax No.: (240) 223-1311

with a copy to:

Patton Boggs LLP
2550 M Street NW
Washington, DC 20037

Attention: Alan Noskow
Email : anoskow@pattonboggs.com
Fax No.: (202) 457-6315

and

Chaitons LLP
5000 Yonge Street
10th Floor
Toronto, ON M2N 7E9

Attention: Harvey Chaiton
Email : harvey@chaitons.com
Fax No.: (416) 218-1849

(c) if to the Monitor:

Duff & Phelps Canada Restructuring Inc.
Bay Adelaide Centre
333 Bay St., 14th Floor
Toronto, ON M5H 2R2

Attention: Bobby Kofman
Mitch Vininsky
Email: bobby.kofman@duffandphelps.com
mitch.vininsky@duffandphelps.com

Fax No: (647) 497-9490

with a copy to:

Lax O'Sullivan Scott Lisus LLP
145 King St. W., Suite 2750
Toronto, ON M5H 1J8

Attention: Matthew Gottlieb
Fax No.: (416) 598-3730

Any notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving notice to the other Party in accordance with the provisions of this Section.

10.04 Successors and Assigns

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns. Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party. Notwithstanding the above, the Purchaser may at any time assign any of its rights or obligations arising under this Agreement to any affiliate of the Purchaser but, upon

such assignment and completion of the transactions contemplated by this Agreement, the Purchaser shall not be released and discharged from any obligations hereunder until after Closing.

10.05 No Third Party Beneficiaries

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns. Nothing in this Agreement shall be construed to create any rights or obligations except between the Parties, and no person or entity shall be regarded as a third party beneficiary of this Agreement.

10.06 Time of the Essence

Time shall be of the essence in respect of the obligations of the Parties arising prior to Closing under this Agreement.

10.07 Amendment

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by the Party to be bound thereby.

10.08 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing provided that the reasonable costs and expenses of any actions taken after Closing at the request of a Party shall be the responsibility of the requesting Party.

10.09 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

10.10 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

10.11 Execution and Delivery

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same

instrument. Counterparts may be executed and delivered either in original or faxed form or by electronic delivery in portable document format (PDF) and the parties adopt any signatures received by a receiving fax machine as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed or electronically delivered.

[Signature Pages to Follow]

IN WITNESS OF WHICH the Parties have executed this Agreement.

MARKETING SOLUTIONS GROUP INC.

Per: 

Name: Andrew Langhorne

Title: Chief Executive Officer

THE RESPONSIVE MARKETING GROUP INC.

Per: 

Name: Andrew Langhorne

Title: Chief Executive Officer

GWE CONSULTING GROUP (USA) INC.

Per: 

Name: Andrew Langhorne

Title: Chief Executive Officer

DIRECT CONTACT STRATEGIES INC.

Per: 

Name: Andrew Langhorne

Title: Chief Executive Officer

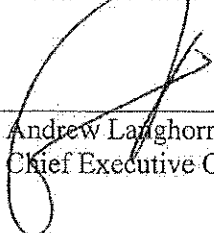
FRONT LINE SUPPORT INC.

Per: 

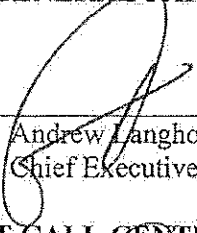
Name: Andrew Langhorne

Title: Chief Executive Officer

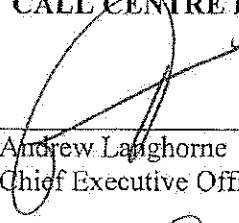
iMARK EVENTS INC.

Per: 
Name: Andrew Langhorne
Title: Chief Executive Officer

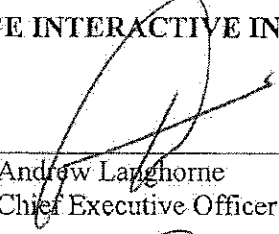
RMG GENERAL PARTNER INC.

Per: 
Name: Andrew Langhorne
Title: Chief Executive Officer


CABOT CALL CENTRE INC.

Per: 
Name: Andrew Langhorne
Title: Chief Executive Officer

ENGAGE INTERACTIVE INC.

Per: 
Name: Andrew Langhorne
Title: Chief Executive Officer

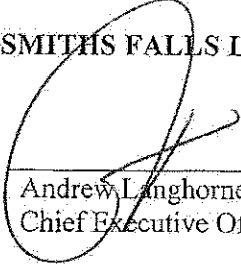
MLHL MARKETING INC.

Per: 
Name: Andrew Langhorne
Title: Chief Executive Officer

MLHL MARKETING LP

Per: 
Name: Andrew Langhorne
Title: Chief Executive Officer

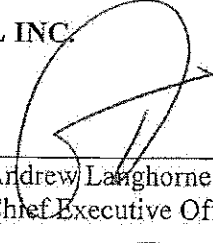
RMG SMITHS FALLS LP

Per: 
Name: Andrew Langhorne
Title: Chief Executive Officer

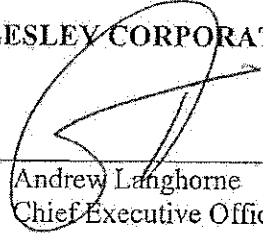
RMG THUNDER BAY LP

Per: 
Name: Andrew Langhorne
Title: Chief Executive Officer

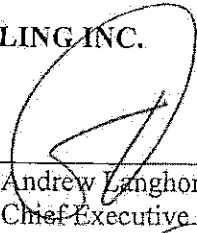
XENTEL INC.

Per: 
Name: Andrew Langhorne
Title: Chief Executive Officer

WELLESLEY CORPORATION INC.

Per: 
Name: Andrew Langhorne
Title: Chief Executive Officer

US BILLING INC.

Per: 
Name: Andrew Langhorne
Title: Chief Executive Officer

AMERICAN GRAPHICS & DESIGN INC.

Per: 
Name: Andrew Langhorne
Title: Chief Executive Officer

COURTESY HEALTH WATCH INC.

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


TARGET OUTREACH INC.

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

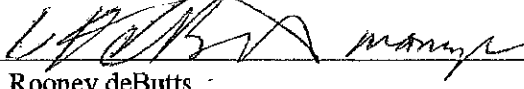
ENGAGE FUNDING INC.

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

IMKT DIRECT SOLUTIONS CORPORATION

Per: 
Name: Rooney deButts
Title: Director

iMARKETING ACQUISITION, LLC

Per: 
Name: Rooney deButts
Title: Manager

SCHEDULE "A"

PURCHASED ASSETS

The Purchased Assets are comprised of the following:

1. The fixed assets of the Vendor as more particularly set out in Schedule "A1" attached hereto.
2. The Assumed Contracts as more particularly set out in Schedule "A2" attached hereto.
3. The Vendor's interest in leases relating to the Leased Premises as more particularly set out in Schedule "A3" hereto.
4. The Licences and Permits relating to the Business held by the Vendor as more particularly set out in Schedule "A4" hereto.
5. The Vendor's Intellectual Property as more particularly set out in Schedule "A5" hereto.
6. The Books and Records of the Vendor.
7. All goodwill related to the Business of the Vendor.

And for greater certainty does not include the Excluded Assets.

SCHEDULE "A"

A1 – FIXED ASSETS

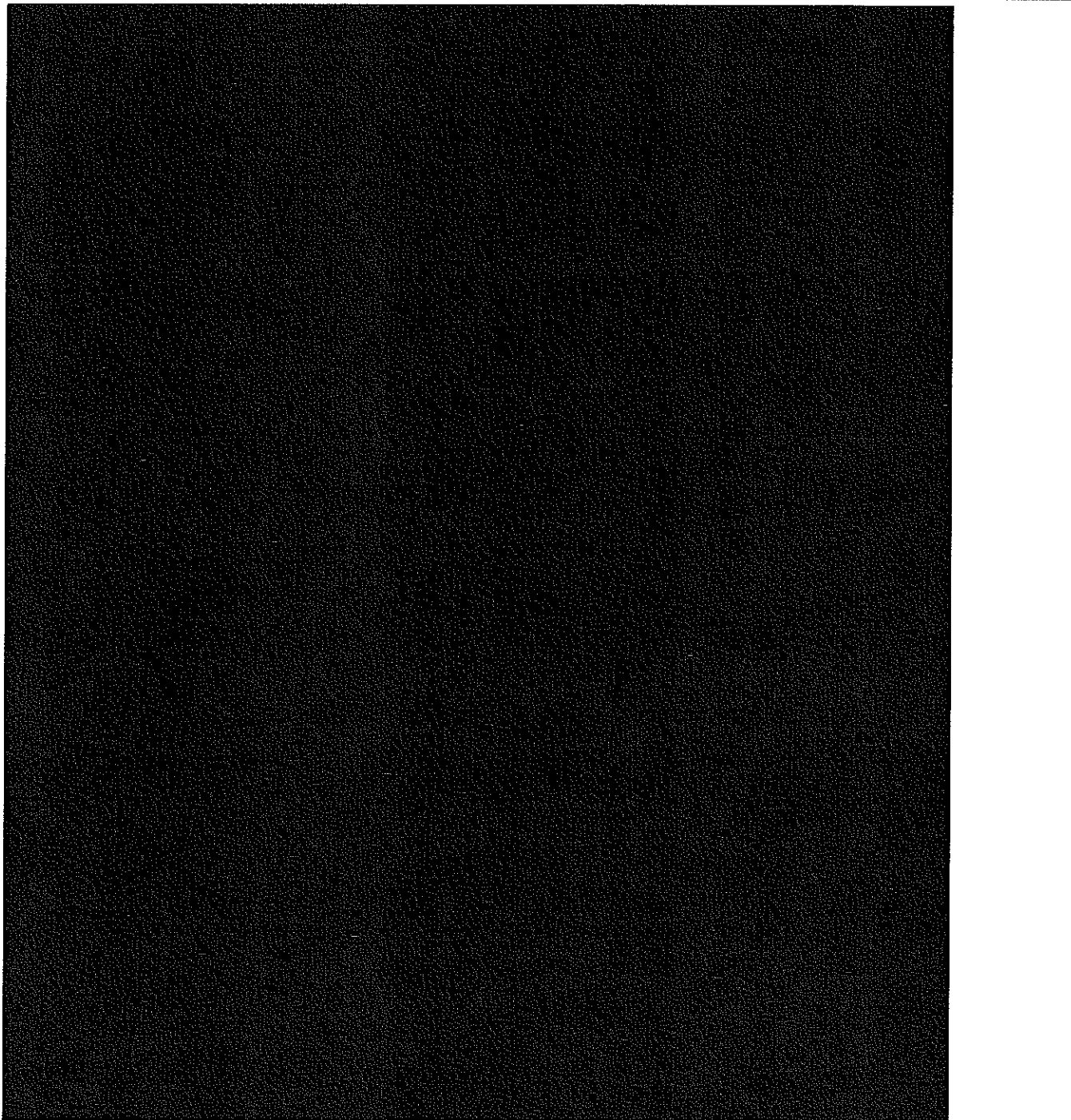
Fixed Asset Listing includes the following:

- Office Equipment
- Office Furniture
- Leasehold Improvements
- Computer Equipment
- Dialer Equipment
- Computer Software
- Call Systems

SCHEDULE "A"

A2 – ASSUMED CONTRACTS

Vendor Contracts

Client	Vendor/Applicant Entity
	

SCHEDULE "A"

A3 – LEASED PREMISES

Canadian Premises (Address)	US Premises (Address)
Miramichi	Wisconsin
2368 King George HWY	1020 S. Koeller Street
Suite 100	Oshkosh, WI
Miramichi, NB E1V 6T9	54902, USA
	11074 W. National Ave.
Ottawa	West Allis, WI 53227, USA
294 Albert Street	
Suite 300	700 West Virginia Street
Ottawa, ON	Milwaukee, WI
K1P 6E6	53204, USA
Winnipeg	750 West Virginia Street
611 Academy Road	Milwaukee, WI
Winnipeg, MB	53204, USA
Burnaby	Madison, Wisconsin
3292 Production Way	341 State Street
Suite 200	WI 53703, USA
Burnaby, BC	
V5Z 4R4	Denver
	1780 South Bellair St., Suite 200
Toronto	Denver, CO
210 Dundas St W	80222, USA
Suite 500	
Toronto, ON	St. Louis
M5G 2E8	2650 Hanley Road
	S. Louis, MO
481 University Ave	63144, USA
Suite 600	
Toronto, ON	Albuquerque
M5G 2E9	4575 San Mateo NE
	Albuquerque, NM
Brandon	87109, USA
800 Rosser Ave., Unit D7	
The Town Centre	
Brandon, MB	
R7A 6N5	

Properties Subject to Lease But Not Yet Occupied:

Winnipeg
393 Portage Avenue
Unit 210
Winnipeg, MB
R3B 3H6

Hampton
130 Research Drive,
Hampton, VI
23666, USA



Schedule "A"
A4 - Licences and Permits

iMSGI License and Registration Summary

Entity	Jurisdiction	License / Registration	Agency
Community Health Watch (CHW)	Alabama	PFR Registration Solicitors register	Alabama Attorney General http://www.ago.state.al.us/Page-Consumer-Protection-Consumer-Charities
	Arizona	PFR Registration	Arizona Secretary of State http://www.azsos.gov/business_services/Charities/Default.htm
	California	PFR Registration	California Attorney General http://oag.ca.gov/charities
	Colorado	PFR Registration Certificate of Authority Required	Colorado Secretary of State http://www.sos.state.co.us/
	Connecticut	PFR Registration	Department of Consumer Protection http://www.ct.gov/dcp/site/default.asp
	Delaware	No Registration Required	
	District of Columbia	No Registration Required	
	Florida	PFR Registration	Florida Dept. of Agriculture and Consumer Services http://www.800helpfla.com/info_businesses.html
	Georgia	PFR Registration PFR Solicitors Register Certificate of Authority Required	Georgia Secretary of State Securities Division http://www.sos.ga.gov/securities/ (Cert-Secretary of State Business)
	Idaho	No Registration Required	
	Illinois	PFR Registration PFR Solicitors Register	Illinois Attorney General http://www.illinoisattorneygeneral.gov/charities/index.html
	Iowa	PFR Registration	Iowa Attorney General http://www.state.ia.us/government/ag/consumer/online_regis.html
	Kansas	PFR Registration PFR Solicitors Register	Kansas Secretary of State http://www.kssos.org/forms/forms_results.asp?division=ALL
	Kentucky	PFR Registration PFR Solicitors Register	Kentucky Attorney General http://ag.ky.gov/Pages/default.aspx
	Maine	PFR Registration	Charitable Solicitations Section http://www.maine.gov/pfr/professionallicensing/professions/charitable/index.htm
	Maryland	PFR Registration	Maryland Secretary of State http://www.sos.state.md.us/charity/charityhome.aspx
	Massachusetts	PFR Registration	Massachusetts Attorney General http://www.mass.gov/ago/
	Michigan - Public Safety	PFR Registration Certificate of Authority Required	Michigan Attorney General http://www.michigan.gov/ag/0,4534,7-164-17337_18095---,00.html
	Michigan	PFR Registration PFR Solicitors Register Certificate of Authority Required	Michigan Attorney General http://www.michigan.gov/ag/0,4534,7-164-17337_18095---,00.html
	Minnesota	PFR Registration	Minnesota Attorney General http://www.ag.state.mn.us/Charities/CharityForms.asp
Missouri	PFR Registration PFR Solicitors Register	Missouri Attorney General http://ago.mo.gov/forms/forms.htm	
Montana	No Registration Required		
Nebraska	No Registration Required		
Nevada	No Registration Required		
New Hampshire	PFR Registration	New Hampshire Attorney General http://doj.nh.gov/index.htm	
New Jersey	PFR Registration PFR Solicitors Register	New Jersey Division of Consumer Affairs http://www.state.nj.us/lps/ca/charity/charfrm.htm	

New Mexico	PFR Registration		New Mexico Attorney General http://www.nmag.gov/
New York	PFR Registration Solicitors Register	PFR	New York Attorney General http://www.charitiesnys.com/charindex_new.jsp
North Carolina	PFR Registration		North Carolina Secretary of State http://www.secretary.state.nc.us/csl/
Ohio	PFR Registration		Ohio Attorney General http://www.ohioattorneygeneral.gov/ProfessionalSolicitors
Oklahoma	PFR Registration Solicitors Register	PFR	Oklahoma Secretary of State https://www.sos.ok.gov/business/forms.aspx
Pennsylvania	PFR Registration		Pennsylvania Department of State http://www.dos.state.pa.us/portal/server.pt/community/charities/12444
Rhode Island	PFR Registration Solicitors Register	PFR	Rhode Island Charitable Organization Section http://www.dbr.state.ri.us/divisions/securities/charitable.php
Texas - Public Safety	PFR Registration		Texas Secretary of State http://www.sos.state.tx.us/statdoc/statforms.shtml
Texas - Veterans	PFR Registration		Texas Secretary of State http://www.sos.state.tx.us/statdoc/statforms.shtml
Utah	PFR Registration		Utah Division of Consumer Protection http://consumerprotection.utah.gov/registrations/charities.html
Virginia	PFR Registration Certificate of Authority Required		Virginia Office of Consumer Affairs (Attorney General)
West Virginia	PFR Registration		West Virginia Secretary of State http://www.sos.wv.gov/Pages/default.aspx
Wisconsin	PFR Registration		Dept. of Regulation and Licensing http://dsps.wi.gov/Licenses-Permits/ProfessionalFundraiser
Wyoming	No Registration Required		
Columbus, OH	PFR Registration		
Jefferson Co., KY	PFR Registration		
Xentel Inc.	Alabama	PRF Registration solicitors register	PFR Alabama Attorney General http://www.ago.state.al.us/Page-Consumer-Protection-Consumer-Charities
	Arizona	PFR Registration	Arizona Secretary of State http://www.azsos.gov/business_services/Charities/Default.htm
	California	PFR Registration	California Attorney General http://oag.ca.gov/charities
	Colorado	PFR Registration Certificate of Authority Required	Colorado Secretary of State http://www.sos.state.co.us/
	Connecticut	PFR Registration	Department of Consumer Protection http://www.ct.gov/dcp/site/default.asp
	Delaware	No Registration Required	
	District of Columbia	No Registration Required	
	Florida	PFR Registration	Florida Dept. of Agriculture and Consumer Services http://www.800helpfla.com/info_businesses.html
	Idaho	No Registration Required	
	Illinois	PFR Registration Solicitors Register	PFR Illinois Attorney General http://www.illinoisattorneygeneral.gov/charities/index.html
	Iowa	PFR Registration	Iowa Attorney General http://www.state.ia.us/government/ag/consumer/online_regis.html
	Kansas	PFR Registration Solicitors Register	PFR Kansas Secretary of State http://www.kssos.org/forms/forms_results.asp?division=ALL
	Kentucky	PFR Registration Solicitors Register	PFR Kentucky Attorney General http://ag.ky.gov/Pages/default.aspx

Maine	PFR Registration	Charitable Solicitations Section http://www.maine.gov/pfr/professionallicensing/professions/charitable/index.htm
Maryland	PFR Registration	Maryland Secretary of State http://www.sos.state.md.us/charity/charityhome.aspx
Massachusetts	PFR Registration	Massachusetts Attorney General http://www.mass.gov/ago/
Michigan - Public Safety	PFR Registration Certificate of Authority Required	Michigan Attorney General http://www.michigan.gov/ag/0,4534,7-164-17337_18095---,00.html
Michigan	PFR Registration PFR Solicitors Register Certificate of Authority Required	Michigan Attorney General http://www.michigan.gov/ag/0,4534,7-164-17337_18095---,00.html
Minnesota	PFR Registration	Minnesota Attorney General http://www.ag.state.mn.us/Charities/CharityForms.asp
Missouri	PFR Registration PFR Solitors Register	Missouri Attorney General http://ago.mo.gov/forms/forms.htm
Montana	No Registration Required	
Nebraska	No Registration Required	
Nevada	No Registration Required	
New Hampshire	PFR Registration	New Hampshire Attorney General http://doj.nh.gov/index.htm
New Jersey	PFR Registration PFR Solitors Register	New Jersey Division of Consumer Affairs http://www.state.nj.us/lps/ca/charity/charfrm.htm
New Mexico	PFR Registration	New Mexico Attorney General http://www.nmag.gov/
New York	PFR Registration PFR Solitors Register	New York Attorney General http://www.charitiesnys.com/charindex_new.jsp
North Carolina	PFR Registration	North Carolina Secretary of State http://www.secretary.state.nc.us/csl/
Ohio	PFR Registration	Ohio Attorney General http://www.ohioattorneygeneral.gov/ProfessionalSolicitors
Oklahoma	PFR Registration PFR Solitors Register	Oklahoma Secretary of State https://www.sos.ok.gov/business/forms.aspx
Pennsylvania	PFR Registration	Pennsylvania Department of State http://www.dos.state.pa.us/portal/server.pt/community/charities/12444
Rhode Island	PFR Registration PFR Solitors Register	Rhode Island Charitable Organization Section http://www.dbr.state.ri.us/divisions/securities/charitable.php
Texas - Public Safety	PFR Registration	Texas Secretary of State http://www.sos.state.tx.us/statdoc/statforms.shtml
Texas - Veterans	PFR Registration	Texas Secretary of State http://www.sos.state.tx.us/statdoc/statforms.shtml
Utah	PFR Registration	Utah Division of Consumer Protection http://consumerprotection.utah.gov/registrations/charities.html
Vermont	PFR Registration	Vermont Attorney General http://www.atg.state.vt.us/
Virginia	PFR Registration Certificate of Authority Required	Virginia Office of Consumer Affairs (Attoreny General)
Washington	PFR Registration	Washington Secretary of State http://www.sos.wa.gov/charities/forms.aspx
West Virginia	PFR Registration	West Virginia Secretary of State http://www.sos.wv.gov/Pages/default.aspx
Wisconsin	PFR Registration	Dept. of Regulation and Licensing http://dsps.wi.gov/Licenses-Permits/ProfessionalFundraiser
Wyoming	No Registration Required	
Columbus, OH	PFR Registration	
Jefferson Co., K	PFR Registration	

Target Outreach Inc. (TOI)	Alabama	PFR Registration solicitors register	PFR	Alabama Attorney General http://www.ago.state.al.us/Page-Consumer-Protection-Consumer-Charities
	Arizona	PFR Registration		Arizona Secretary of State http://www.azsos.gov/business_services/Charities/Default.htm
	California	PFR Registration		California Attorney General http://oag.ca.gov/charities
	Colorado	PFR Registration Certificate of Authority Required		Colorado Secretary of State http://www.sos.state.co.us/
	Connecticut	PFR Registration		Department of Consumer Protection http://www.ct.gov/dcp/site/default.asp
	Florida	PFR Registration		Florida Dept. of Agriculture and Consumer Services http://www.800helpfla.com/info_businesses.html
	Kansas	PFR Registration Solicitors Register	PFR	Kansas Secretary of State http://www.kssos.org/forms/forms_results.asp?division=ALL
	Kentucky	PFR Registration Solicitors Register	PFR	Kentucky Attorney General http://ag.ky.gov/Pages/default.aspx
	Maine	PFR Registration		Charitable Solicitations Section http://www.maine.gov/pfr/professionallicensing/professions/charitable/index.htm
	Maryland	PFR Registration		Maryland Secretary of State http://www.sos.state.md.us/charity/charityhome.aspx
	Missouri	PFR Registration Solicitors Register	PFR	Missouri Attorney General http://ago.mo.gov/forms/forms.htm
	New Hampshire	PFR Registration		New Hampshire Attorney General http://doj.nh.gov/index.htm
	New Jersey	PFR Registration Solicitors Register	PFR	New Jersey Division of Consumer Affairs http://www.state.nj.us/lps/ca/charity/charfrm.htm
	Pennsylvania	PFR Registration		Pennsylvania Department of State http://www.dos.state.pa.us/portal/server.pt/community/charities/12444
Utah	PFR Registration		Utah Division of Consumer Protection http://consumerprotection.utah.gov/registrations/charities.html	

Schedule "A"
A5 - Intellectual Property

Canadian TM Registrations	Registration number	Renewal Due	Notes
POLICE EQUIPE DU FLAMBEAU & DESIGN	484168		20130607 will be expunged unless renewed before November 29, 2013
LEGENDS ALIVE & DESIGN	504598		20131125
LEGENDS ALIVE	504598		20131125
CINEDOME	519857		20141125
PUPPY POWER	288907		20150104
GWE & Design	304935		20150719
GREAT WEST ENTERTAINMENT LTD.	305449		20150802
POWER PUPPIES & DESIGN	531577		20150822
POWER PUPPIES	531532		20150822
XENTEL DM INCORPORATED & DESIGN	586912		20181209
BATTLE OF THE BADGES BASEBALL BENEFIT & ALLSTAR	635380		20200316
CELEBRITY SLOW PITCH CHALLENGE & Design	643818		20200707
OLDTIMERS' HOCKEY CHALLENGE & Design	671385		20210829
ENVIRO YOUTH PRODUCTS & Design	388480		20210930
EASTER BENEFIT VARIETY SHOW & Design	390938		20211128
WHEEL-A-THON & DESIGN	680576		20220128
ROULETHON	422025		20240107
WHEEL-A-THON	424431		20240304
WHEEL-A-THON	425134		20240311
LES PRODUITS ENVIRO-JEUNESSE	425485		20240325
DEFI DES ANCIENS DU HOCKEY & Design	427471		20240520
ETOILES DE L'APPLICATION DE LA LOI & Design	434917		20241028
LAW ENFORCEMENT ALLSTARS & DESIGN	435130		20241104
CIRCUS DESIGN	455522		20260315
MINI-HOOPS BASKETBALL	455404		20260315
ROYAL CANADIAN CIRCUS & DESIGN	455524		20260315
ROYAL CANADIAN CIRCUS	455523		20260315
CIRCUS & DESIGN	455525		20260315
LAW ENFORCEMENT TORCH TEAM	452887		20260330
HEALTH VISION	848363		20280412

U.S. TM Registrations

Registration number	Renewal Due	Notes
XENTEL	expired	possible new application - should list currently used / proposed wares & services

Canadian TM Applications to Register	Application number	Status	Notes
COMMUNITY SPORTS SERVICES	1456090	Allowed, Declaration of Use and Registration Fee due by January 25, 2014	
COPS FOR KIDS SAFETY DESIGN	1469561	Opposed by Kelowna group with other COPS FOR KIDS Design; Written Arguments filed, could request by July 25, 2013 oral hearing	
COURTESY HEALTH WATCH CANADA	1456085	Objection by TMC -- confusion with Shoppers Drug HEALTH WATCH	
DONOR CARE CENTRE	1516736	Waiting for TM Office response to services revisions	
ENGAGE INTERACTIVE	1516733	Waiting for TM Office response to services revisions	
FIREWATCH GROUP, Advertised,	1456086	Allowed, Declaration of Use and Registration Fee due by January 25, 2014	
IMARKETING SOLUTIONS GROUP	1472850	Allowed, Declaration of Use and Registration Fee due by December 14, 2013	
IMSGI	1516731	Waiting for TM Office response to services revisions	
POLICEWATCH GROUP	1456087	Allowed, Declaration of Use and Registration Fee due by January 25, 2014	
SHRINE CHRISTMAS FANTASY	1456100	Allowed, Declaration of Use and Registration Fee due by January 25, 2014	
TARGET OUTREACH	1516737	Waiting for TM Office response to services revisions	

VOTER OUTREACH CENTRE
XENTEL

1516897 Waiting for TM Office response to services revisions
1515231 replace with new application listing current services

U.S. TM Applications

Application number	Status	Notes
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IMARKETING SOLUTIONS GROUP

77956339	rejected by TMO as merely descriptive	could appeal by Nov. 14, 2013 but recommend new application with a Design as part of the mark
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Other TMs

Unregistered, Status	Notes
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FRONT LINE SUPPORT
FLS
IMARK EVENTS
RMG

in use	possible new application – should list currently used / proposed wares & services
in use	possible new application – should list currently used / proposed wares & services
in use	possible new application – should list currently used / proposed wares & services
in use	possible new application – should list currently used / proposed wares & services

SCHEDULE "B"

EXCLUDED ACCOUNTS RECEIVABLE

None

SCHEDULE "C"**Post-Filing Prepaid Expenses and Deposits****Prepaid Lease Deposits**

Leased Premises Address	Applicant Entity	Amount
2368 King George Hwy Suite 2100 Miramichi, NB E1V 6T9	MLHL Marketing Inc.	CAD \$11,000
3292 Production Way Suite 200 Burnaby, BC V5Z 4R4	iMarketing Solutions Group Inc.	CAD \$14,070
481 University Ave. Suite 600 Toronto, ON M5G 2E9	iMarketing Solutions Group Inc.	CAD \$120,432
11074 W. National Ave. West Allis, WI 53204, USA	Xentel Inc.	USD \$3,491
1020 S. Koeller St. Oshkosh, WI 54902, USA	Target Outreach Inc.	USD \$6,383
1780 South Bellaire Suite 200 Denver, CO 80222, USA	Xentel Inc.	USD \$15,208
750 West Virginia St. Milwaukee, WI 53204, USA	US Billing Inc.	USD \$4,005
2650 Hanley Road St. Louis, MO 63144, USA	Xentel Inc.	USD \$1,866
4575 St. Mateo NE Albuquerque, NM 87109, USA	Xentel Inc.	USD \$7,210

- 2 -

800 Rosser Ave. Unit D7 Brandon, MB R7A 6N5	iMarketing Solutions Group Inc.	CAD \$8,140
The Crexent Fort Lauderdale, FA	Xentel Inc.	USD \$1,166
393 Portage Place Unit 210 Winnipeg, MB	iMarketing Solutions Group Inc.	CAD \$10,000

Other Deposits

Deposit Holder	Applicant Entity	Amount
Mail Finance (rental)	Wellesley Corporation Inc.	USD \$4,592 (September 2013 to December 2013)
Hass & Wilkerson (insurance)	Courtesy Health Watch Inc.	USD \$1,256 (September 2013 to March 2014)
4D Computer Software	US Billing Inc.	USD \$4,265
Neopost	US Billing Inc.	USD \$15,000
TYCO (annual alarm)	Target Outreach Inc.	USD \$904 (September 2013 to April 2014)
Oracle (IT)	iMarketing Solutions Group Inc.	CAD \$2,993 (September 2013 to July 2014)
Voltari (IT)	iMarketing Solutions Group Inc.	CAD \$3,616 (September 2013 to August 2014)

Schedule "D"
Convertible Note

THIS UNSECURED CONVERTIBLE PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO SALE OR DISPOSITION MAY BE EFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SAID ACT OR AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER SATISFACTORY TO THE PAYOR THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR RECEIPT OF A NO-ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION.

UNSECURED CONVERTIBLE PROMISSORY NOTE

[REDACTED] [REDACTED]

For value received, **IMKT DIRECT SOLUTIONS CORPORATION**, corporation governed by the laws of British Columbia and **iMARKETING ACQUISITION, LLC**, a limited liability company governed by the laws of Delaware (each a "**Payor**" or "**Company**" and collectively, the "**Payors**"), jointly and severally, promise to pay to **iMARKETING SOLUTIONS GROUP INC.**, a corporation governed by the laws of Alberta, or its assigns ("**Holder**") the principal sum of [REDACTED] (\$ [REDACTED]) with simple interest on the outstanding principal amount at the rate of 5% per annum. Interest will commence with the date hereof and will continue on the outstanding principal until paid in full or converted. Interest will be computed on the basis of a year of 360 days for the actual number of days elapsed. Interest will be paid in cash on a quarterly basis, or at Payors' option, will be added to the outstanding principal amount. This note (the "**Note**") is issued pursuant to the terms of that certain Asset Purchase Agreement dated as of even date herewith (the "**Agreement**"). Capitalized terms used but not defined in this Note will have the meaning given such terms in the Agreement.

1. **Payments.** All payments of interest and principal will be in Canadian dollars. All payments will be applied first to accrued interest, and thereafter to principal.

2. **Conversion.**

(a) **Liquidity Event Conversion.** In the event that any Payor consummates a Liquidity Event (as defined below) prior to the Maturity Date (as defined below), Holder, in its sole discretion, may convert the outstanding principal balance of this Note, prior to the closing of the Liquidity Event, into common shares (or equivalent equity interests) of such Payor (the "**Securities**"), with such Securities to be in an amount equal to the Conversion Percentage Interest (as defined below). Further in that regard, the Payors shall provide the Holder with sixty (60) days notice of the closing of any Liquidity Event.

(b) **Optional Conversion.** Upon written notice ninety (90) days prior to the Maturity Date, Holder, in its sole discretion, may convert the outstanding principal balance of this Note, into the Securities, with such Securities to be in an amount equal to the Conversion Percentage Interest.

(c) For purposes of this Note, a "*Liquidity Event*" will mean any acquisition of any Company by means of merger or other form of corporate reorganization in which outstanding shares of such Company are exchanged for securities or other consideration issued, or caused to be issued, by the acquiring corporation or its subsidiary and in which the holders of capital stock (or equivalent equity interests) of such Company hold less than 50% of the voting power of the surviving entity (other than a mere reincorporation transaction or financing transaction) or (ii) a sale of all or substantially all of the assets of any Company.

(d) As used herein, "*Conversion Percentage Interest*" shall refer to the percentage interest of each Company which this Note is convertible into. The Conversion Percentage Interest shall be an amount equal to five percent (5%) of the total common shares (or equivalent equity interests) of a Company. Such percentage shall not be diluted as a result of the issuance of any common shares (or equivalent equity interests) of a Company, provided, that the Conversion Percentage Interest shall be diluted on a pro-rata basis, upon the issuance of common shares (or equivalent equity interests) in a Company to management in an aggregate amount not to exceed fifteen percent (15%) of the total outstanding equity interests of such Company.

3. Maturity Date. Unless this Note has been converted in accordance with the terms of Section 2 above, the entire outstanding principal balance and all unpaid accrued interest will become fully due and payable on the third anniversary of this Note (the "*Maturity Date*").

4. Statutory Severance and Notice Payments. Pursuant to the Agreement, the Payors have assumed the Transferred Employee Liabilities, including statutory severance and notice payments in the aggregate amount of \$ [REDACTED]. In the event that the statutory severance and notice payments assumed and paid by the Payors as part of the Transferred Employee Liabilities exceed \$ [REDACTED] within one (1) year following the Closing Date, the Payors shall be permitted to set off the amount paid on account of statutory severance and notice payments against the principal amount outstanding under this Note as at the date of the Payors' payment. In the event that the Holder chooses to convert the Note following the Payors' set off of the aforementioned amount, there shall also be a corresponding reduction in the Conversion Percentage Interest to reflect the decreased principal amount outstanding under the Note at the date of conversion. The Payors shall not set off any amounts in excess of the \$ [REDACTED] on account of statutory severance and notice payments that arise after the one year anniversary of the Closing Date.

5. Prepayment. Payors may prepay this Note, in whole or in part, at any time upon prior written notice to Holder so long as the Holder has not already converted the outstanding principal balance of this Note. Any such prepayment of the Note hereunder shall be in an amount equal to the sum of the outstanding principal amount of the Note and accrued interest then due on the Note.

6. Default. If there will be any Event of Default hereunder, upon written notice to Payors, this Note will accelerate and all principal and unpaid accrued interest will become immediately due and payable. The occurrence of any one or more of the following will constitute an event of default ("*Event of Default*"):

(a) Payors fail to pay any of the principal amount due under this Note on the

date the same becomes due and payable or any accrued interest or other amounts due under this Note on the date the same becomes due and payable;

(b) Any Payor files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or takes any corporate action in furtherance of any of the foregoing; or

(c) An involuntary petition is filed against any Payor (unless such petition is dismissed or discharged within sixty (60) days under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of any Payor.

7. **Governing Law.** This Note will be governed by and construed under the laws of the State of Delaware, without giving effect to conflicts of laws principles.

8. **Miscellaneous.** Any term of this Note may be amended or waived with the written consent of Payors and Holder. This Note may be transferred or assigned by the Holder upon its surrender by Holder to the Payors for registration of transfer, duly endorsed. In such event, this Note will be reissued to, and registered in the name of, the transferee, or a new Note for like principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal will be paid solely to the registered holder of this Note. Such payment will be full discharge of the Payors' obligation to pay such interest and principal.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Payors have executed this Promissory Note as of the date first above written.

IMKT DIRECT SOLUTIONS CORPORATION

By: _____
[]
[]

iMARKETING ACQUISITION, LLC

By: _____
[]
[]

Schedule "E"
Transitional Services Agreement

TRANSITIONAL SERVICES AGREEMENT

This Agreement made this 8th day of October, 2013.

A M O N G:

IMKT DIRECT SOLUTIONS CORPORATION, a corporation governed by the laws of British Columbia and

iMARKETING ACQUISITION, LLC, a limited liability company governed by the laws of Delaware

(collectively, the "**Customer**")

- and -

iMARKETING SOLUTIONS GROUP INC., a corporation governed by the laws of Alberta, together with its Subsidiaries

(**"IMSG"** and together with the Subsidiaries, the "**Supplier**")

WHEREAS, pursuant to the terms of an Asset Purchase Agreement made as of October 8, 2013 (the "**Asset Purchase Agreement**"), the Customer agreed to purchase from IMSG and certain of its Subsidiaries the Purchased Assets (as defined in the Asset Purchase Agreement);

AND WHEREAS, further to the Asset Purchase Agreement, IMSG and its Subsidiaries agreed to execute and deliver this Agreement to provide transitional services to the Customer;

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

Section 1 - Interpretation

1.01 Definitions

In this Agreement:

"Agreement" means this agreement, including its recitals and schedules, as amended from time to time;

"Asset Purchase Agreement" has the meaning given in the recitals above;

"Business" means the business conducted by the Supplier prior to the Closing Date and subject to the transaction contemplated in the Asset Purchase Agreement;

“**Business Day**” means any day except Saturday, Sunday and statutory holidays in the Province of Ontario;

“**Closing Date**” means the date upon which the transaction contemplated in the Asset Purchase Agreement closes;

“**Confidential Information**” has the meaning set out in Section 6.01;

“**Contracts**” means the Leases and those contracts to which the Supplier is a party and which are set out in Schedule “B” hereto;

“**Force Majeure**” has the meaning set out in Section 7.01;

“**Leased Premises**” means all of the leased premises from which the Supplier conducted the Business;

“**Leases**” means all leases in respect of the Leased Premises under which the Supplier is a tenant and pursuant to which the Supplier has rights and obligations as a tenant;

“**Losses**” has the meaning set out in Section 7.05;

“**Monitor**” means Duff & Phelps Canada Restructuring Inc.;

“**Parties**” means the Supplier and the Customer collectively, and “**Party**” means either one of them;

“**Permitted Purpose**” has the meaning set out in Section 6.01;

“**Person**” means an individual, a partnership, limited partnership, sole proprietorship, company, firm, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization, group acting in concert, judicial authority, governmental authority or any other entity or association of any kind;

“**Service Coordinators**” has the meaning set out in Section 2.03;

“**Services**” has the meaning set out in Section 2.01;

“**Subsidiaries**” means The Responsive Marketing Group Inc., GWE Consulting Group (USA) Inc., Direct Contact Strategies Inc., Front Line Strategies 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., Wellesley Corporation Inc., US Billing Inc., American Graphics & Design Inc., Courtesy Health Watch Inc., Target Outreach Inc., MLHL Marketing Inc., MLHL Marketing LP and Engage Funding Inc.;

“**Transition Period Expenses**” has the meaning set out in Section 3.01;

“**Transition Period**” has the meaning set out in Section 5.01; and

“**Weekly Invoiced Amount**” means the amount resulting from the calculation set out in Schedule “C” hereto.

Section 2 - Services

- 2.01 The Supplier will supply, or cause to be supplied, to the Customer and the Customer will receive from the Supplier the services set forth in Schedule “A” hereto (collectively, the “**Services**”), upon and subject to the terms and conditions herein.
- 2.02 The Supplier will perform the Services in a manner consistent with the past ordinary course of the Business. Without limiting the generality of the foregoing, the Supplier will:
- (a) continue to service clients, manage employees, deal with suppliers and move forward with those activities required by the Customer to operate the Business in the ordinary course, consistent with past practice;
 - (b) continue to employ the Prospective Employees (defined below);
 - (c) continue to procure goods and services from suppliers and service providers necessary to permit continued operation of the Business; and
 - (d) continue to occupy the Leased Premises and to assist the Customer with the transition of occupancy of the Leased Premises to the Customer.
- 2.03 The Supplier and the Customer will each nominate a representative to act as the contact person with respect to the provision of the Services (the “**Service Coordinators**”). The initial Service Coordinators will be Shelley Sheppard, VP Finance for the Supplier and Jonathan Tipton for the Customer, or any of their respective designees. Unless the parties otherwise agree, all communications relating to this Agreement and the Services will be directed to the Service Coordinators in accordance with Section 11.02.
- 2.04 The Customer will make available to the Supplier on a timely basis all information and materials reasonably requested by the Supplier to provide the Services hereunder.
- 2.05 In order to facilitate the transition of the operation of the Business to the Customer and the Customer’s substitution of its own Services, the Supplier will give the Customer reasonable access during normal business hours, upon reasonable notice being given by the Supplier, to all personnel responsible for providing the Services.
- 2.06 The Supplier will maintain appropriate books and records of account and records with respect to matters related to the provision of the Services. The Customer may review and audit all Transition Period Expenses at any time upon reasonable notice to the Supplier.

- 4 -

The Supplier will grant to the Customer or its auditors reasonable access during normal business hours, upon reasonable notice being given by the Customer, to those books of account and records necessary for the Customer to undertake a review and audit of the Transition Period Expenses. The Customer's access to such books of account and records shall be subject to the confidentiality provisions of this Agreement.

Section 3 - Payment

- 3.01 The Customer hereby undertakes, covenants and agrees that it shall reimburse the Supplier for all expenses, fees and other costs paid by the Supplier in connection with the Services and all out-of-pocket expenses incurred by the Supplier in connection with the provision of the Services, in each case to the extent included on any applicable agreed-upon Cash Flow Forecast, including taxes (other than income taxes payable by the Supplier) (collectively, the "**Transition Period Expenses**"). To the extent included on the applicable agreed-upon Cash Flow Forecast, the Transition Period Expenses shall include the following:
- (a) the Supplier's actual employee payroll costs incurred in respect of each Prospective Employee (other than for periods following the termination date of such Prospective Employee's employment);
 - (b) the Supplier's actual costs incurred for employee benefits;
 - (c) the Supplier's actual costs for consultants, contractors or third parties for the provision of goods and services;
 - (d) the Supplier's actual costs, including actual commissions earned or incurred for work performed during the Transition Period;
 - (e) Occupancy Expenses (as defined in Schedule "A" attached hereto);
 - (f) professional fees and expenses of the Monitor paid by the Supplier and incurred in connection with the administration of this Agreement determined in accordance with the Monitor's normal hourly rates, which fees shall not exceed \$ [REDACTED] per month without the prior written consent of the Customer. For greater certainty, the Monitor shall not be obligated to incur any fees or expenses in excess of \$ [REDACTED] per month should the written consent of the Customer to do so not be obtained;
 - (g) any capital expenditures, deposits, advances or other similar costs approved by the Customer in writing; and
 - (h) such other reasonable costs incurred by the Supplier as a result of its providing the Services to the Customer, consistent with the ordinary course of the Business.

- 5 -

- 3.02 The Supplier acknowledges and agrees that, subject to the terms of this Agreement, as the Customer is liable and responsible for all obligations of the Supplier under the Contracts during the Transition Period, all revenue to be paid or due and payable to the Supplier pursuant to such Contracts shall be owing to, and be for the account of, the Customer and shall be promptly paid or remitted to the Customer by the Supplier or used pursuant to the terms of this Agreement upon receipt of same.
- 3.03 The Parties acknowledge and agree that all accounts receivable, prepayments and deposits in favour of and due to the Supplier at the Closing Date (the “**Accounts Receivable**”) shall become assets of the Customer on closing of the transaction contemplated in the Asset Purchase Agreement and all Accounts Receivable received by the Supplier after Closing Date shall be held, in trust, for the benefit of the Customer. The proceeds of the Accounts Receivable may be used by the Supplier to reimburse the Supplier for the Transition Period Expenses that it has incurred to the extent included in an applicable agreed-upon Cash Flow Forecast. Any such reimbursement shall be in arrears, on a weekly basis, and shall not be for any sums greater than those set forth in the applicable agreed-upon Cash Flow Forecast for such week.
- 3.04 To the extent practical and until such time as the Customer is able to establish its own banking arrangements, the Supplier will operate the Business in a manner that clearly separates receipts and disbursements related to the provision of the Services hereunder and any other costs incurred on its own behalf unrelated to the provision of the Services and will not commingle receipts with other funds of the Supplier. The Supplier will not be required to pay Transition Period Expenses if there are insufficient funds or receipts from Accounts Receivable and other funding from the Customer to do so.
- 3.05 As a condition to entering into this Agreement, on the Closing Date, the Customer shall pay to the Monitor a deposit of \$ [REDACTED] (the “**Deposit**”) as security for the Customer’s obligation to reimburse the Supplier for the Transition Period Expenses and which may be used and/or replenished in accordance with the terms of this Agreement.
- 3.06 The Customer covenants not to incur any debt secured by the Purchased Assets without the prior written consent of the Supplier, acting reasonably, provided that the Customer shall be permitted to incur debt secured by the Purchased Assets as long as the aggregate amount of such debt does not exceed \$ [REDACTED] and no default by the Customer has occurred and is continuing hereunder.
- 3.07 The Supplier will invoice the Customer weekly in arrears on each Wednesday for the Weekly Invoiced Amount. The Customer will pay the invoiced amount within two (2) Business Days by wire transfer in immediately available funds to an account designated by the Supplier from time to time.

- 6 -

- 3.08 If, and only to the extent that there exists a shortfall between (i) the cash received by the Supplier in respect of the Accounts Receivable and (ii) the Transition Period Expenses, for a given week (the “**Shortfall**”), the Supplier shall provide the Customer with notice of such Shortfall and an accounting thereof and the Customer shall, within two (2) Business Days of receiving such notice, wire sufficient funds to the Supplier to pay the Shortfall, in full. In the event that the Supplier does not receive the funds necessary to pay the Shortfall prior to the date on which the payment is due, the Monitor shall be entitled to use the Deposit to make the payment and the Customer shall thereafter replenish the Deposit. In the event that the Customer does not provide the funds to pay the Shortfall within the two (2) Business Day period, the Supplier may thereafter use any amounts collected on account of the Accounts Receivable until the Shortfall has been paid, in full, or the Supplier thereafter may elect to terminate this Agreement. In the event a dispute arises regarding the amount of the Shortfall, the parties shall work in good faith to resolve such dispute.
- 3.09 If, and only to the extent that that there is a surplus between (i) the cash available to the Supplier and (ii) the Transition Period Expenses, for a given week (the “**Surplus**”), the Supplier shall wire or transfer such Surplus to an account designated by the Customer upon written request by the Customer, within one (1) Business Day of receiving such written request.
- 3.10 The Deposit shall be held in an interest bearing account and shall be held by the Monitor until all amounts relating to the provision of the Services hereunder have been invoiced, received and paid by the Supplier. Upon any termination of this Agreement and after a full accounting and reconciliation of all Transition Period Expenses has been completed and provided to the Customer, such period of time not to exceed thirty-five (35) days from the effective date of this Agreement’s termination to allow for receipt of invoices related to the provision of Services during the period prior to termination (the “**Accounting and Reconciliation Period**”), the Deposit shall be paid to the Customer within forty-eight (48) hours of the end of the Accounting and Reconciliation Period. Any invoices relating to the provision of Services for the period prior to this Agreement’s termination and received subsequent to the transfer of the Deposit to the Customer shall be forwarded to the Customer and paid directly to such supplier by the Customer or the Customer shall reimburse the Supplier for the amounts of said invoices.

Section 4 – Reporting

- 4.01 Within three (3) Business Days prior to the Closing Date, the Supplier shall provide the Customer with a four (4) week rolling cash flow forecast which shall be in form and substance acceptable to the Customer (the “**Cash Flow Forecast**”) indicating projected cash receipts on account of Accounts Receivable and projected Transition Period Expenses for the four week period.

- 4.02 The Supplier shall provide the Customer by no later than Wednesday of every week a reconciliation of the previous week's actual net cash flow and a revised Cash Flow Forecast for the following four weeks .

Section 5 - Term and Termination

- 5.01 Subject to the provisions of Section 5.02, the term of this Agreement will commence on the Closing Date and continue for a period of no more than six (6) months thereafter, unless otherwise agreed to in writing between the Supplier and the Customer (the "**Transition Period**").
- 5.02 This Agreement or the provision of any Service hereunder may be terminated by written notice as follows:
- (a) the Customer may terminate the provision of any Service upon ten (10) Business Days prior written notice to the Supplier or such longer period where required pursuant to the terms or provisions of the *Companies' Creditors Arrangement Act* (Canada), the U.S. Bankruptcy Code or any court order made in the Supplier's ongoing CCAA and Chapter 15 proceedings;
 - (b) the Supplier or the Customer may terminate this Agreement if the other commits a breach of any provision of this Agreement and such breach continues for five (5) Business Days following a request to cure that breach; or
 - (c) by mutual agreement of the Parties.

Notwithstanding the termination of this Agreement, Sections 6 and 7 will remain in force for the benefit of the Parties.

Section 6 - Confidentiality

- 6.01 During the term of this Agreement and thereafter, the Parties will maintain in confidence and not disclose the other Parties' Confidential Information (as defined below), using the same degree of care, but no less than reasonable care, as they use to protect their own confidential information of like nature. For the purposes of this Agreement, "**Confidential Information**" means information concerning a Party and their respective business and affairs that is furnished to another party in connection with the performance of this Agreement. The recipient may use Confidential Information only for the purposes of fulfilling its obligations under this Agreement (the "**Permitted Purpose**").
- 6.02 The recipient may disclose Confidential Information only:
- (a) to the extent that is made readily available or becomes available to the general public by the disclosing Party;

- (b) which is subsequently lawfully and in good faith obtained by the recipient without breach of this Agreement from an independent third party not known by the recipient, after reasonable enquiry, to be bound by any contractual or legal obligation of confidentiality to the disclosing Party;
- (c) to its affiliates and their respective employees, contractors, attorneys, accountants or representatives who have a need to know such information for the Permitted Purpose; or
- (d) to the extent the recipient can demonstrate that such disclosure is required pursuant to a valid order of a governmental authority or under applicable laws (which for greater certainty includes disclosure required by any affiliate of the recipient); provided, however, that the recipient first has given notice to the disclosing Party of any request or demand made with respect to the disclosure of such Confidential Information and, where practicable and to the extent applicable, the disclosing Party has been given an opportunity to seek an appropriate protective order or other remedy and/or waive compliance with terms of this Agreement and the recipient will not oppose any action by the disclosing Party to seek such a protective order or other remedy and if failing the obtaining of a protective order or other remedy, such disclosure is required of the Confidential Information, the recipient will use best efforts (not involving the expenditure of money or the commencement of litigation) to ensure that disclosure will be afforded confidential treatment.

Section 7 - Limitations and Indemnification

- 7.01 Force Majeure: Neither Party will bear any responsibility or liability for any losses arising out of any delay, inability to perform, or interruption of its performance of obligations under this Agreement due to events beyond its reasonable control (hereinafter referred to as “**Force Majeure**”), including any acts of God, act of governmental authority or due to war, riot, flood, civil commotion, insurrection, labour difficulty, severe or adverse weather conditions, malfunctions of equipment or software programs, or any other cause beyond the reasonable control of the Supplier whose performance is affected by the Force Majeure event.
- 7.02 THE EXPRESS WARRANTIES CONTAINED IN SECTION 10.01 HEREOF AND THE COVENANTS EXPRESSLY MADE IN THIS AGREEMENT ARE THE ONLY WARRANTIES AND COVENANTS MADE BY THE SUPPLIER WITH RESPECT TO THE PROVISION OF THE SERVICES, AND THE SUPPLIER EXPRESSLY DISCLAIMS AND EXCLUDES ANY AND ALL OTHER REPRESENTATIONS, WARRANTIES, COVENANTS AND CONDITIONS OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, INCLUDING REPRESENTATIONS, WARRANTIES, COVENANTS AND CONDITIONS OF MERCHANTABILITY, MERCHANTABILITY OR SATISFACTORY QUALITY, PERFORMANCE,

RESULTS, TITLE AND FITNESS FOR A PARTICULAR PURPOSE, AND THOSE ARISING BY STATUTE OR OTHERWISE IN LAW FROM A COURSE OF DEALING OR USAGE OF TRADE. THE SUPPLIER DOES NOT WARRANT:

- (a) THE PERFORMANCE, AVAILABILITY, SECURITY, UNINTERRUPTED USE OF OR OPERATION OF THE SERVICES OR ANY FEATURE THEREOF;
- (b) THAT THE SERVICES WILL MEET THE CUSTOMER'S REQUIREMENTS;
- (c) THAT THE PROVISION OF THE SERVICES WILL BE ERROR-FREE; OR
- (d) THAT ANY OR ALL ERRORS CAN BE CORRECTED.

7.03 For breach or default by the Supplier of any provision of this Agreement, the Supplier's entire liability, regardless of the form of action, whether based on contract or tort, including negligence, and including the furnishing, the failure to furnish or the quality of any Service, will be limited solely to compensatory damages actually caused by the breach or default.

7.04 Limitation of Liability: Unless otherwise provided for herein, in no event will the Supplier and its agents, employees, directors, officers or suppliers be liable hereunder to the Customer or any other Person for any special, incidental, punitive, indirect or consequential loss or damage, including lost business revenue, loss of profits, loss of data, failure to realize expected profits or savings, claimed, incurred or suffered by the Customer or any other Person (even if the Supplier has been advised of the possibility of such loss) resulting from or arising in connection with the performance or non-performance of this Agreement, any schedule hereto or any obligation hereunder or thereunder (including the Services), howsoever caused. The limitations, exclusions and disclaimers in this Agreement will apply irrespective of the nature of the cause of action, demand or claim including breach of contract, negligence, tort, strict liability or any other legal theory and will survive a fundamental breach or the failure of the essential purpose of this Agreement.

7.05 The Customer will indemnify, and hold harmless, the Supplier and its officers, directors, employees and agents from and against all damages, fines, losses, liabilities, costs and expenses arising from any action, suit, or proceeding or other claim or demand (collectively, "Losses") resulting from the Supplier's acts or omissions in connection with the provision of Services to the Customer under this Agreement, except to the extent that such Losses result from the wilful misconduct or negligence of the Supplier or the Supplier's officers, agents, employees or subcontractors. The Supplier will notify the Customer as soon as reasonably practical of any such claim, demand or cause of action for which the Supplier will require such indemnification from the Customer. The

Supplier will provide the Customer with reasonable information and assistance for the Customer to defend such claim or demand.

Section 8 – Court Order

- 8.01 The Supplier shall obtain an order of the Ontario Superior Court of Justice (Commercial List) approving this Agreement and directing both the Customer and the Supplier to perform their obligations in accordance with the terms set out herein.

Section 9 – Status of Parties

- 9.01 None of the provisions of this Agreement are intended to create nor will the Agreement be deemed or construed to create any relationship between the Supplier and the Customer other than that of separate entities contracting with each other under this Agreement solely for the purpose of effecting the provisions of this Agreement. Neither the Supplier nor the Customer will be construed to be the employer of the other.

Section 10 - Warranties

- 10.01 The Supplier hereby represents and warrants that it has full legal right and authority to provide or to cause the provision of the Services to be provided hereunder and that it has and will use its reasonable commercial efforts to continue to have the necessary skills, facilities and resources to fulfill its obligations hereunder.

Section 11 - General

- 11.01 This Agreement constitutes the entire understanding and agreement of the Parties hereto and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations among the Parties hereto, except for the Asset Purchase Agreement insofar as it is applicable with respect to the Parties hereto.
- 11.02 All notices, requests, demands and other communications required or permitted to be given under this Agreement will be deemed to have been duly given if in writing sent via first-class, postage prepaid, registered or certified mail (return receipt requested), or by overnight delivery service or by electronic means of communication addressed as follows:

- (a) in the case of a notice to the Customer:

iMarketing Direct Solutions Corporation
c/o Blackstreet Capital Management, LLC
5425 Wisconsin Avenue, Suite 701
Chevy Chase, Maryland 20815

- 11 -

Attention: Lawrence Berger
Jonathan Tipton
Email: lberger@blackstreetcapital.com
jtipton@blackstreetcapital.com
Fax No.: (240) 223-1311

with a copy to:

Patton Boggs LLP
2550 M Street NW
Washington, DC 20037

Attention: Alan Noskow
Email: anoskow@pattonboggs.com
Fax No.: (202) 457-6315

(b) in the case of a notice to the Supplier:

iMarketing Solutions Group Inc.
6th Floor - 481 University Avenue
Toronto, ON M5G 2E9

Attention: Shelley Sheppard
Email: shelley.sheppard@imkqp.com
Fax No.: (416) 633-4643

with a copy to:

Thornton Grout Finnigan LLP
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7

Attention: Robert I. Thornton
Danny M. Nunes
Email: rthornton@tgf.ca
dnunes@tgf.ca
Fax No.: (416) 304-1313

with a further copy to:

Duff & Phelps Canada Restructuring Inc.
Bay Adelaide Centre
333 Bay St., 14th Floor

- 12 -

Toronto, ON M5H 2R2

Attention: Bobby Kofman
Mitch Vininsky
Email: bobby.kofman@duffandphelps.com
mitch.vininsky@duffandphelps.com
Fax No: (647) 497-9490

or to such other address to which the communications are to be directed to it by giving notice to the other party in the manner provided in this Section 11.02. Notice by mail will be deemed given and received on the third calendar day after posting. Notice by overnight delivery service, electronic transmission or personal delivery will be deemed given on the date of actual delivery.

- 11.03 This Agreement and the rights and obligations of the Parties hereunder will not be assignable by either Party without the other Party's written consent. This Agreement will be binding upon, and inure to the benefit of, the respective successors and permitted assigns of each of the Parties hereto.
- 11.04 Except as specifically provided herein, the provisions of this Agreement are intended to bind the Parties to each other and are not intended and do not create rights in any other Person, and no Person is intended to be or is a third party beneficiary of any of the provisions in this Agreement.
- 11.05 The headings in this Agreement are for reference purposes only and will not in any way affect the meaning or interpretation of this Agreement. In this Agreement, words importing the singular number include the plural and vice-versa, words importing any gender include all genders and "including" means "including without limitation the generality of the foregoing".
- 11.06 This Agreement will be governed by and construed and enforced in accordance with the laws of Ontario and the laws of Canada applicable therein.
- 11.07 For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the Ontario Superior Court of Justice (Commercial Division) will have jurisdiction to entertain any action arising under this Agreement. The Parties hereto each attorn exclusively and irrevocably to the jurisdiction of such court.
- 11.08 No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all Parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the Party purporting to

give the same and, unless otherwise provided, will be limited to the specific breach waived and no other instance of alleged breach.

- 11.09 This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.
- 11.10 Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such Party.
- 11.11 Time is in all respects of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder will operate as a waiver or implied waiver of this provision.
- 11.12 The Schedules attached hereto are incorporated in and form part of this Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

iMARKETING SOLUTIONS GROUP INC.

By: _____
Name:
Title:

IMKT DIRECT SOLUTIONS CORPORATION

Per: _____
Name:
Title:

iMARKETING ACQUISITION, LLC

Per:
Name:
Title:

Schedule "A" – SERVICES

Transition Period Services. The parties hereby agree that during the Transition Period, the Supplier shall provide the following services to the Customer:

1. Employees:

- (a) the Supplier shall continue to employ those employees of the Supplier who are not hired by the Customer at Closing and shall make such employees (the "**Prospective Employees**") available to the Customer in connection with the operation of the Business of the Supplier to be carried on by the Customer. The Supplier shall not terminate any such Prospective Employees except "for cause" or upon the written request by the Customer. The Supplier shall not have any responsibility to retain individuals who decide to seek alternative employment. From time to time during the Transition Period, the Customer shall notify the Supplier of those Prospective Employees to whom the Customer will not make an offer of employment and those Prospective Employees who have rejected an offer of employment from the Customer. The Supplier shall terminate such Prospective Employees on the requested date. Upon termination of such Prospective Employees, all Transition Expenses in respect of such Prospective Employees after their termination date shall cease;
- (b) the Supplier shall assist the Customer in its efforts to determine those Prospective Employees to whom the Customer wishes to offer employment and the Supplier shall provide to the Customer the terms of employment of the Prospective Employees, as the Customer may request, subject to compliance with applicable law; and
- (c) during the Transition Period, the Customer, in its sole discretion, may offer employment to any of the Prospective Employees. The Parties acknowledge and agree that the Customer shall not assume any liability for any Prospective Employee of the Supplier that the Customer has not elected to offer employment to or which offer was made but has been rejected by such employee, including liability for wages, vacation pay, benefits, pensions, severance pay or termination pay after the termination date for such Prospective Employee. Not less than thirty (30) days prior to the expiration of the Transition Period, the Customer shall provide to the Supplier a list of the then current Prospective Employees to whom the Customer intends to make an offer of employment.

2. Contracts:

- (a) the Customer shall have the right to review the Contracts, as well as all Leases, and from time to time during the Transition Period shall notify the Supplier of the Contracts which the Customer wishes to assume and be assigned to the Customer;

- (b) the Supplier shall not, without the prior written consent of the Customer, terminate, modify or amend during the Transition Period any Contract other than termination of those Contracts which the Customer notifies, from time to time, that the Customer does not wish to assume. Upon such notification, the Supplier will terminate or reject such Contracts promptly and costs for such Contracts shall not form part of the Transition Period Expenses after such effective date of termination of such Contracts;
- (c) during the Transition Period, the Supplier shall, subject to receipt of the necessary consents, assign to the Customer all of the Supplier's rights, benefits and interests in and to such Contracts as requested by the Customer and upon such assignment the Customer shall assume all obligations and liabilities of the Supplier under such Contracts, whether arising prior to or after the Closing Date. All Transition Period Expenses in respect of any such Contract shall terminate immediately upon the assignment of any such Contract to the Customer; and
- (d) the Supplier shall actively cooperate with the Customer to obtain, as may be required by the terms of the Contracts, all necessary consents or waivers to the assignment of such Contracts, as requested by the Customer, on terms and conditions satisfactory to the Customer, acting reasonably. To the extent necessary or requested by the Customer, the Supplier shall seek an order of the Court (as defined in the Asset Purchase Agreement) compelling the assignment of any such Contracts to the Customer. Any costs in so doing shall form part of the Transition Period Expenses.

3. Leased Premises:

- (a) during and in respect of its period of occupancy of the Leased Premises as required under this Agreement, the Customer hereby undertakes to reimburse the Supplier for all Basic Rent and Additional Rent (as each term is defined in each Lease) and all other amounts for which the Tenant is liable (including cleaning, garbage removal and similar occupancy costs, but excluding any amounts that relate to periods prior to the Closing Date) pursuant to the terms of the Lease for the period from and after the Closing Date, whenever due, to the date that the Customer either (i) acquires and assumes the Lease or (ii) the effective date of termination of the Lease after the Customer has notified the Supplier that the Customer does not wish to acquire or assume such Lease (the "**Occupancy Expenses**"). Such reimbursement of Occupancy Expenses shall be included in the Transition Period Expenses.
- (b) the Supplier shall authorize the Customer to occupy the Leased Premises, subject to the terms hereof;
- (c) if during the Transition Period, or at any time thereafter, the Supplier receives or obtains any monies in respect of any security deposit held by a landlord pursuant to any of the Leases, the Supplier shall promptly pay to the Customer a dollar amount which is equivalent to that amount or, to the extent agreed to by the

Customer, credit such amount to amounts owed by the Customer to the Supplier pursuant to this Agreement;

- (d) nothing herein shall affect the Supplier's possession of or right of possession, if any, in and to the Leased Premises and its rights of access thereto for the purposes of the administration of the ongoing CCAA proceedings of the Supplier;
- (e) the right of occupation herein is a personal right arising from negotiated terms of the Asset Purchase Agreement, this Agreement and the transaction referenced herein and not as a result of a tenancy agreement or payment of rent. The Parties hereto agree that the right of occupation herein shall not be interpreted or be deemed to be a tenancy agreement nor be subject to or governed by the *Tenant Protection Act* or any other similar or replacement legislation; and
- (f) the Supplier shall maintain adequate insurance coverage on the Leased Premises, the costs of which shall be Transition Period Expenses.

4. Other

- (a) during the term of the Transition Period, the Supplier shall have a non-transferable royalty free license to use the corporate name, business or trade names relating to the Business for the sole purposes of providing the Services and facilitating the terms of this Agreement; and
- (b) the Supplier shall actively cooperate with the Customer to obtain, as may be required, the necessary licensing, bonding and registration requirements as requested by the Customer.

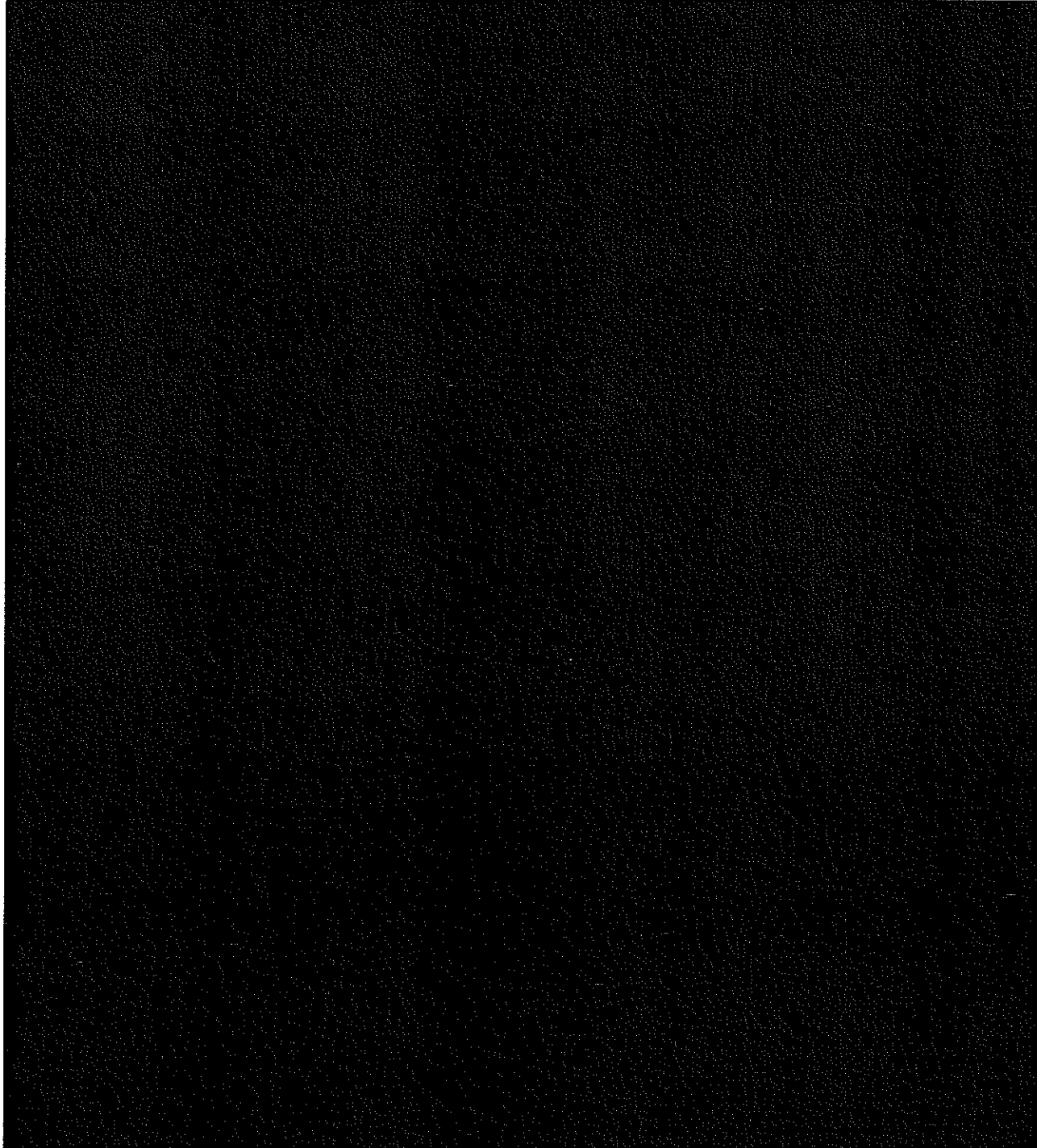
SCHEDULE "B"

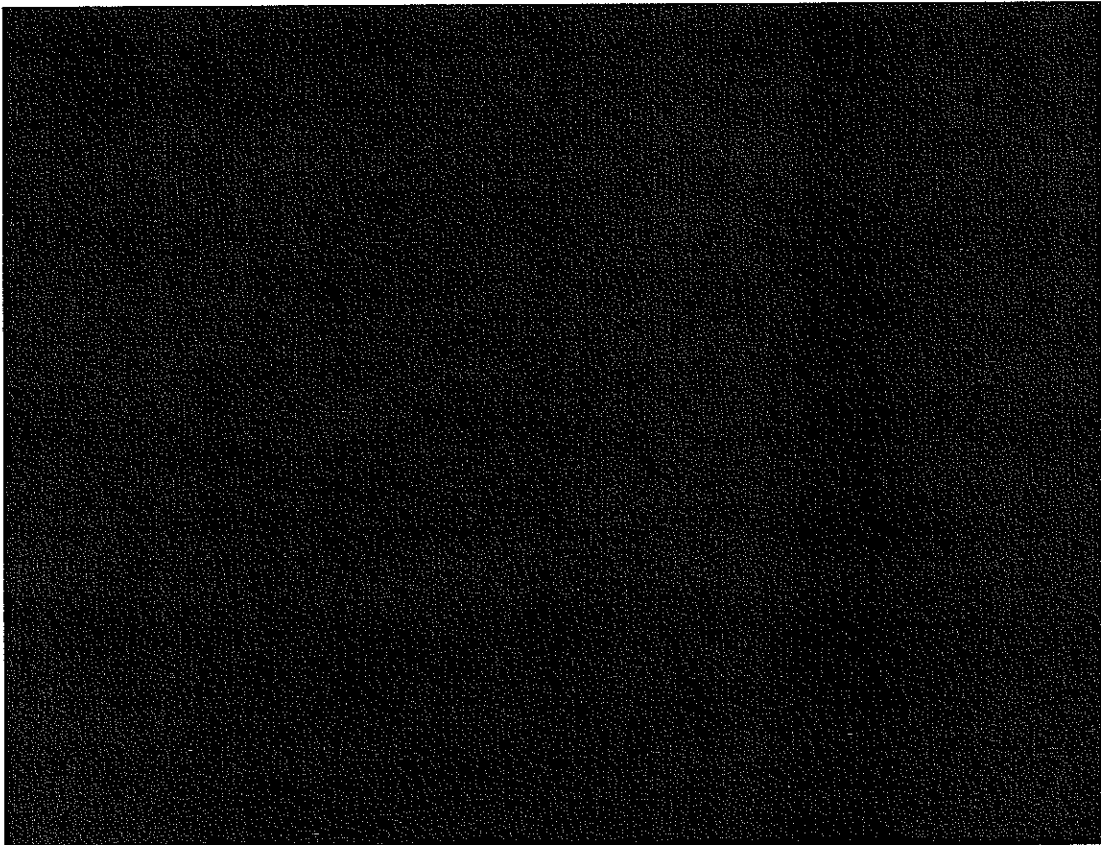
CONTRACTS

Vendor Contracts

Client

Vendor/Applicant Entity

A large black rectangular redaction covers the entire table content, obscuring all data rows and columns. Only the header information is visible.



LEASED PREMISES

Canadian Premises (Address)	US Premises (Address)
Miramichi	Wisconsin
2368 King George HWY	1020 S. Koeller Street
Suite 100	Oshkosh, WI
Miramichi, NB E1V 6T9	54902, USA
	11074 W. National Ave.
Ottawa	West Allis, WI 53227, USA
294 Albert Street	
Suite 300	700 West Virginia Street
Ottawa, ON	Milwaukee, WI
K1P 6E6	53204, USA
Winnipeg	750 West Virginia Street
611 Academy Road	Milwaukee, WI
Winnipeg, MB	53204, USA

Burnaby	Madison, Wisconsin
3292 Production Way	341 State Street
Suite 200	WI 53703, USA
Burnaby, BC	
VSZ 4R4	Denver
	1780 South Bellair St., Suite 200
Toronto	Denver, CO
210 Dundas St W	80222, USA
Suite 500	
Toronto, ON	St. Louis
M5G 2E8	2650 Hanley Road
	S. Louis, MO
481 University Ave	63144, USA
Suite 600	
Toronto, ON	Albuquerque
M5G 2E9	4575 San Mateo NE
	Albuquerque, NM
Brandon	87109, USA
800 Rosser Ave., Unit D7	
The Town Centre	
Brandon, MB	
R7A 6N5	

Properties Subject to Lease But Not Yet Occupied:

Winnipeg
393 Portage Avenue
Unit 210
Winnipeg, MB
R3B 3H6

Hampton
130 Research Drive,
Hampton, VI
23666, USA

Schedule "C" – WEEKLY INVOICED AMOUNTS

The Weekly Invoiced Amount shall be equal to the following for each week:

Transition Period Expenses Paid and accrued	
Less: Actual receipts from Accounts Receivable	
Less: Cash Balance at the end of the prior week less outstanding cheques	
Less: Forecasted Receipts for the Current Week	
Plus: Forecasted Transition Period Expenses for the Current Week	
Plus: Working Capital Reserve	
Weekly Invoiced Amount	

Notes:

- ¹ Accrued Transition Period Expenses shall include net HST and other sales taxes collected that are required to be remitted by the Supplier in subsequent periods.
- ² The Weekly Invoice Amount may be invoiced in US Dollars, Canadian Dollars or a combination to minimize the need to enter into spot foreign currency transactions.
- ³ Working Capital Reserve shall be determined by Customer in consultation with Supplier as necessary to ensure adequate funds exist to pay Transition Period Expenses.

Schedule "F"
Bill of Sale and Assignment

BILL OF SALE AND ASSIGNMENT

BETWEEN:

iMARKETING SOLUTIONS GROUP INC., a corporation
governed by the laws of Alberta, together with its Subsidiaries

(hereinafter collectively referred to as the “**Vendor**”)

- and -

IMKT DIRECT SOLUTIONS CORPORATION, a
corporation governed by the laws of British Columbia, and
iMARKETING ACQUISITION, LLC, a limited liability
company governed by the laws of Delaware

(hereinafter collectively referred to as the “**Purchaser**”)

RECITALS:

- A. On April 12, 2013, the Vendor made an application under the *Companies' Creditors Arrangement Act* (Canada) and an Order was made by the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granting, among other things, a stay of proceedings against the Vendor.
- B. The CCAA proceedings have been recognized in the United States of America pursuant to Orders dated April 12, 2013 and May 17, 2013 of the Honourable Justice Gross of the United States Bankruptcy Court for the District of Delaware (the “**U.S. Court**”) under Chapter 15 of Title 11 to the *United States Code*.
- C. On May 7, 2013, the Court made an Order, among other things, authorizing the Vendor to conduct a sale and investment process with a view to obtaining offers to: (i) acquire all, substantially all, or a portion of the property and assets of the Vendor; or (ii) make an investment in the business of the Vendor.
- D. In connection therewith, the Vendor and Purchaser have entered into an Asset Purchase Agreement dated October 1, 2013 (the “**Purchase Agreement**”) which provides for the sale by the Vendor of the Purchased Assets (as defined in the Purchase Agreement) to the Purchaser.
- E. The terms and provisions of the Purchase Agreement have been approved by the Court pursuant to the Approval and Vesting Order (as defined in the Purchase Agreement) and by the U.S. Court pursuant to the U.S. Approval and Vesting Order

-2-

(as defined in the Purchase Agreement).

NOW THIS AGREEMENT WITNESSETH that, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt of which are hereby acknowledged, the parties hereto covenant and agree as follows:

1. Unless otherwise specifically defined in this Bill of Sale and Assignment, any capitalized terms used in this Bill of Sale and Assignment shall have the meanings given to them in the Purchase Agreement.
2. The Vendor hereby assigns, conveys, transfers and sells to the Purchaser, its successors and assigns, all of the right, title, interest and benefit, if any, of the Vendor in and to all of the property, assets and undertaking of the Vendor as described in Schedule "A" hereto (the "**Purchased Assets**") other than the items (the "**Excluded Assets**") described in Schedule "B" hereto.
3. The Vendor covenants and agrees with the Purchaser that it will, from time to time and at all times hereafter, upon reasonable request of the Purchaser, make, do and execute or cause or procure to be made, done and executed all such further acts, deeds or assurances as may be reasonably required by the Purchaser whether for more effectually and completely vesting in the Purchaser the Purchased Assets hereby sold, assigned, transferred or conveyed in accordance with the terms hereof or for the purpose of registration or otherwise.
4. To the extent that there is a conflict between the terms and provisions of this Bill of Sale and Assignment and the terms and the provisions of the Purchase Agreement, the terms and provisions of the Purchase Agreement shall govern. In the event of any conflict between the terms of this Bill of Sale and Assignment or the terms of the Purchase Agreement and the terms of the Approval and Vesting Order and the U.S. Approval and Vesting Order, the terms of the Approval and Vesting Order and U.S. Approval and Vesting Order will govern.
5. This Bill of Sale and Assignment shall be binding and enure to the benefit of the Vendor and the Purchaser and their respective successors and permitted assigns.
6. This Bill of Sale and Assignment shall be governed by the laws of the Province of Ontario and to the extent applicable, by the laws of Canada.
7. This Bill of Sale and Assignment may be executed in counterparts, and acceptance of this Bill of Sale and Assignment may be provided by facsimile transmission or email transmission in PDF format and, upon such execution and transmission, this Bill of Sale and Assignment shall be binding on the parties with the same force and effect as if originally executed.

-3-

IN WITNESS WHEREOF the parties have executed this Bill of Sale and Assignment as of the date first above written.

iMARKETING SOLUTIONS GROUP INC.

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

THE RESPONSIVE MARKETING GROUP INC.

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

GWE CONSULTING GROUP (USA) INC.

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

DIRECT CONTACT STRATEGIES INC.

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

-4-

FRONT LINE SUPPORT INC.

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

iMARK EVENTS INC.

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

RMG GENERAL PARTNER INC.

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

CABOT CALL CENTRE INC.

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

ENGAGE INTERACTIVE INC.

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

-5-

MLHL MARKETING INC.

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

MLHL MARKETING LP

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

RMG SMITHS FALLS LP

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

RMG THUNDER BAY LP

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

XENTEL INC.

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

-6-

WELLESLEY CORPORATION INC.

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

US BILLING INC.

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

AMERICAN GRAPHICS & DESIGN INC.

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

COURTESY HEALTH WATCH INC.

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

TARGET OUTREACH INC.

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

-7-

ENGAGE FUNDING INC.

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

**IMKT DIRECT SOLUTIONS
CORPORATION**

Per: _____
Name
:
Title:

**iMARKETING SOLUTIONS ACQUISITION
LLC**

Per:
Name:
Title:

SCHEDULE "A"
PURCHASED ASSETS

The Purchased Assets are comprised of the following:

1. The fixed assets of the Vendor as more particularly set out in Schedule "A1" to the Purchase Agreement.
2. The Assumed Contracts as more particularly set out in Schedule "A2" to the Purchase Agreement.
3. The Vendor's interest in leases relating to the Leased Premises as more particularly set out in Schedule "A3" to the Purchase Agreement.
4. The Licences and Permits relating to the Business held by the Vendor as more particularly set out in Schedule "A4" to the Purchase Agreement.
5. The Vendor's Intellectual Property as more particularly set out in Schedule "A5" to the Purchase Agreement.
6. The Books and Records of the Vendor.
7. All goodwill related to the Business of the Vendor.

SCHEDULE "B"
EXCLUDED ASSETS

The Excluded Assets shall include:

- (a) all cash on hand or on deposit with banks or other depositories, other cash equivalents, certificates of deposit, money market instruments and rights in and to bank accounts of the Vendor, in each case as of the Closing;
- (b) the Excluded Accounts Receivable set out in Schedule "B" to the Purchase Agreement;
- (c) the Post-Filing Prepaid Expenses and Deposits set out in Schedule "C" to the Purchase Agreement;
- (d) all Tax installments paid by the Vendor and the right to receive any refund of Taxes paid by the Vendor and all other governmental refunds or credits attributable or relating to periods or portions of periods prior to the Closing Date;
- (e) all debts, liabilities and obligations due or accruing due to the Vendor from any of its current or former shareholders, directors or officers or any Affiliates of the Vendor or any of the foregoing;
- (f) all equity interests in any Applicant ; and
- (g) any Contracts set out in Schedule "A" to the Purchase Agreement which are not designated as Assumed Contracts by the Purchaser prior to the expiration of the term of the Transitional Services Agreement.

EXHIBIT C

Court File No. CV-13-10067-00CL

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

THE HONOURABLE MR.) FRIDAY, THE 25th DAY
)
JUSTICE MORAWETZ) OF OCTOBER, 2013

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 the Companies referred to in Schedule "A"

Applicants

APPROVAL AND VESTING ORDER

THIS MOTION, made by the Applicants for an order approving the sale transaction (the "**Transaction**") contemplated by an Asset Purchase Agreement dated as of October 8, 2013 (the "**Agreement**") between the Applicants and IMKT Direct Solutions Corporation and iMarketing Acquisition, LLC (together (the "**Purchaser**"), a copy of which is attached as Exhibit "I" to the affidavit of Andrew Langhorne sworn October 18, 2013 (the "**Langhorne Affidavit**"), and as may be further amended, modified or restated from time to time, and vesting in and to the Purchaser the Applicants' right, title and interest in and to the assets described in the Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Langhorne Affidavit and the Exhibits thereto and the Sixth Report of Duff & Phelps Canada Restructuring Inc., in its capacity as Court-appointed monitor (the "**Monitor**"), dated October 21, 2013 and on hearing the submissions of counsel for the Applicants, the Monitor, the Purchaser, the DIP Lender and Canadian Imperial Bank of Commerce, no one

THIS IS TO CERTIFY THAT THIS DOCUMENT, COPY FOR EACH PAGE OF DES PAGES EST REVÊTUE DU
VALUABLE COPY OF WITH THE SCEL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT OR FILE IN THIS OFFICE
LA PRÉSENT ATTESTE QUE CE DOCUMENT, DONT CHAQUE DES PAGES EST REVÊTUE DU SCEL DE LA COUR SUPÉRIEURE DE JUSTICE À TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVÉ DANS CE BUREAU
DATED AT TORONTO THIS 25th DAY OF October 20 13
FAIT À TORONTO LE JOUR DE 13

appearing for any other person on the service list, although properly served as appears from the affidavit of Maria Magni sworn October 18, 2013, filed:

1. **THIS COURT ORDERS** that the time for service of the Applicants' Notice of Motion and Motion Record in respect of this motion be and it is hereby abridged and that the motion is properly returnable today and that the service of the Notice of Motion and Motion Record herein as effected by the Applicants is hereby validated in all respects and this Court hereby dispenses with further service thereof.

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and that the Agreement is commercially reasonable and in the best interests of the Applicants and its stakeholders. The execution of the Agreement by the Applicants is hereby authorized and approved, and the Applicants are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule "B" hereto (the "**Monitor's Certificate**"), all of the Applicants' right, title and interest in and to the Purchased Assets located in Canada and the United States of America described in the Agreement and listed on Schedule "C" hereto shall vest absolutely in the Canadian and U.S. Purchaser, respectively, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Newbould dated April 12, 2013, as amended; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

<p>THE COURT CERTIFIES THAT THIS DOCUMENT, OF WHICH THIS PAGE IS ONE, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE</p>	<p>LA PRÉSENT ATTESTE QUE CE DOCUMENT, DONT CHAQUE DES PAGES EST RELEVÉ DE CE BUREAU DE LA COUR SUPÉRIEURE DE JUSTICE À TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVÉ DANS CE BUREAU</p>
<p>DATED AT TORONTO THIS <u>25th</u> DAY OF <u>October</u> 20<u>13</u></p> <p>FAIT À TORONTO LE <u>25^e</u> JOUR DE <u>Octobre</u> 20<u>13</u></p>	<p><i>[Signature]</i></p>

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate, all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Applicants are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Applicants' records pertaining to the Transferred Employees (as defined in the Agreement). The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Applicants.

7. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicants and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Applicants;

<p>THIS IS TO CERTIFY THAT THIS DOCUMENT EACH PAGE OF WHICH IS STAMPED WITH THE SEAL OF THE HONOURABLE COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE.</p> <p>DATED AT TORONTO THIS 22nd DAY OF October 2013 PAR À TORONTO LE JOUR DE</p>	<p>LA PRÉSENT ATTESTE QUE CE DOCUMENT, DONT CHAQUE DES PAGES EST REVÊTUE DU SCEL DE LA COUR SUPÉRIEURE DE JUSTICE À TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVÉ DANS CE BUREAU.</p>
---	--

[Signature]
 GRÉFFIER

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial

legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario) and any equivalent legislation in any other jurisdictions in which all or any part of the Purchased Assets are located.

9. **THIS COURT ORDERS AND DIRECTS** that the form of Transitional Services Agreement (the "TSA") agreed to by the Applicants and the Purchaser and appended to the Agreement as Schedule "E", as such TSA may be amended by agreement of the parties thereto, is hereby approved and the Applicants and the Purchaser are hereby directed to perform their respective obligations in accordance with the terms of the TSA.

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS INDEXED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE

LA PRÉSENT ATTESTE QUE CE DOCUMENT, BENT CHAQUE DES PAGES EST REVÊTUE DU SOEAL DE LA COUR SUPÉRIEURE DE JUSTICE A TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVÉ DANS CE BUREAU

DATED AT TORONTO THIS 20th DAY OF October 20 13
FAIT À TORONTO LE 20 JOUR DE Octobre 20 13

REGISTRAR

GREFFIER

OCT 20 2013
NB

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

MLHL Marketing Inc.

MLHL Marketing 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)

THIS CERTIFIES THAT THIS DOCUMENT, BEING EACH PAGE OF WHICH IS AFFIXED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE.

LA PRÉSENT ATTESTE QUE LES DOCUMENTS, SOUS CHAQUE DES PAGES EST REVÊTUE DU Sceau de la Cour Supérieure de Justice à Toronto, est une copie conforme du document conservé dans ce bureau.

DATED AT TORONTO THIS 25th DAY OF October 20 13
Fait à Toronto le _____ JOUR DE _____

REGISTRAR [Signature] GREFFIER

Schedule B – Form of Monitor’s Certificate

Court File No. CV-13-10067-00CL

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 the Companies referred to in Schedule "A"

Applicants

MONITOR’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated April 12, 2013, Duff & Phelps Canada Restructuring Inc. was appointed as monitor (the "Monitor") of the Applicants.

B. Pursuant to an Order of the Court dated October 25, 2013, the Court approved the Asset Purchase Agreement dated as of October 8, 2013 (the "Agreement") between the Applicants and IMKT Direct Solutions Corporation and iMarketing Acquisition, LLC (together, the "Purchaser") and provided for the vesting in the Purchaser of the Applicants' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets, subject to any adjustments provided for in the Agreement; (ii) that the conditions to Closing as set out in Article IV of the Agreement have been satisfied or waived by the Applicants and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Monitor.

THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS STAMPED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE.

LA PRÉSENT ATTESTE QUE DOCUMENT, DONT CHAQUE DES PAGES EST REVÊTUE DU Sceau de la Cour Supérieure de Justice à Toronto, est une copie conforme du document conservé dans ce bureau.

DATE AT TORONTO THIS 25th DAY OF October 2013
FAIT À TORONTO LE JOUR DE

REGISTRAR
Greffier

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Agreement.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Monitor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Agreement;
2. The conditions to Closing as set out in Article IV of the Agreement have been satisfied or waived by the Applicants and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at ► on ►.

Duff & Phelps Canada Restructuring Inc., in its capacity as Monitor of the Applicants, and not in its personal capacity

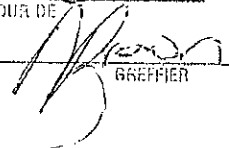
Per: _____
Name: ►
Title: ►

THIS I DO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS FORMED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE.

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DATED AT TORONTO THIS 25th DAY OF October 2013
 FAIT À TORONTO LE JOUR DE

REGISTRAR
 GREFIER



Schedule C – Purchased Assets

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LA PRÉSENT ATTESTE QUE CE DOCUMENT, CHACUNE DES PAGES EST DÉPOSÉE DU BUREAU DE LA COUR SUPÉRIEURE DE JUSTICE À TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVÉ DANS CE BUREAU.

DATE AT TORONTO THIS 25th DAY OF October 20 13
FILED AT TORONTO LE _____ JOUR DE _____

REGISTRAR _____
Greffier [Signature]

A1 - FIXED ASSETS

Fixed Asset Listing includes the following:

- Office Equipment
- Office Furniture
- Leasehold Improvements
- Computer Equipment
- Dialer Equipment
- Computer Software
- Call Systems

THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS NUMBERED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE.

LA PRÉSENT ATTESTE QUE CE DOCUMENT, BOUT CHAQUE DES PAGES EST NUMÉRÉ DU SCEAU DE LA COUR SUPÉRIEURE DE JUSTICE À TORONTO, EST UNE COPIE COIPIÉE DU DOCUMENT CONSERVÉ DANS CE BUREAU.

DATED AT TORONTO THIS 25th DAY OF OCTOBER 20 13

DATE DE TORONTO LE 25th JOUR DE OCTOBRE 20 13

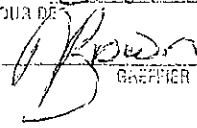
REGISTRAR

[Signature]
REGISTRAR

SEALED FROM PUBLIC RECORD

CONFIDENTIAL

A2 – ASSUMED CONTRACTS

THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS ATTACHED WITH THE SEAL OF THE SUPREME COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE.	LA PRÉSENT ATTESTE QUE CE DOCUMENT, COMPRENANT CHACUNE DES PAGES EST LA VÉRITÉ DU SCÉLÉ DE LA COUR SUPRÊME DE JUSTICE À TORONTO, EST UNE COPIE CORRÈCTE DU DOCUMENT CONSERVÉ DANS CE BUREAU.
DATE ET ENDROIT DE THIS ENR À TORONTO LE	25 th DAY OF October 20 13 JOUR DE  REGISTRAR GREFFIER

THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS ACCOMPANIED BY THE SEAL OF THE PROSECUTOR GENERAL OF JUSTICE IN TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE.

LA PRESENTE CERTIFICATION EST LE VERIFIANT DE CHAQUE PAGE DE CES PAGES EST ACCOMPAGNEE DU SOUS-SEAL DE LA COUR SUPERIEURE DE JUSTICE A TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVE DANS CE BUREAU.

DATED AT TORONTO THIS 25th DAY OF October 20 13
 PAR A TORONTO LE

DAY OF October 20 13
 JOUR DE

[Signature]
 REGISTRAR

A3 - LEASED PREMISES

REGISTRATION

Canadian Premises (Address)	US Premises (Address)
Miramichi	Wisconsin
2368 King George HWY	1020 S. Koeller Street
Suite 100	Oshkosh, WI
Miramichi, NB E1V 6T9	54902, USA
	11074 W. National Ave.
Ottawa	West Allis, WI 53227, USA
294 Albert Street	
Suite 300	700 West Virginia Street
Ottawa, ON	Milwaukee, WI
K1P 6E6	53204, USA
	750 West Virginia Street
Winnipeg	Milwaukee, WI
611 Academy Road	53204, USA
Winnipeg, MB	
	Madison, Wisconsin
Burnaby	341 State Street
3292 Production Way	WI 53703, USA
Suite 200	
Burnaby, BC	Denver
V5Z 4R4	1780 South Bellair St., Suite 200
	Denver, CO
Toronto	80222, USA
210 Dundas St W	
Suite 500	St. Louis
Toronto, ON	2650 Hanley Road
M5G 2E8	S. Louis, MO
	63144, USA
481 University Ave	
Suite 600	Albuquerque
Toronto, ON	4575 San Mateo NE
M5G 2E9	Albuquerque, NM
	87109, USA
Brandon	
800 Rosser Ave., Unit D7	
The Town Centre	
Brandon, MB	
R7A 6N5	

JURY ATTEST QUE CE
 DOCUMENT
 CHACUNE
 DE SES
 COPIES
 DE JUSTICE
 TRONC
 ON FILE
 DATE DE DEPOT
 25th October 13
 REGISTRE
 GREFFIER

Properties Subject to Lease But Not Yet Occupied:

Winnipeg
 393 Portage Avenue
 Unit 210
 Winnipeg, MB
 R3B 3H6

Hampton
 130 Research Drive,
 Hampton, VI
 23666, USA



IMSGI License and Registration Summary

A4 - Licences and Permits

THIS IS TO ATTEST THAT THE ABOVE DOCUMENT IS A TRUE AND CORRECT COPY OF THE ORIGINAL WHICH IS ON FILE IN THIS OFFICE
 DATE AT TORONTO THIS 25th DAY OF October 2013
 REGISTRAR

[Handwritten Signature]
 REGISTRAR

Entity	Jurisdiction	License / Registration	Agency
Community Health Watch (CHW)	Alabama	PFR Registration Solicitors Register	Alabama Attorney General http://www.ago.state.al.us/Page-Consumer-Protection-Consumer-Charities
	Arizona	PFR Registration	Arizona Secretary of State http://www.azsos.gov/business_services/Charities/Default.htm
	California	PFR Registration	California Attorney General http://oag.ca.gov/charities
	Colorado	PFR Registration Certificate of Authority Required	Colorado Secretary of State http://www.sos.state.co.us/
	Connecticut	PFR Registration	Department of Consumer Protection http://www.ct.gov/dcp/site/default.asp
	Delaware	No Registration Required	
	District of Columbia	No Registration Required	
	Florida	PFR Registration	Florida Dept. of Agriculture and Consumer Services http://www.800helpfla.com/info_businesses.html
	Georgia	PFR Registration Solicitors Register Certificate of Authority Required	Georgia Secretary of State Securities Division http://www.sos.ga.gov/securities/ (Cert-Secretary of State Business)
	Idaho	No Registration Required	
	Illinois	PFR Registration Solicitors Register	Illinois Attorney General http://www.illinoisattorneygeneral.gov/charities/index.html
	Iowa	PFR Registration	Iowa Attorney General http://www.state.ia.us/government/ag/consumer/online_regis.html
	Kansas	PFR Registration Solicitors Register	Kansas Secretary of State http://www.kssos.org/forms/forms_results.asp?division=ALL
	Kentucky	PFR Registration Solicitors Register	Kentucky Attorney General http://ag.ky.gov/Pages/default.aspx
	Maine	PFR Registration	Charitable Solicitations Section http://www.maine.gov/pfr/professionallicensing/professions/charitable/index.htm
	Maryland	PFR Registration	Maryland Secretary of State http://www.sos.state.md.us/charity/charityhome.aspx
	Massachusetts	PFR Registration	Massachusetts Attorney General http://www.mass.gov/ago/
	Michigan - Public Safety	PFR Registration Certificate of Authority Required	Michigan Attorney General http://www.michigan.gov/ag/0,4534,7-164-17337_18095--,00.html
	Michigan	PFR Registration Solicitors Register Certificate of Authority Required	Michigan Attorney General http://www.michigan.gov/ag/0,4534,7-164-17337_18095--,00.html
	Minnesota	PFR Registration	Minnesota Attorney General http://www.ag.state.mn.us/Charities/CharityForms.asp
Missouri	PFR Registration Solicitors Register	Missouri Attorney General http://ago.mo.gov/forms/forms.htm	
Montana	No Registration Required		
Nebraska	No Registration Required		
Nevada	No Registration Required		
New Hampshire	PFR Registration	New Hampshire Attorney General http://doj.nh.gov/index.htm	
New Jersey	PFR Registration Solicitors Register	New Jersey Division of Consumer Affairs http://www.state.nj.us/lps/ca/charity/charfrm.htm	

Maine	PFR Registration		Charitable Solicitations Section http://www.maine.gov/pfr/professionallicensing/professions/charitable/index.htm
Maryland	PFR Registration		Maryland Secretary of State http://www.sos.state.md.us/charity/charityhome.aspx
Massachusetts	PFR Registration		Massachusetts Attorney General http://www.mass.gov/ago/
Michigan - Public Safety	PFR Registration Certificate of Authority Required		Michigan Attorney General http://www.sos.state.md.us/0,4534,7-164-17337_18095--00.html
Michigan	PFR Registration PFR Solicitors Register Certificate of Authority Required		Michigan Attorney General http://www.sos.state.md.us/0,4534,7-164-17337_18095---00.html
Minnesota	PFR Registration		Minnesota Attorney General http://www.ag.state.mn.us/Charities/CharityForms.asp
Missouri	PFR Registration PFR Solitors Register		Missouri Attorney General http://ago.mo.gov/forms/forms.htm
Montana	No Registration Required		
Nebraska	No Registration Required		
Nevada	No Registration Required		
New Hampshire	PFR Registration		New Hampshire Attorney General http://doj.nh.gov/index.htm
New Jersey	PFR Registration PFR Solitors Register		New Jersey Division of Consumer Affairs http://www.state.nj.us/lps/ca/charity/charfrm.htm
New Mexico	PFR Registration		New Mexico Attorney General http://www.nmag.gov/
New York	PFR Registration PFR Solitors Register		New York Attorney General http://www.charitiesnys.com/charIndex_new.jsp
North Carolina	PFR Registration		North Carolina Secretary of State http://www.secretary.state.nc.us/cs/
Ohio	PFR Registration		Ohio Attorney General http://www.ohioattorneygeneral.gov/ProfessionalSolicitors
Oklahoma	PFR Registration PFR Solitors Register		Oklahoma Secretary of State https://www.sos.ok.gov/business/forms.aspx
Pennsylvania	PFR Registration		Pennsylvania Department of State http://www.dos.state.pa.us/portal/server.pt/community/charities/12444
Rhode Island	PFR Registration PFR Solitors Register		Rhode Island Charitable Organization Section http://www.dbr.state.ri.us/divisions/securities/charitable.php
Texas - Public Safety	PFR Registration		Texas Secretary of State http://www.sos.state.tx.us/statdoc/statforms.shtml
Texas - Veterans	PFR Registration		Texas Secretary of State http://www.sos.state.tx.us/statdoc/statforms.shtml
Utah	PFR Registration		Utah Division of Consumer Protection http://consumerprotection.utah.gov/registrations/charities.html
Vermont	PFR Registration		Vermont Attorney General http://www.atg.state.vt.us/
Virginia	PFR Registration Certificate of Authority Required		Virginia Office of Consumer Affairs (Attorney General)
Washington	PFR Registration		Washington Secretary of State http://www.sos.wa.gov/charities/forms.aspx
West Virginia	PFR Registration		West Virginia Secretary of State http://www.sos.wv.gov/Pages/default.aspx
Wisconsin	PFR Registration		Dept. of Regulation and Licensing http://dps.wi.gov/Licenses-Permits/ProfessionalFundraiser
Wyoming	No Registration Required		
Columbus, OH	PFR Registration		
Jefferson Co., KY	PFR Registration		

RECEIVED
 DEPT. OF REVENUE
 DIVISION OF CHARITABLE ORGANIZATIONS
 11/01/13
 13

Target Outreach Inc. (TOI)	Alabama	PFR Registration solicitors register	PFR	Alabama Attorney General http://www.ago.state.al.us/Page-Consumer-Protection-Consumer-Charities
	Arizona	PFR Registration		Arizona Secretary of State http://www.azsos.gov/business_services/Charities/Default.htm
	California	PFR Registration		California Attorney General http://oag.ca.gov/charities
	Colorado	PFR Registration Certificate of Authority Required		Colorado Secretary of State http://www.sos.state.co.us/
	Connecticut	PFR Registration		Department of Consumer Protection http://www.ct.gov/dcp/site/default.asp
	Florida	PFR Registration		Florida Dept. of Agriculture and Consumer Services http://www.800helpfla.com/info_businesses.html
	Kansas	PFR Registration Solicitors Register	PFR	Kansas Secretary of State http://www.kssos.org/forms/forms_results.asp?division=ALL
	Kentucky	PFR Registration Solicitors Register	PFR	Kentucky Attorney General http://ag.ky.gov/Pages/default.aspx
	Maine	PFR Registration		Charitable Solicitations Section http://www.maine.gov/pfr/professionallicensing/professions/charitable/index.htm
	Maryland	PFR Registration		Maryland Secretary of State http://www.sos.state.md.us/charity/charityhome.aspx
	Missouri	PFR Registration Solicitors Register	PFR	Missouri Attorney General http://ago.mo.gov/forms/forms.htm
	New Hampshire	PFR Registration		New Hampshire Attorney General http://doj.nh.gov/index.htm
	New Jersey	PFR Registration Solicitors Register	PFR	New Jersey Division of Consumer Affairs http://www.state.nj.us/lps/ca/charity/charfirm.htm
	Pennsylvania	PFR Registration		Pennsylvania Department of State http://www.dos.state.pa.us/portal/server.pt/community/charities/12444
Utah	PFR Registration		Utah Division of Consumer Protection http://consumerprotection.utah.gov/registrations/charities.html	

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OCT 20 2013
FBI - MEMPHIS
BY SP-5 JMM/STW
13-10888-KG-303

2013
October 20 13
GARDNER

Canadian TM Registrations
 A5 - Intellectual Property

Canadian TM Registrations	Registration number	Renewal Due	Notes
POLICE EQUIPE DU FLAMBEAU & DESIGN	494166		
LEGENDS ALIVE & DESIGN	504588		20130507 will be expunged unless renewed before November 28, 2013
LEGENDS ALIVE	504588		20131125
CINEDOME	519887		20131125
PUPPY POWER	288907		20141125
GWE & Design	304835		20150104
GREAT WEST ENTERTAINMENT LTD.	305449		20150719
POWER PUPPIES & DESIGN	531577		20160802
POWER PUPPIES	531532		20150822
XENTEL DM INCORPORATED & DESIGN	596912		20150922
BATTLE OF THE BADGES BASEBALL BENEFIT & ALLSTAR	635380		20161209
643818			20200316
CELEBRITY SLOW PITCH CHALLENGE & Design	671385		20200707
OLDTIMERS HOCKEY CHALLENGE & Design	386480		20210829
ENVIRO YOUTH PRODUCTS & Design	390938		20310830
EASTER BENEFIT VARIETY SHOW & Design	880576		20211129
WHEEL-A-THON & DESIGN	422025		20220129
ROULETHON	424431		20240107
WHEEL-A-THON	425184		20240304
LES PRODUITS ENVIRO-JEUNESSE	425495		20240311
DEFI DES ANCIENS DU HOCKEY & Design	427471		20240325
ETOILES DE L'APPLICATION DE LA LOI & Design	484617		20240520
LAW ENFORCEMENT ALLSTARS & DESIGN	485130		20241028
CIRCUS DESIGN	455222		20241104
MINI-HOOPS BASKETBALL	455484		20260315
ROYAL CANADIAN CIRCUS & DESIGN	455824		20260315
ROYAL CANADIAN CIRCUS	485523		20260315
CIRCUS & DESIGN	485525		20260315
LAW ENFORCEMENT TORCH TEAM	482887		20260830
HEALTH VISION	848363		20280412

Notes

possible new application - should list currently used / proposed wares & services

XENTEL

Canadian TM Applications to Register

Application number	Status	Notes
1456080	Allowed, Declaration of Use and Registration Fee due by January 25, 2014	
1459561	Opposed by Kelowna group with other COPS FOR KIDS Design; Written Arguments filed; could request by July 25, 2013 oral hearing	
1456085	Objection by TMD - confusion with Shoppers Drug HEALTH WATCH	
1516736	Waiting for TM Office response to services revisions	
1516733	Waiting for TM Office response to services revisions	
1456086	Allowed, Declaration of Use and Registration Fee due by January 25, 2014	
1472850	Allowed, Declaration of Use and Registration Fee due by December 14, 2013	
1516731	Waiting for TM Office response to services revisions	
1456087	Allowed, Declaration of Use and Registration Fee due by January 25, 2014	
1456100	Allowed, Declaration of Use and Registration Fee due by January 25, 2014	
1516737	Waiting for TM Office response to services revisions	

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 JUNE 20 2013
 DEPT. OF REVENUE
 1000 AVENUE DU PARLEMENT
 OTTAWA, ONTARIO K1P 8L1
 CANADA
 RECEIVED
 JUNE 20 2013
 DEPT. OF REVENUE
 1000 AVENUE DU PARLEMENT
 OTTAWA, ONTARIO K1P 8L1
 CANADA

VOTER OUTREACH CENTRE
XENTEL

1516897 Waiting for TM Office response to services revisions
1515231 replace with new application listing current services

U.S. TM Applications

Application Status Notes

MARKETING SOLUTIONS GROUP

77956639 rejected by TMO as merely descriptive

could appeal by Nov. 14, 2013 but recommend new application with a Design as part of the mark

Other TMs

Unregistered, Status
Unapplied-for

Notes

FRONT LINE SUPPORT
FLS
MARK EVENTS
RMG

possible new application -- should list currently used / proposed wares & services
possible new application -- should list currently used / proposed wares & services
possible new application -- should list currently used / proposed wares & services
possible new application -- should list currently used / proposed wares & services

LA PRÉFECTURE
BOURNEVILLE
DES PAGES 837 REVENU DU
SÉCRÉTARIAT GÉNÉRAL
DE LA COUR SUPRÊME
DE JUSTICE À TORONTO, ONT.
CHIFFRE COLLECTIF DU DÉPARTEMENT
CONSERVE D'ANS DE BUREAU

25th October 2013

[Signature]
BARTHELEMY

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.: CV-13-10067-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

APPROVAL AND VESTING ORDER

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