

# Cortex Business Solutions Inc.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED JULY 31, 2018

**DATED:** November 1, 2018

## Table of Contents

<b>GLOSSARY OF TERMS</b> .....	<b>3</b>
<b>FORWARD-LOOKING INFORMATION</b> .....	<b>4</b>
<b>GENERAL</b> .....	<b>6</b>
<b>CORPORATE STRUCTURE</b> .....	<b>6</b>
Intercorporate Relationships.....	6
<b>GENERAL DEVELOPMENT OF THE BUSINESS</b> .....	<b>7</b>
<b>THREE YEAR HISTORY</b> .....	<b>7</b>
FISCAL YEAR ENDED JULY 31, 2016 (“F2016”).....	7
FISCAL YEAR ENDED JULY 31, 2017 (“F2017”).....	8
FISCAL YEAR ENDED JULY 31, 2018 (“F2018”).....	8
Subsequent To July 31, 2018 .....	9
<b>SIGNIFICANT ACQUISITIONS</b> .....	<b>9</b>
<b>DESCRIPTION OF THE BUSINESS</b> .....	<b>9</b>
GENERAL OVERVIEW .....	9
PRINCIPAL SOLUTIONS AND SERVICES .....	10
DIGITAL TRANSFORMATION SOLUTIONS SUITE.....	10
CORTEX TRADING PARTNER NETWORK (“Network”).....	11
VALUE ADDED SERVICES .....	12
PRINCIPAL MARKETS, MARKETING PLANS AND STRATEGIES.....	13
REVENUE STREAMS.....	13
COMPETITIVE CONDITIONS .....	14
PRODUCT DESIGN, ENGINEERING AND RESEARCH AND DEVELOPMENT.....	15
INTELLECTUAL PROPERTY .....	15
CYCLICAL NATURE OF BUSINESS .....	16
ECONOMIC DEPENDENCE, PARTNERSHIPS AND FOREIGN OPERATIONS.....	16
DEPENDENCE ON FOREIGN OPERATIONS.....	17
EMPLOYEES.....	17
SOCIAL AND ENVIRONMENTAL POLICIES.....	17
RISK FACTORS.....	17
<b>DIVIDENDS AND DISTRIBUTIONS</b> .....	<b>23</b>
DIVIDENDS.....	23
<b>CAPITAL STRUCTURE</b> .....	<b>23</b>
GENERAL DESCRIPTION OF SHARE CAPITAL.....	23

COMMON SHARES .....	23
PREFERRED SHARES .....	23
<b>MARKET FOR SECURITIES.....</b>	<b>24</b>
TRADING PRICE AND VOLUME.....	24
STOCK BASED COMPENSATION.....	25
<b>ESCROWED SECURITIES .....</b>	<b>25</b>
<b>DIRECTORS AND OFFICERS .....</b>	<b>25</b>
NAME, OCCUPATION AND SECURITY HOLDINGS.....	25
CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS .....	27
CONFLICTS OF INTEREST .....	28
<b>AUDIT COMMITTEE .....</b>	<b>28</b>
RELIANCE ON EXEMPTION FOR VENTURE ISSUERS .....	29
AUDIT COMMITTEE COMPOSITION .....	29
AUDIT COMMITTEE OVERSIGHT .....	30
RELIANCE ON CERTAIN EXEMPTIONS .....	30
PRE-APPROVAL POLICIES AND PROCEDURES .....	30
EXTERNAL AUDITOR SERVICE FEES.....	31
<b>LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....</b>	<b>31</b>
<b>INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....</b>	<b>31</b>
<b>AUDITOR, TRANSFER AGENTS AND REGISTRARS .....</b>	<b>31</b>
<b>MATERIAL CONTRACTS .....</b>	<b>32</b>
<b>INTEREST OF EXPERTS .....</b>	<b>32</b>
<b>ADDITIONAL INFORMATION .....</b>	<b>32</b>
<b>AUDIT COMMITTEE CHARTER .....</b>	<b>33</b>
<b>WHISTLE BLOWER POLICY.....</b>	<b>36</b>

## GLOSSARY OF TERMS

Certain terms and abbreviations used in this annual information form are defined below:

“**ABCA**” means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

“**Affiliate**” or “**Associate**” when used to indicate a relationship with a person or company means the same as set forth in the *Securities Act* (Alberta);

“**Annual Information Form**” means this annual information form of the Corporation dated November 1, 2018;

“**A/P**” means accounts payable;

“**A/R**” means accounts receivable;

“**B2B**” means business to business;

“**Board of Directors**” or “**Board**” means the Board of Directors of the Corporation;

“**Buying Organization(s)**” or “**Hub(s)**” means a Cortex customer integrated on the Network which allows them to electronically connect, transmit and receive, business critical documents, such as purchase orders, receipts and invoices;

“**Common Shares**” means common shares in the capital of the Corporation;

“**Corporation**” or “**Cortex**” means Cortex Business Solutions Inc. and, as the context requires, its wholly-owned subsidiaries Cortex Business Solutions Ltd. and Cortex Business Solutions USA, LLC;

“**ERP**” (Enterprise Resource Planning) means an integrated information system that serves all departments within an enterprise. ERP implies the use of packaged software rather than proprietary software written by or for one customer;

“**KPI**” (Key Performance Indicators) means measures that provide managers with the most important performance information to enable them or their stakeholders to understand the performance level of the organization. KPIs should clearly link to the strategic objectives of the organization and therefore help monitor the execution of the business strategy;

“**Network**” means the Cortex Trading Partner Network, a proprietary service that permits companies to electronically connect, transmit and receive, business critical documents, such as purchase orders, receipts and invoices;

“**PCI**” means Payment Card Industry – compliance standards to protect personal information and to ensure security when transactions are processed using a payment card;

“**Preferred Shares**” means preferred shares in the capital of the Corporation;

“**Roadmap Program**” means a project that further develops the existing Network environment to a cloud based, commercial grade, configurable, service that is scalable, increasing throughput and transaction capacity for all Trading Partners;

**“Trading Partner”** means a Cortex customer that transacts on the Network;

**“Trustee”** means Computershare Trust Corporation of Canada, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5L 1G9;

**“TSX Venture”** means the TSX Venture Exchange Inc.; and

**“U.S.”** means the United States of America.

Words importing the singular number only include the plural and vice versa and words importing any gender include all genders. All dollar amounts set forth in this Annual Information Form are in Canadian dollars, except where otherwise indicated.

### **FORWARD-LOOKING INFORMATION**

All initial capitalized words used in this Annual Information Form, which are not otherwise defined herein, have the meanings ascribed thereto in the Glossary of Terms herein.

This Annual Information Form contains certain forward-looking statements relating to, but not limited to, the Corporation’s operations, anticipated financial performance, business prospects and strategies. Such forward-looking statements may involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Corporation to be materially different from any future results implied by such forward-looking statements. Forward-looking statements are often, but not exclusively identified by words such as “anticipate”, “may”, “expect”, “plan”, “future”, “continue”, “intends”, “projects”, “believes”, “seek”, “budget”, “estimate”, “forecast”, “will”, “predict”, “potential”, “target”, “could”, “might”, and other similar expressions. Some of the risks that may cause actual results to vary are described under the “Business Risks and Uncertainties” section. It is important to note that:

- unless otherwise indicated, forward-looking statements describe our expectations as of the date of management’s discussion and analysis;
- readers should be cautioned not to place undue reliance on forward-looking statements as our actual results may differ materially from our expectations if known and unknown risks or uncertainties affect our business, or if our estimates or assumptions prove inaccurate. Therefore, we cannot provide any assurance that forward-looking statements will materialize; and
- the Corporation assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason unless required by applicable securities laws.

With respect to forward-looking statements contained in this Annual Information Form, the Corporation has made assumptions regarding, among other things:

- the success of the Corporation’s operation and development activities;
- continued expansion in new verticals

- the legislative and regulatory environments of the jurisdictions where the Corporation carries on business or has operations;
- the impact of increasing competition;
- availability of skilled labour and that staffing for the Corporation remain consistent;
- future exchange rates;
- lack of any material service disruptions; and
- conditions in general economic and financial markets.

Some of the risks that may cause actual results to vary are described under the “Risks Factors” section. Such risks include, but are not limited to:

- general economic conditions in Canada, United States and globally;
- the ability of management to execute its business plan and manage growth successfully;
- the risk of slow service adoption;
- actions taken by governmental authorities, including increases in taxes and changes in government regulations and incentive programs;
- intellectual property risks and lack of patent protection;
- availability of sufficient financial resources to fund the Corporation’s capital expenditures and for management to execute its business plan;
- failure to obtain industry partner and other third-party consents and approvals, as and when required;
- stock market volatility and market valuations;
- commodity pricing fluctuations;
- competition; and
- the other factors considered under “*Risk Factors*” in this Annual Information Form.

It is important to note that unless otherwise indicated, forward-looking statements describe expectations as of the date of this Annual Information Form.

The Corporation cautions readers not to place undue reliance on forward-looking statements as actual results may differ materially from expectations if known and unknown risks or uncertainties affect the Corporation’s business, or if estimates or assumptions prove inaccurate. Therefore, the Corporation cannot provide any assurance that forward-looking statements will materialize.

The Corporation assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

## Cortex Business Solutions Inc.

### GENERAL

The Corporation is a publicly owned corporation, incorporated under the ABCA on October 1, 1999 under the name Electrobusiness.com Inc. and is listed on the TSX Venture under the symbol "CBX". On June 6, 2007, the articles of the Corporation were amended to change the name of the Corporation to Cortex Business Solutions Inc.

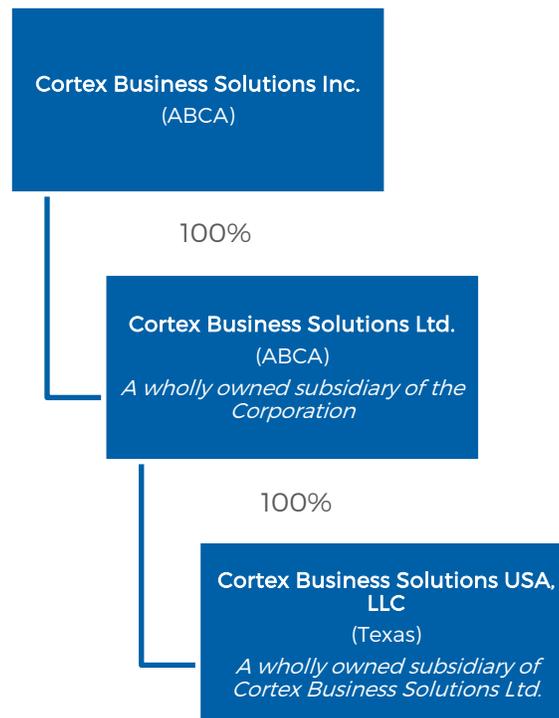
The Corporation's primary business is the supply of e-business products and services and its head office is located at Suite 130 – 115 Quarry Park Road SE, Calgary, AB T2C 5G9, which is also the registered office of the Corporation. Cortex's fiscal year end is July 31.

### CORPORATE STRUCTURE

The Corporation's wholly-owned subsidiaries are Cortex Business Solutions Ltd. (Canadian subsidiary) and Cortex Business Solutions USA, LLC (U.S. subsidiary).

### INTERCORPORATE RELATIONSHIPS

The following chart outlines the Corporation's relationship with each subsidiary and their respective jurisdictions of incorporation as of July 31, 2018 and as of the date hereof:



## **GENERAL DEVELOPMENT OF THE BUSINESS**

Cortex is a leading online network-as-a-service connecting buying organizations with supplier organizations to transfer documents and allow companies to realize efficiencies and reduced costs through the streamlining of their procurement to payment process. Enabling customers' access to the Network enhances the exchange of critical business documents, such as purchase orders, field ticket receipts and invoices resulting in improved cash flow management and business controls, while reducing a company's administrative costs. Cortex is a low cost, low risk solution that can be implemented quickly by leveraging its customers' existing business environment.

During the fiscal years 2016, 2017 and 2018 Cortex experienced significant change. There was transition and change in both management and the board of directors.

A detailed description of the historical development for the years ended July 31, 2016, 2017 and 2018 is outlined below.

### **THREE YEAR HISTORY**

#### **FISCAL YEAR ENDED JULY 31, 2016 ("F2016")**

##### **General**

The fiscal year ended July 31, 2016 provided management the opportunity to fulfil its commitment to the investment community and realize the benefits of the significant downsizing and cost constraints put into place during fiscal 2015. Although restructuring is challenging, revenue remained fairly steady at \$9,823,519 while costs were down 32% from F2015.

The sales group went through a complete restructuring and as a result is just starting to get back up to speed. The sales group, down 43% year over year, still managed to sell 11 new buyers to the Network while refining our messaging and pipeline. The reductions made did not inhibit our customer service levels nor our product quality and enhancements. There was a focus in F2016 on ensuring processes were enhanced and automation was improved in order to set the Corporation up for success in the future.

##### **Financings**

On September 2, 2015, the Corporation completed a private placement issuing 1,551,375 common shares with a purchase price of \$2.00 for gross proceeds of \$3,102,750.

##### **Change in Management and Board of Directors**

January 27, 2016 - Mr. Keith Powell did not stand for re-election to the Corporation's Board of Directors.

May 16, 2016 - Mr. John Gilkison was appointed VP Sales and Business Development.

## **FISCAL YEAR ENDED JULY 31, 2017 (“F2017”)**

### **General**

The fiscal year ended July 31, 2017 was a year of significant milestones for the Corporation as the right sizing activities of previous years provided the Corporation with a clear path towards becoming a profitable business as F2017 marked the Corporation’s tenth year of active trading on the TSX Venture exchange. The Corporation increased revenue 11% while generating positive net cash provided by operating activities of \$517,143 for the first time year over year.

The Corporation invested heavily into the new sales team during F2017 resulting in increased sales and marketing costs. However, costs were down 8% year over year as the additional costs were offset by other cost savings and a reduction in the amount of amortization taken as certain internally generated intangible assets were fully amortized in F2016. These cost savings were obtained while improving the Corporation’s platform and customer service levels.

The rebate provision was fully paid in F2017 marking a significant milestone in extinguishing the obligation from the Corporations financial statements

### **Change in Management and Board of Directors**

October 1, 2016 – Mr. Gregory Mark joined the Board of Directors.

February 1, 2017 – Mr. Christopher Lambert was appointed Vice President of Technology.

## **FISCAL YEAR ENDED JULY 31, 2018 (“F2018”)**

### **General**

The fiscal year ended July 31, 2018 was a successful year for Cortex as results were very positive reinforcing Cortex had transitioned into a growth phase of its life cycle. Revenues increased 13% year over year mainly due to higher recurring access fees, the Corporation achieved record Adjusted EBITDA results of \$2.2 million which was an increase of 282% over prior year, and EBITDA margin was 17%.

The Corporation reinvested into a new sales team during the fourth quarter of 2018, developed a new workflow solution internally, and acquired Powervision Software Inc. (“Powervision”), which provides enterprise workflow and document management software for North American energy companies.

### **Change in Management and Board of Directors**

September 5, 2017 - Mr. Henry Pham was appointed Interim CFO.

September 5, 2017 – Ms. Sandra Fawcett (formally Weiler) left her position as Chief Financial Officer.

October 24, 2017 – Mr. Grant Billing was appointed Chairman of the Board of Directors.

November 16, 2017 – Mr. Jason Baird joined the Corporation as VP Finance & CFO.

December 5, 2017 – Mr. Scott Lamacraft did not stand for re-election at the Corporation’s AGM.

December 5, 2017 – Mr. Andrew Gutman joined the Board of Directors.

January 1, 2018 - Mr. Andrew Stewart was appointed VP, Customer Experience.

February 6, 2018 – Mr. Greg Mark resigned as Director of the Corporation.

March 16, 2018 – Mr. Michael Owens joined the Corporation as VP Business Development – USA.

April 1, 2018 – Mr. Larry Dalton joined the Corporation as VP Business Development – Canada.

## **SUBSEQUENT TO JULY 31, 2018**

### **General**

Cortex acquired Powervision Software Inc. pursuant to the Share Purchase Agreement dated September 27, 2018 whereby Cortex Business Solutions Ltd. agreed to acquire all of the issued and outstanding common and preferred shares of Powervision for an aggregate purchase price of \$7 million, (the "Transaction"). The Transaction was primarily funded through cash consideration of \$4,8 million, subject to customary holdbacks and adjustments, and a promissory note in the amount of \$2.3 million.

### **Change in Management and Board of Directors**

August 1, 2018 - Ms. Alice Reimer joined the Board of Directors.

### **SIGNIFICANT ACQUISITIONS**

There were no significant acquisitions by the Corporation by the Corporation during the most recently completed fiscal year ended July 31, 2018. Subsequent to the fiscal year ended July 31, 2018, Powervision Software Inc. was acquired by the Corporation on September 27th, 2018 and was amalgamated with Cortex Business Solutions Ltd. on September 30th, 2018.

### **DESCRIPTION OF THE BUSINESS**

#### **GENERAL OVERVIEW**

Cortex is a provider of business-to-business A/P and A/R automation solutions which enables buyers and sellers to send and receive invoices electronically. Increased automation facilitates improved cash flow, improved accuracy and reduction of rework, improved internal controls and visibility into accounts receivable and accounts payable at any point in the process flow.

Since its inception in 1999, the Corporation has developed a reputation for cost effective solutions, exceptional system up-time, and solid customer service. Historically the Corporation has focused on the energy sector and while it continues to be the bulk of activity, the Corporation does support companies in other vertical markets such as mining, waste management, construction and sports & entertainment. The Cortex solution as a strategic partner can benefit any industry through automation of complex supply chain processes.

During the past year, management has focused on the expansion of the solutions suite to offer a broader scope of services required to enable complete end to end automation of the A/P and A/R functions. Through proprietary development and M&A activity, the Corporation is structured to focus on revenue and profit growth.

The current revenue model is structured such that revenue is earned through a combination of monthly access and usage fees, integration fees and project management and other revenue. These fees are generated from both the buyer and the supplier side of our model. The recurring monthly access and reoccurring usage fees are derived from customers transacting on the Network and will have cyclical characteristics. The integration and project management fees can be sporadic as they may differ for each customer depending on multiple factors including size of the customer, sophistication of their internal procurement team, workflow partner, financial software and complexity of their unique invoice fields.

## **PRINCIPAL SOLUTIONS AND SERVICES**

Cortex provides digital transformation services for A/P and A/R. Our solutions power B2B companies to succeed by transitioning from manual to digital accounting processes to save time and money.

The Corporation's solutions are scalable for companies of any size and can be implemented quickly and effectively. Flexible connection methods create interoperability with existing systems and leverage previous technology spend. This generates a measurable return on investment for members of the Network and provides the basis for industry-wide solutions.

These automation solutions are powered by the Network which enables the following 3 pillars of digital document exchange

- Input & capture
- Routing & approval
- Storage & retrieval

## **DIGITAL TRANSFORMATION SOLUTIONS SUITE**

### **1. Document Input & Capture**

Cortex's system facilitates the intake of a variety of procure-to-pay document types consisting of invoice, field or service tickets, purchase orders, and rate schedules. The information is captured digitally through multiple connection methods designed to suit the technological capabilities of the supplier. This service provides an electronic connection between a buyer and its suppliers, helping to eliminate processing numerous business critical documents manually. This streamlined P2P process reduces administration costs, such as duplicate data entry and exception handling, while enabling a Buying Organization to improve supplier relationships.

Cortex offers 3 methods of connecting to the Trading Partner Network:

#### *(i) Cortex Workbench*

This cloud based, fully capable online interface gives customers complete control over the information entered into the system. Primarily used for non-integrated suppliers, data is captured and validated according to the needs of the Buying Organization.

*(ii) Workbench Enhanced*

Based on the Workbench framework, the Enhanced solution provides the same easy-to-use interface with initial automation through the use of draft upload templates. By performing a simple integration from the supplier's financial system using the Cortex pre-defined standard, suppliers can submit invoices directly to their customers. The immediate benefit is reduction in administrative and labor costs associated with manually re-keying invoices into individual buyer-driven portals and ERPs.

*(iii) Machine-to-Machine*

This fully integrated solution offers customers a completely automated experience that removes the need for manual entry of document data, thus removing the potential for data inaccuracy and lost productivity. This machine-to-machine solution is supported by a Client Delivery team which ensures that the necessary components are in place for a successful integration. In addition to working directly with the customer on the technical integration, the Client Delivery team works closely with them to on-board those suppliers not already on the network. This on-boarding support, coupled with scan & capture functionality, ensures the customers automation level is at the highest level they require as soon as they go-live on the network.

## **2. Document Routing & Approval**

Document workflow technology provides the next step in A/P and A/R automation allowing for condition-based routing to facilitate the review and approval of Invoices and Field Tickets. This service is customizable from an entry-level approval module to a full enterprise class solution based on a client's specific business needs. Automated document workflow enables buyers to streamline business processes to create efficiencies and save time while creating a digitally documented audit record.

## **3. Document Storage & Retrieval**

Integrated Document Management allows Cortex customers to digitally capture, organize, index, store, secure, access and transfer corporate documents. This solution can be implemented in a small departmental environment supporting few users, or as an enterprise-wide solution, supporting thousands of users and millions of documents. This service offers a complete replacement of the previous costly and cumbersome method of paper document management both on-site and in remote long-term storage facilities. This digital solution provides customers easy access to all digital documents online, and with its automatic pre-fetching and caching mechanism, ensures optimum performance, regardless of the size of the document database.

## **CORTEX TRADING PARTNER NETWORK ("NETWORK")**

The Network provides a platform for the simplified document exchange process for industries with complicated procurement practices. The Network is designed to enable both buyers and suppliers to connect electronically for the exchange of business documents such as field tickets, purchase orders, work receipts and invoices. It is used to access the full suite of Cortex services and is comprised of approximately 18,000 individual users and almost 12,000 customers on the Network as of Q4 F2018.

The Network enables customers to achieve the following:

- procurement and invoice automation;
- accurate data entry, with a significant reduction in manual entry;
- reduced administration costs;
- reduced invoice approval cycle time;
- send and receive payment notifications;
- enhanced productivity; and
- improved visibility and reporting within payables and receivables.

## **VALUE ADDED SERVICES**

In addition to its core products and services, the Corporation also offers the value-added professional services discussed below.

### **1. Supplier On-Boarding**

The on-boarding of suppliers to the Network is one of the Corporation's key distinguishing characteristics. The Corporation has developed an effective and efficient process to help larger customers connect to their suppliers, transferring procurement and invoicing documentation back and forth electronically. The on-boarding service helps alleviate buyer concerns regarding supplier pushback to automation. Buyers in turn achieve invoice automation as well as improve cost controls and visibility around approval of invoices in their A/P department. This service is provided to buyers as a value-added service for a small professional services fee.

### **2. Training and Support**

The Corporation makes the transition for customers quick and seamless with the use of various training mechanisms, such as one-on-one walkthroughs, online webinars, training guides, presentations, quick reference cards and computer-based training videos.

The support services the Corporation offers include, but are not limited to, the following:

- phone, email and online chat support from Cortex's staff of experts;
- assistance with vendor signup;
- document monitoring;
- issue resolution support; and
- continuous improvement through KPI reporting.

### **3. Supply Chain Financing**

Suppliers on the Network have the opportunity to utilize our partner-provided supply chain financing solution to advance funds on approved invoices allowing them to get paid faster. In turn, buyers on the Network can access the service in order to leverage extended payment terms.

### **4. Other Professional Services**

The Corporation provides professional services for customers requiring additional customization or integration challenges given their technical sophistication.

The Corporation has expanded their professional services offerings to assist customers, as required, with specific on-boarding campaigns or other campaigns they desire in order to achieve their personal automation goals.

## **PRINCIPAL MARKETS, MARKETING PLANS AND STRATEGIES**

Cortex's traditional market focus has been in the oil and gas sector in North America. This vertical continues to be a priority as the oil and gas sector has a high demand for our services.

Building on this experience in the energy sector, Cortex has expanded its market focus to other industries such as commercial construction, agriculture, mining and sports & entertainment.

Strategic partnerships with recognized software providers, financial institutions and industry-leading bodies of knowledge provide numerous opportunities for growth. The expansion of our strategic partnerships continues to remain a high priority as they are paramount to continued growth both inside and outside the oil and gas sector.

## **REVENUE STREAMS**

The Corporation generates three distinct revenue streams as described below which is defined as our baseline revenue. In addition, the Corporation occasionally enters into non-recurring revenue projects which are recognized under the project management stream, as described below.

### **1. Access Fees**

Access fees are a monthly fixed fee charged for access to the Network. This fee has a built-in number of documents the customer can send monthly before any additional transactional fees are charged.

### **2. Usage Fees**

Usage fees are the transactional fees charged, in any given month, based on the volume of transactions sent over the Network. The fees vary depending on the customers' subscription choice when signing onto the Network.

### **3. Integration Fees**

Integration fees revenue is recognized over the integration project on a percentage of completion based on the stage of the project.

#### 4. Project Management and Other Revenue

Project management fees are recognized as services are performed on a time and material basis. Other revenue includes commissions earned from partners. The table below shows the breakdown of the revenue streams for fiscal 2018 and fiscal 2017.

	2018 (\$)	2017 (\$)	Change (%)
Access fees	7,669,600	5,973,235	28%
Usage fees	3,892,918	3,990,977	(2%)
Integration and set up fees	240,227	268,579	(11%)
Project management and other revenue	651,035	826,501	(21%)
Total	12,453,780	11,059,292	13%

#### COMPETITIVE CONDITIONS

The Corporation differentiates itself from its competitors through the Network, which allows suppliers to connect with multiple buyers through a single process. Cortex offers supplier enablement for Buying Organizations to address the common problem of supplier adoption, which allows Buying Organizations to achieve a higher level of automation as compared to its competitors.

The key competitive advantages of Cortex are:

- (i) ability to transact with multiple Trading Partners through one connection;
- (ii) maintained automation levels per the customer's requirements;
- (iii) quality onboarding and training for new customers;
- (iv) excellent customer support and high customer satisfaction;
- (v) leverage existing technology and business processes;
- (vi) self-led or managed implementations, which result in a low risk/high ROI investment initiative; and
- (vii) Complete e-invoicing, approval workflow, and document management solution.

The Corporation further differentiates itself by providing ongoing service and support to suppliers, which allows buyers to focus on their core competencies instead of fielding daily invoice inquiries from suppliers.

The Corporation's focus is on streamlining the procurement processes of complex industries. Cortex offers superior and flexible integration options and can integrate with many workflow, accounting or

ERP software applications giving the Corporation an advantage over companies with compatibility limitations.

Competitors exist for traditional electronic invoice presentment and payment. The Corporation believes that, at present, there are few companies that offer an end-to-end service for secure document exchange between businesses. The Corporation is looking to increase its footprint in the A/P and A/R automation business with the addition of approval workflow and document management services. It looks to differentiate itself from competitors by:

- (i) offering a service to its target markets as opposed to an application;
- (ii) providing access to a Network and not just individual connections;
- (iii) eliminating the high cost of on-boarding by allowing non-intrusive methods to connect electronically within the Network; and
- (iv) offering exceptional monitoring and support services for all Trading Partners on the Cortex Network.

Market saturation and the establishment of trading communities will be critical to the Corporation's continuing success as consolidation within the industry accelerates. A renewed focus on offering greater value for both buyers and suppliers, coupled with ever increasing focus on cost reductions in the traditional and new markets leaves Cortex in a strong position to execute on its plan.

## **PRODUCT DESIGN, ENGINEERING AND RESEARCH AND DEVELOPMENT**

Cortex's research and development ("R&D") strategy seeks to provide broad market applications for products derived from its technology base.

Cortex creates innovative new and enhanced products and services to capture new market opportunities, maintain a competitive advantage, improve existing products and increase margins.

The Cortex's R&D efforts are focused primarily on the following areas:

- evolving the functionality, security and performance of its Network;
- developing core technology and platforms for next generation interfaces, including evolution of existing interfaces;
- developing infrastructure systems to provide the underlying support for the Network; and
- keeping up with current technology and processes to provide the best product as efficiently as possible.

## **INTELLECTUAL PROPERTY**

Currently, the Corporation has not obtained any patents with respect to its intellectual property. Cortex currently protects such intellectual property primarily via trade secrecy. This approach has been taken to not disclose the characteristics of the technology and to channel investment towards development rather than the costs associated with obtaining patents. In the future, the Corporation

may decide to adopt a focused patent strategy. In addition to trade secrecy, the Corporation takes technical measures to protect its programs. The Corporation's source code is also encrypted. Management believes that the Corporation's policy of continually improving its products, including frequent updates, discourages infringement because even if the Corporation's other security features are defeated, misappropriated software soon becomes obsolete. In addition, certain key contractors have signed agreements containing confidentiality and intellectual property clauses which would assist in protecting the Corporation's intellectual property.

## **CYCLICAL NATURE OF BUSINESS**

The Corporation has observed that the volume of transactions in the oil and gas industry in Canada is seasonal and tied to drilling activity. For example there is lowered activity within Canada due to spring breakup, a time in the industry when heavy equipment cannot be moved while the roads defrost and dry out. This phenomenon does not occur to the same degree in the U.S. and the expectation is that the seasonality in the Corporation's revenues will become less prevalent as the Corporation continues to expand into the U.S.

The expansion into other verticals will further reduce the cyclical nature of the business. The addition of construction, waste management and sport and entertainment to our customers is a promising start to this new direction.

## **ECONOMIC DEPENDENCE, PARTNERSHIPS AND FOREIGN OPERATIONS**

The Corporation has aligned its business with strategic partners to increase the scope of services, as well as boost the revenue generated per customer. These partners are located in Canada and the U.S. and are well established in their own business markets.

Strategic partnerships with technology vendors in the Procure to Pay area enhance its customer's existing investment in solutions for accounting, finance, procurement and operations. These partners are, but not limited to: FundThrough, AP Velocity, DocVue, Pandell, NextGen Software Inc., Perfect Commerce, and Amalto. Strategic relations with industry associations and education, further its ability to innovate and serve customers. These are: Alberta Innovates, OFS Portal, Petroleum Industry Data Exchange, Canadian Council for Aboriginal Businesses and the University of Calgary. Through these relations, Cortex continues to gain access into markets such as Manufacturing, Mining, Commercial Construction, Sports and Entertainment; while capitalizing on its core competency: the Energy Sector, in both Canada and the U.S.

The Corporation has established a reseller partnership with a national telecommunications company, TELUS Communications Inc., that provides a wide range of products and services to businesses across Canada via an Internet of Things Marketplace. Through the IoT Marketplace, TELUS' business sales divisions present technologies to their customers across all verticals, that connect devices and platforms and bring efficiencies to the customer's business. Their focus on providing customers with decreased costs through technology aligns closely with Cortex's focus on delivering A/P and A/R automation to companies. This partnership will further extend Cortex's footprint beyond the traditional Oil & Gas marketplace in Alberta, to a national level across Canada. Cortex will continue to explore additional reseller partnerships as a way of scaling sales efforts without adding unnecessary cost to the business.

Close collaboration between Cortex and postgraduate institutions, recognized bodies of standards in international data exchange, technology and suppliers is giving Cortex the advantage of being at the forefront of leadership, compliance and growth in electronic procurement and supply chain solutions.

Cortex has established a sponsorship agreement with a local sports franchise, the Calgary Flames, to raise the profile of Cortex to existing and potential customers within Calgary and throughout North America. This sponsorship provides Cortex with exclusive branding rights to player transactions on the Flames website and social media feeds, as well as in-rink advertising, and television broadcasts throughout Western Canada via Sportsnet West.

In addition, Cortex has established a strategic partnership with a leading national accounting, tax and business consulting firm MNP LLP, to help present the Network as a solution to MNP clients. Through their hands-on support of Canadian business clients, MNP is in a unique position to provide trusted advice on strategy and solutions, such as Cortex, to help their clients.

## **DEPENDENCE ON FOREIGN OPERATIONS**

Cortex's U.S. subsidiary accounted for approximately 40% while the remainder came from its Canadian operations as of July 31, 2018. Therefore, the Corporation is not dependent on any foreign operations.

## **EMPLOYEES**

As of July 31, 2018, the Corporation had 65 employees with 4 employees based out of the U.S. and 61 in Canada.

## **SOCIAL AND ENVIRONMENTAL POLICIES**

The Corporation's products and services help companies "go green", allowing customers to move from the world of paper invoicing to electronic automation and workflow. The Corporation provides easy to use solutions and services to help customers achieve the highest standard of sustainability, which could include reducing carbon emissions, paper wastage and environmental footprint.

The Corporation plays an active part in the community through year-round fundraising and support for the local food bank as well as other charities.

## **RISK FACTORS**

An investment in the Common Shares involves a number of risks. In addition to the other information contained in this Annual Information Form, investors should give careful consideration to the following, factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form. If any of the following events described as risks or uncertainties actually occurs, the business, prospects, financial condition and operating results of the Corporation would likely suffer, possibly materially. In that event, the market price of the Common Shares could decline and investors could lose all or part of their investment. As it is difficult to predict whether any risk will happen or its related consequences will occur, the actual effect of any risk on the business could be materially different from anticipated. Additional risks and uncertainties presently unknown, or that are not believed to be material at this

time, may also impair or have a material adverse effect on the Corporation's operations. In addition to the risks described elsewhere and the other information contained in this Annual Information Form, prospective investors should carefully consider each of and the cumulative effect of all of the following risk factors.

### **1. Failure to Manage Growth Successfully**

In the event that the Corporation's business grows rapidly, strain may be placed on the managerial and financial resources. Such expansion may result in a substantial increase of employees, the scope of operating and financial systems and the geographic area of operations, leading to an added responsibility for both existing and new management personnel. The Corporation has planned for expanded growth in the U.S. and in Canada, but there is no guarantee that that the Corporation's growth will not outpace the capacity of its current management personnel.

### **2. Oil and Gas Pipeline Capacity**

One of the Corporation's external risks is the availability of pipeline capacity and other transportation facilities as many of its customers operate within the Canadian oil and gas ("O&G") industry. There is currently a deficit of overall transportation capacity to transport crude oil, natural gas and natural gas liquids ("NGLs") production from Western Canada to the United States and other international markets as developing a strong network of transportation infrastructure for crude oil, natural gas and NGLs, including by means of pipelines, rail, marine and trucks, in order to obtain better access to domestic and international markets has been a significant challenge to the Canadian O&G industry. Although some pipeline or other transportation projects are underway, many contemplated projects have been cancelled or are delayed due to regulatory hurdles, court challenges and economic and political barriers. Various pipeline expansion projects to provide increased access to eastern Canadian refineries, as well as new off-shore markets, have been announced and are in various stages of review, approval and construction. This transportation capacity deficit is not likely to be resolved quickly given the significant length of time required to complete major pipeline or other transportation projects once all regulatory and other hurdles have been cleared. Export pipelines from Canada to the United States face additional uncertainty as such pipelines require approvals of several levels of government in the United States.

These factors could result in a decrease in Cortex's revenue due to its customers reducing their development and exploration activities and in turn reducing the number of potential transactions on the Network.

### **3. Share Price Volatility**

The market price of Common Shares may be volatile and could be subject to wide fluctuations due to a number of factors, including actual or anticipated fluctuations in the Corporation's results of operations, changes in estimates of its future results of operations by management or securities analysts, introduction of technological innovations or new products by the Corporation or its competitors, general industry changes, announcement of new, or loss of, significant customers by the Corporation or its competitors.

In addition, the price of Common Shares may be affected by factors that are outside of the Corporation's control. Broad market fluctuations, as well as economic conditions generally, may adversely affect the market price of Common Shares.

#### **4. Customer Relationships**

The Corporation's failure to maintain its customer relationships or to develop similar relationships with other customers could result in decreased support for its products, which could materially adversely affect its business, financial condition and results of operations.

#### **5. Significant Customers**

The Corporation has material buying organizations on the Network whose joint impact of their transactions in conjunction with their supplier transactions, have a significant impact on overall revenue of Cortex. A loss of these major customers and their associated suppliers could have an impact on the future revenues of the Corporation.

#### **6. Partners**

Strategic partnerships support the growth of Cortex through technical alignment and go to market collaboration with other Procure- to-Pay solutions. These relationships allow Cortex to seamlessly fit into a customer's existing ERP, operations and procurement software. Through the evolution of a partner's software solution, they could develop a competitive solution to Cortex, which would pose a risk to the relationship and a potential loss of the customer.

#### **7. Intellectual Property Risks and Lack of Patent Protection**

Since much of the Corporation's potential success and value lies in its ownership and use of intellectual property, its failure to protect its intellectual property may negatively affect its business and value. The Corporation's ability to compete effectively is largely dependent upon the maintenance and protection of its intellectual property. The Corporation does not currently have any patent but rather, relies primarily on trade secret, trademark and copyright law, as well as confidentiality procedures and licensing arrangements, to establish and protect its rights to its technology.

The Corporation requires all employees, contractors, and the Board of Directors to enter into confidentiality agreements upon hire or election; and to review and sign off on the Corporations' Code of Business Ethics Policy on an annual basis.

The Corporation enters into confidentiality or license agreements with strategic partners and vendors in an effort to control access to, and distribution of, its products, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Corporation's proprietary technology without authorization.

The Corporation relies on intellectual property rights and other contractual or proprietary rights, including (without limitation) copyright, trade secrets, confidential procedures, contractual provisions and licenses, to protect its proprietary technology. The Corporation may have to engage in litigation to protect its intellectual property rights, or to determine the validity or scope of the proprietary rights of others. This type of litigation can be expensive and time-consuming, regardless of whether or not the Corporation is successful. In the future, the Corporation may seek patents or other similar protections in respect of particular technology; however, there can be no assurance that any future patent applications will actually result in issued patents, or that, even if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to the Corporation. Moreover, the process of seeking patent protection can itself be long and expensive.

In the meantime, competitors may develop technologies that are similar or superior to the technology of the Corporation or design around the patents owned by the Corporation, thereby adversely affecting the Corporation's competitive advantage. Despite the efforts of the Corporation, its intellectual property rights may be invalidated, circumvented, challenged, infringed or required to be licensed to others. It cannot be assured that any steps the Corporation may take to protect its intellectual property rights and other rights to those proprietary technologies that are central to the Corporation's operations will prevent misappropriation or infringement of its technology.

While the Corporation is unaware of any claims against it for any infringements on the intellectual property rights of other parties, the Corporation may be subject to infringement claims in the future. Since patent applications are kept confidential for a period of time after filing, applications may have been filed that, if issued as patents, could relate to the Corporation's products or services.

Parties making claims of infringement may be able to obtain injunctive or other equitable relief that could effectively block the Corporation's ability to provide its products and services in Canada, the U.S. and other jurisdictions and could cause the Corporation to pay substantial damages. In the event of a successful claim of infringement, the Corporation and its customers may need to obtain one or more licenses from third parties, which may not be available at a reasonable cost, if at all. The defense of any lawsuit could result in time-consuming and expensive litigation, regardless of the merits of such claims, as well as resulting damages, license fees, royalty payments and restrictions on the Corporation's ability to provide its products or services, any of which could harm its business.

The Corporation is not aware that any of its products infringe the proprietary rights of third parties. There can be no assurance, however, that third parties will not claim such infringement by the Corporation or its licensees with respect to current or future products. The Corporation expects that software product developers will increasingly be subject to such claims as the number of products and competitors in the Corporation's industry segment grows and the functionality of products in different industry segments overlaps. Any such claims, with or without merit, could be time-consuming, result in costly litigation, cause product shipment delays or require the Corporation to enter into royalty or licensing agreements which, if required, may not be available on terms acceptable to the Corporation. Any of the foregoing could have a materially adverse effect on the Corporation's business, results of operations and financial condition.

## **8. Failures of Network and Third-Party Systems**

The Corporation depends on the efficient and uninterrupted operation of its computer network systems, software, data center and telecommunications networks, as well as the systems of third parties, in particular, TELUS Communications. The Network depends upon the uninterrupted operation of data centers and the ability to protect computer equipment and information stored in these data centers against damage that may be caused by natural disaster, fire, power loss, telecommunications or internet failure, unauthorized intrusion, computer viruses and other similar damaging events. Any disruption to the Corporation's services, its own information systems and data centres or those of third-party providers upon whom the Corporation relies as part of its own service offerings, including the Internet, could result in the inability of customers to utilize the Corporation's services for an indeterminate period of time. If the Corporation's data centre or communications networks were to become inoperable for an extended period, the Corporation would be unable to provide customers with contracted services. The Corporation's property and business interruption insurance may not be adequate to compensate it for all losses or failures that may occur and back-up and redundant systems may be insufficient or may fail and result in a disruption of availability.

Defects, disruptions, failures or damage in the Corporation's systems or those of third parties, errors or delays in the processing of documents, telecommunications failures or other difficulties could result in:

- reduction of revenues;
- imposition to customers;
- delay of customer data transfer;
- harm to its business or reputation;
- negative publicity;
- additional operating and development costs; and/or
- diversion of technical and other resources,

any of which could have an adverse effect on the Corporation's financial condition and financial performance.

## **9. Risks of Security Breaches to the Corporation's Network**

As with any internet-based service, the potential exists for an external party to penetrate the Corporation's network. The Corporation has implemented various means to limit such an occurrence but may be required to expend significant capital and resources to protect against or to alleviate problems caused by such breaches in the future. Additionally, the Corporation may not have a timely remedy for any security attack on Network security. Such purposeful security breaches could have a material adverse effect on the Corporation's business, results of operations and financial condition. In addition to deliberate security breaches, the inadvertent transmission of computer viruses could expose the Corporation to a material risk of loss or litigation and possible liability. The Corporation utilizes services level agreements and customer contracts to limit liability and effectively manage customer concerns.

## **10. Risk of Defects in the Corporation's Services**

Despite product testing, certain of the Corporation's service and product components may contain errors or defects, especially when first introduced or when new versions or updates are released. There can be no assurance that, despite testing by the Corporation, defects and errors will not be found in existing products or in new products or enhancements after the commencement of commercial shipments. The Corporation utilizes services level agreements and customer contracts to limit liability and effectively manage customer concerns.

## **11. Competition**

There has been an increase in the industry of competitors consolidation. The electronic data exchange marketplace is in the process of changing and the impact to our customers is unknown at this time. Cortex continues to enhance its value proposition and relies on the differentiators the Corporation has over its competitors to mitigate the risk created by consolidation of competitors.

## **12. Technological Change, New Services and Standards**

To remain competitive, the Corporation must continually enhance and improve its current line of products. The technology industry is characterized by rapid development, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and emergence of new industry standards and practices that could render the Corporation's existing products and systems obsolete. Failure or delays by the Corporation to meet or comply with the requisite and evolving industry or user standards could have a material adverse effect on the Corporation's business, results of operations and financial condition. The Corporation's ability to anticipate changes in technology, technical standards and products will be a significant factor in its ability to compete. There can be no assurance that the Corporation will be successful in identifying, developing, manufacturing and marketing products that will respond to technological change or evolving standards. The Corporation's business may be adversely affected if it incurs delays in developing new products or enhancements or if such products or enhancements do not gain market acceptance. In addition, there can be no assurance that products or technologies developed by others will not render the Corporation's products or technologies non-competitive or obsolete.

Management intends to continue investing in system enhancements that will allow the Corporation to automate labour-intensive processes, further improving the Corporation's productivity.

## **13. Currency Exchange Rate and Risks of International Operations**

The Corporation is subject to risks of doing business internationally, including fluctuations in currency exchange rates, difficulties in the enforcement of intellectual property rights and political uncertainties. The Corporation's only international operations are in the United States. The Corporation does not currently use derivative instruments to mitigate exposure to those risks. Although many expenses are incurred in the same currency as revenues thus mitigating some exposure to currency fluctuations, the Corporation is still subject to foreign currency risk. Revenues and expenses generated in foreign currencies are translated at exchange rates during the month in which the transaction occurs. The Corporation cannot predict the effect of foreign exchange losses in the future; however, if significant foreign exchange losses are experienced, they could have a material adverse effect on the Corporation's business, results of financial performance, and financial condition. In addition, fluctuations in exchange rates could affect the pricing of the Corporation's products and negatively influence customer demand. Additional risks faced in conducting business internationally include difficulties in managing international operations. These include constraints associated with local laws regarding employment, difficulty in enforcing the Corporation's agreements through foreign legal systems, and complex international tax and financial reporting compliance requirements.

## **14. Requirement for Additional Financing**

Management of the Corporation may seek funding to support research, development and marketing until the Corporation reaches a level of revenue which will sustain its operations on an internal basis. The Corporation cannot be assured that additional funding will be available, or if available, that it will be available on acceptable terms. If adequate funds are not available, the Corporation may have to reduce substantially or eliminate expenditures for research and development, testing, production and marketing of its products. There can be no assurance that the Corporation will be able to raise additional capital if their capital resources are exhausted. The ability to arrange additional financing in the future will depend, in part, upon the prevailing capital market conditions as well as the business

and performance of the Corporation. There can be no assurance that the Corporation will be successful in arranging additional financing or that such additional financing will be available on satisfactory terms.

## **DIVIDENDS AND DISTRIBUTIONS**

### **DIVIDENDS**

No dividends have been declared in the three most recently completed fiscal years. The only restrictions on the Corporation paying dividends are the financial capacity and solvency tests under the ABCA. Any decision to pay dividends on the Common Shares will be made by the Board of Directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at the relevant time.

## **CAPITAL STRUCTURE**

### **GENERAL DESCRIPTION OF SHARE CAPITAL**

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series.

### **COMMON SHARES**

The holders of Common Shares are entitled to dividends, if, and when declared by the Board of Directors, are entitled to one vote per share at meetings of the shareholders of Common Shares and, upon liquidation, dissolution or winding-up, are entitled to receive such assets of the Corporation as are remaining and distributable to the holders of Common Shares on a pro-rata basis. As of July 31, 2018 and the date of this Annual Information Form there were 9,137,700 Common shares issued and outstanding.

### **PREFERRED SHARES**

The Preferred Shares may be issued from time to time in series, each consisting of a number of Preferred Shares as determined by the Board of Directors of the Corporation, which also may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares.

The Preferred Shares of each series shall, with respect to payment of dividends and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, rank on a parity with the Preferred Shares of every other series and shall be entitled to preference over the Common Shares and the shares of any other class ranking junior to the Preferred Shares.

There are no Preferred Shares issued and outstanding as of July 31, 2018 and as of the date of this Annual Information Form.

## MARKET FOR SECURITIES

### TRADING PRICE AND VOLUME

The Common Shares of the Corporation are listed and posted for trading on the TSX Venture under the stock market symbol "CBX". The following are the price ranges (which are not necessarily closing prices) as well as the total monthly volume of trades for the Common Shares for each month of the year ended July 31, 2018:

Date	High	Low	Monthly Volume
July 2018	4.10	3.62	15,365
June 2018	4.15	3.65	834,797
May 2018	3.80	3.60	164,922
April 2018	3.99	3.70	76,240
March 2018	3.95	3.75	95,374
February 2018	4.01	3.75	303,423
January 2018	4.30	4.00	66,839
December 2017	4.40	3.80	228,538
November 2017	4.30	4.00	450,418
October 2017	4.18	3.60	155,283
September 2017	4.00	3.55	68,116
August 2017	4.24	3.65	298,052

## STOCK BASED COMPENSATION

The following table summarizes the issuances of securities convertible into Common Shares for the year ended July 31, 2018.

Date of Issuance	Type of Securities	Number of Securities	Exercise Price per Security
November 16, 2017 <sup>(1)</sup>	Stock Options	100,000	\$4.19
December 6, 2017 <sup>(2)</sup>	Deferred Share Units	51,020	\$3.92

### Notes:

- (1) Issued as part of the Employee Performance Management Program
- (2) Issued as part of the Non-Executive Board Member Compensation Plan

## ESCROWED SECURITIES

The Corporation does not have any securities held in escrow.

## DIRECTORS AND OFFICERS

### NAME, OCCUPATION AND SECURITY HOLDINGS

The following table sets forth the names and municipalities of residence of the directors and officers of the Corporation as of the date of this AIF, their respective positions and offices with the Corporation and date first appointed or elected as a director and their principal occupation(s) within the past five (5) years.

Name and Place of Residence	Position Held and Date Appointed	Common Shares held at July 31, 2018	Common Shares held at November 1, 2018	Principal Occupation Over the Past Five (5) Years
Randy Henderson <sup>(1)(2)(3)</sup> Calgary, Alberta	Director since June 2011	11,900	11,900	Mr. Henderson (CA CF ICD.D) is a senior finance executive and corporate director who serves as a corporate financial advisor to the board of directors and executive management teams of both publicly-traded and private entities. He is President of Henderson Corporate Financial Consulting Inc.
Grant Billing <sup>(1)(2)(3)</sup> Calgary, Alberta	Chairman of the Board since October 2017 and Director since November 2013	85,000	85,000	Mr. Billing (BSc. CA) is an independent businessman and corporate director since November 2011. Prior to joining Cortex, he has over 30 years' experience in various senior management roles such as the Chairman and CEO of Superior Plus Corp., President and CEO of Norcen Energy Resources Ltd and Sceptre Resources Limited. Mr. Billing has served as a director of several Public Companies and is a former Director of Pembina Pipeline Corporation and is currently a Director and Chairman of Tervita Corporation, and Director of Badger Daylighting. He is a Chartered Accountant and received his Bachelor of Science degree from the University of Calgary.

Mark Ripplinger <sup>(1)(2)(3)</sup> Markham, Ontario	Director since July 2006	50,000	50,000	Mr. Ripplinger is President and Chief Executive Officer of Everlink Payment Services since 2007 (a payments solution and services company for credit unions, banks and in-dependent sales organizations) and President, Mark Ripplinger Consulting Services since 1998.
Andrew Gutman <sup>(1)(2)(3)</sup>	Director since December 2017	Nil	Nil	Mr. Gutman has more than 10 years' experience in private equity/venture capital, as well as 20 years of experience in managing and advising profitable, growth, and acquisition-oriented software companies. Since 2015 he has been Chairman of the Board of BSM Technologies and also serves as a member on their Audit Committee and Corporate Governance Committee. Prior to BSM Technologies, he was CEO of Webtech, Speedware Corporation, TSB Corporation and Mobile Computing Corporation.
Alice Reimer <sup>(1)(2)(3)</sup>	Director since August 2018	Nil	Nil	Ms. Reimer is a successful technology entrepreneur and dedicated community leader and mentor. Ms. Reimer co-founded Calgary-based Evoco, leading the innovative SaaS firm from initial concept through to a 2012 acquisition. Evoco's technology became the standard construction management system for global retailers including Walmart, Home Depot, and Staples. Most recently, Ms. Reimer was the CEO of Chaordix, a pioneering software leader in the crowdsourcing and open innovation space, with global clients including LEGO, Procter & Gamble, KPMC, and IBM. Ms. Reimer was the recipient of PROFIT's W100 designation as one of Canada's Top Female Entrepreneurs and was named one of Alberta's 50 Most Influential People for 2013. Ms. Reimer was recently awarded the 2016 Rod Charko Service Award, established to recognize an individual who has gone above and beyond to enhance the technology ecosystem in Alberta.
Joel Leetzow Calgary, Alberta	Director since May 2015	14,725	14,725	Mr. Leetzow joins Cortex with more than 25 years of leadership experience within technology companies in both Canada and the United States. Prior to joining Cortex, Mr. Leetzow served as the President of Scancode, a Toronto-based software company that was acquired by Descartes Systems Group in 2009. Previously, Joel led several technology-based initiatives across North America where he successfully led product management projects, established strong customer growth, and created sales and marketing strategies
<b>Officers who are not Directors:</b>				
Jason Baird Calgary, Alberta	Officer since November 2017	Nil	Nil	Ms. Baird was appointed VP Finance & CFO of the Corporation November 16, 2017. Prior to joining Cortex, he held senior financial management positions within the oil & gas sector at Trident Exploration Corp., Cheyenne Energy Inc., and Altagas Ltd. As well as senior accounting roles for EY (formerly Ernst & Young). He is a Chartered Professional Accountant and received his Bachelor of Commerce degree from the Haskayne School of Business at the University of Calgary.

Trevor Wong-Chor Calgary, Alberta	Officer since April 2006	Nil	Nil	Mr. Wong-Chor has been Secretary of the Corporation since April 2006. He is a Partner at the law firm of DLA Piper (Canada) LLP.
--------------------------------------	-----------------------------	-----	-----	--

**Notes:**

- (1) Denotes members of the Audit Committee.
- (2) Denotes members of the Compensation Committee.
- (3) Denotes members of the Corporate Governance Committee.

Directors are elected at each annual meeting of the Corporation's shareholders. The directors serve until the next annual meeting of shareholders of the Corporation or until their successors are duly elected or appointed.

As of July 31, 2018, the directors and officers of the Corporation, as a group, beneficially owned, directly or indirectly or exercised control or discretion over, 161,625 Common Shares or approximately 2% of the issued and outstanding Common Shares of the Corporation. The number of Common Shares that each director and officer beneficially owns, directly or indirectly, or exercises control or direction over as at July 31, 2018, may be found on [www.sedi.ca](http://www.sedi.ca).

**CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS**

**Corporate Cease Trade Orders or Bankruptcies**

No director, officer or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, within 10 years before the date of this Annual Information Form, has been, a director or executive officer of any corporation that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the corporation being the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

**Personal Bankruptcies**

No director, officer or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has within 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy

or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

### **Penalties or Sanctions**

No director, officer or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **CONFLICTS OF INTEREST**

Certain directors and officers of the Corporation and its subsidiaries are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. In accordance with corporate laws, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Corporation.

Some of the directors of the Corporation have either other employment or other business or time restrictions placed on them and accordingly, these directors of the Corporation will only be able to devote part of their time to the affairs of the Corporation. In particular, certain directors and officers are involved in managerial and/or director positions with other companies whose operations may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides, in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

### **AUDIT COMMITTEE**

Pursuant to the provisions of the ABCA, the Corporation is required to have an audit committee. The general function of the audit committee is to review the overall audit plan and the Corporation's system of internal controls, to review the results of the external audit, and to resolve any potential dispute with the Corporation's auditors.

The charter of the Audit Committee of the Corporation is set out in Schedule "A" attached hereto.

## **RELIANCE ON EXEMPTION FOR VENTURE ISSUERS**

The Corporation is a "Venture Issuer" as the Common Shares are listed for trading on the TSXV. As such, the Corporation is exempt from certain requirements under NI 52-110 with respect to the composition of the Audit Committee and certain reporting obligations.

## **AUDIT COMMITTEE COMPOSITION**

As of the date of this AIF, the Audit Committee of the Corporation is comprised of Randy Henderson (Chair), Andrew Gutman, Mark Ripplinger, Alice Reimer and Grant Billing. All of the Audit Committee members are independent under NI 52-110

All of the members of the Audit Committee are financially literate and have been either directly involved in the preparation of the financial statements, filing of quarterly and annual financial statements, dealing with auditors, or as a member of the Audit Committee. All members have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements. The relevant education and experience of each Audit Committee member is described below.

### **Grant Billing**

Mr. Billing joined the Corporation's Board of Directors and became a member on its Audit Committee in November 2013. Mr. Billing is a Chartered Accountant with over 30 years of experience in various senior management roles such as the President and CEO of Superior Plus Corp., Norcen Energy Resources Ltd. and Sceptre Resources Limited. Mr. Billing has served as a director of many public companies including as Chairman of Provident Energy Ltd., Chairman of Capitol Energy Ltd. Chairman of the Canadian Association of Petroleum Producers, Director of Pembina Pipeline Corporation and as a Director of Superior Plus Corp. Mr. Billing is currently a Director and Chairman of Tervita Corporation and Directors of Badger Daylighting. He is a member of the Institute of Corporate Directors and received his Bachelor of Science degree from the University of Calgary.

### **Andrew Gutman**

Mr. Gutman has more than 10 years' experience in private equity/venture capital, as well as 20 years of experience in managing and advising profitable, growth, and acquisition-oriented software companies. Since 2015 he has been Chairman of the Board of BSM Technologies and also serves as a member on their Audit Committee and Corporate Governance Committee. Prior to BSM Technologies, he was CEO of Webtech, Speedware Corporation, TSB Corporation and Mobile Computing Corporation. He was President of the Park City Lacrosse Organization and Founder and President of the Park City Angel Investing Network.

### **Randy Henderson**

Mr. Henderson (CA CF ICD.D) is a senior finance executive and corporate director who has served as a corporate financial advisor to the board of directors and executive management teams of both publicly-traded and private entities. He is President of Henderson Corporate Financial Consulting Inc. Mr. Henderson served in either a full-time or consulting capacity as the Chief Financial Officer of several significant public and private entities. In 2003, he was nominated for Canada's CFO of the Year Award. He is a member of the Canadian Institute of Chartered Accountants (CICA) and is an executive

leadership program alumnus of the Stanford Business School of Stanford University. In 2008, he was awarded the Corporate Finance (CF) designation by the CICA. In 2009, he successfully completed the Directors Education Program offered by the Institute of Corporate Directors of Canada and was awarded its designation of ICD.D.

### **Mark Ripplinger**

Mr. Ripplinger is currently President and Chief Executive Officer of Everlink Payment Services and President, Mark Ripplinger Consulting Services. Previously, Mr. Ripplinger held executive positions with several major organizations, including: Vice-President, Technology and CIO with Canadian Payments Association (CPA); Senior Vice-President and CIO with ATB Financial; Vice-President and CIO with Crown Life Insurance Company; Vice-President of Systems with Co-Operators Financial Services; Partner with Sierra Systems; Business Development Executive with EDS; Solutions Development Manager with Cisco Systems; and Director, Sales & Marketing with CDSL/CGI.

### **Alice Reimer**

Ms. Reimer is a successful technology entrepreneur and dedicated community leader and mentor. Ms. Reimer co-founded Calgary-based Evoco, leading the innovative SaaS firm from initial concept through to a 2012 acquisition. Evoco's technology became the standard construction management system for global retailers including Walmart, Home Depot, and Staples. Most recently, Ms. Reimer was the CEO of Chaordix, a pioneering software leader in the crowdsourcing and open innovation space, with global clients including LEGO, Procter & Gamble, KPMG, and IBM. Ms. Reimer was the recipient of PROFIT's W100 designation as one of Canada's Top Female Entrepreneurs and was named one of Alberta's 50 Most Influential People for 2013. Ms. Reimer was recently awarded the 2016 Rod Charko Service Award, established to recognize an individual who has gone above and beyond to enhance the technology ecosystem in Alberta

## **AUDIT COMMITTEE OVERSIGHT**

At no time since the commencement of the Corporation's most recently completed fiscal year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

## **RELIANCE ON CERTAIN EXEMPTIONS**

At no time since the commencement of the Corporation's most recently completed fiscal year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

## **PRE-APPROVAL POLICIES AND PROCEDURES**

The Audit Committee had adopted specific policies and procedures for the engagement of non-audit services as described above under the heading *"Audit Committee Terms of Reference - External Auditors"*.

## EXTERNAL AUDITOR SERVICE FEES

PricewaterhouseCoopers LLP ("PwC") was appointed the auditor for the fiscal year ended July 31, 2018. PwC provides professional services for audits relating to statutory and regulatory requirements. The fees paid to the auditors of the Corporation are negotiated by the Audit Committee and based on the complexity of the matters in question and time incurred by the auditors. The aggregate fees paid to the Corporation's external auditors in each of the last two fiscal years for audit and other fees are as follows:

Fiscal Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees	Tax Fees <sup>(2)</sup>	All Other Fees <sup>(3)</sup>	Total Fees
2018	\$114,688	Nil	\$37,902	\$44,989	\$199,597
2017	\$121,512	\$7,325	\$67,552	\$37,845	\$234,234

### Notes:

- (1) Audit fees include fees related to the execution of the year-end audit and quarterly reviews.
- (2) Tax fees include fees related to the preparation of the year-end tax returns and related services.
- (3) All other fees include fees paid for due diligence requirements on prospectus and miscellaneous special project work as requested by the Corporation.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings material to the Corporation to which the Corporation is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Corporation to be contemplated.

There are no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during legal proceedings material to the Corporation to which the Corporation is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Corporation to be contemplated during the fiscal year ended July 31, 2018.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer or any shareholder holding more than 10% of the Common Shares, or any associate or affiliate of any of the foregoing in any transaction within the three most recently completed fiscal years, or during the current fiscal year, or any proposed or ongoing transaction of the Corporation which has, or will, materially affect the Corporation.

## AUDITOR, TRANSFER AGENTS AND REGISTRARS

For the fiscal year ended July 31, 2018, the Corporation's auditors were PwC. The Corporation's transfer agent and registrar is Computershare Trust Corporation of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5L 1G9.

## **MATERIAL CONTRACTS**

One material contract was entered into by the Corporation subsequent to July 31, 2018 being the Share Purchase Agreement relating to the Powervision acquisition that closed on September 28, 2018. A copy of the Share Purchase Agreement is available at [www.sedar.com](http://www.sedar.com).

There are no material contracts, other than contracts entered into in the ordinary course of business, that are material to the Corporation that were entered into within or subsequent to the most recently completed fiscal year, or before the most recently completed fiscal year but are still in effect.

## **INTEREST OF EXPERTS**

As at the date of hereof, the partners and associates of PwC, the current external auditors of the Corporation do not beneficially own any outstanding Common Shares. PwC is independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Alberta.

DLA Piper (Canada) LLP, a law firm in Canada that provides legal services to the Corporation. As of the date hereof, the associates and partners of DLA Piper (Canada) LLP, as a group, beneficially own, directly or indirectly, less than 1% of the Common Shares.

Gray Reed & McGraw LLP provide legal service and advice to Cortex for all U.S. based business. As of the date hereof, the associates and partners of Gray Reed & McGraw LLP, as a group, beneficially own, directly or indirectly, less than 1% of the Common Shares.

Borden Ladner Gervais LLP provides legal service and advice to Cortex for Canadian based employment law issues. As of the date hereof, the associates and partners of Borden Ladner Gervais LLP, as a group, beneficially own, directly or indirectly, less than 1% of the Common Shares.

## **ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the Corporation's Management Information Circular and Proxy Statement for its most recent annual meeting of shareholders. Additional financial information is provided in the Corporation's Consolidated Financial Statements and Management's Discussion and Analysis for the fiscal year ended July 31, 2018.

Copies of the foregoing documents, as well as the Corporation's quarterly Condensed Interim Financial Statements, annual Consolidated Financial Statements and Management's Discussion and Analysis for its fiscal years ended July 31, 2018 and 2017. This Annual Information Form and any document, incorporated by reference in this Annual Information Form may be obtained by accessing SEDAR, the electronic system recording Canadian public securities filings, at [www.sedar.com](http://www.sedar.com).

## Schedule "A"

### **AUDIT COMMITTEE CHARTER**

The Corporation must, pursuant to NI 52-110 (as defined herein), have a written charter which sets out the duties and responsibilities of its Audit & Reserves Committee. The terms of reference of the Audit & Reserves Committee are substantially reproduced below.

#### **A. Mandate and Authority**

This Charter governs the operations of the audit committee. The committee shall provide assistance to the Board of Directors in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to the Corporation's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of the Corporation's financial statements, and the legal compliance and ethics programs as established by management and the board and as required by applicable law. In so doing, it is the responsibility of the committee to maintain free and open communication between the committee, independent auditors, the internal auditors, and management of the Corporation. In discharging its oversight role, the committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Corporation. The committee shall have the authority to engage independent counsel and other advisors, as it determines necessary to carry out its duties. The Corporation shall provide appropriate funding for the committee as approved by the Board of Directors.

#### **B. Organization**

The committee shall be appointed by the Board of Directors and shall comprise at least two directors, one of whom is independent of management and the Corporation. Members of the committee shall be considered independent if they have no relationship that may interfere with the exercise of independence from management and the Corporation and if they meet all criteria required by applicable laws. No member of the committee may, other than in his capacity as a member of the committee, the Board of Directors or any other board committee, accept any consulting, advisory or other compensatory fee from the Corporation. All committee members shall be financially literate. The Board of Directors shall determine which members of the committee are independent and which members of the committee are "audit committee financial experts." In making such determinations, the committee shall be entitled to seek and rely on the advice of counsel with respect to the applicable rules and laws. The Corporation is responsible for providing the committee with educational resources related to accounting principles and procedures, current accounting topics pertinent to the Corporation and other material as may be requested by the committee and as required by applicable law. The Corporation shall assist the committee in maintaining appropriate financial literacy.

#### **C. Responsibilities**

The primary responsibility of the committee is to oversee the Corporation's financial reporting process on behalf of the board and report the results of their activities to the board. Management is responsible for preparing the Corporation's financial statements, and the independent auditors are responsible for auditing those financial statements.

The committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The committee should take appropriate actions to set the overall corporate “tone” for quality financial reporting, sound business risk practices, and ethical behaviour.

The following shall be the principal recurring processes of the committee in carrying out its oversight responsibilities. The processes are set forth as a guide with the understanding that the committee may supplement or amend them as appropriate.

The committee shall have a clear understanding with management and the independent auditors that the independent auditors are ultimately accountable to the board and the committee, as representatives of the Corporation’s shareholders. The committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any accounting firm engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Corporation, and the accounting firm must report directly to the committee. The committee shall be directly responsible for the resolution of disagreements between management and the external auditor regarding financial reporting. The committee shall have the ultimate authority and responsibility to evaluate and, where appropriate, recommend the replacement of the independent auditors. The committee shall discuss with the auditors their independence from management and the Corporation, including matters in the written disclosures required by the Independence Standards Board, and shall consider the compatibility of non-audit services with the auditor’s independence and in accordance with applicable laws. Annually, the committee shall review and recommend to the board the selection of the Corporation’s independent auditors, subject to shareholders’ approval.

The committee shall discuss with the internal auditors and the independent auditors the overall scope and plans for their respective audits, including the adequacy of staffing and compensation. Also, the committee shall discuss with management, the internal auditors, and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Corporation’s system to monitor and manage business risk, and legal and ethical compliance programs, including the Corporation’s Employee Conduct Policy. Further, the committee shall meet separately with the internal auditors and the independent auditors, with and without management present, to discuss the results of their examinations and will provide sufficient opportunity for the internal auditors and the independent auditors to meet privately with members of the committee.

The committee shall pre-approve all services provided by the outside auditor. The committee may establish policies and procedures for pre-approval provided they are consistent with applicable laws, detailed as to the particular service, and designed to safeguard the continued independence of the outside auditor.

The committee shall review the interim financial statements and the management discussion and analysis of those statements with management prior to the release of the statements. The committee shall review with management and the independent auditors the financial statements to be included in the Corporation’s Annual Report, including their judgment about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. Also, the committee shall discuss the results of the annual audit and any other matters required to be communicated to the committee by the independent auditors under generally accepted auditing standards. The committee shall review the

earnings press releases and earnings guidance with management before the Corporation publicly discloses this information.

The committee shall review the Annual Information Form and any other financial disclosure document required by applicable law.

The committee shall establish procedures for the receipt, retention and treatment of complaints (including anonymous complaints) regarding accounting; internal accounting controls or auditing matters received through the complaints process established by the Corporation and shall have the power to investigate, seek advice on, and recommend appropriate responses to the Board of Directors. The committee shall establish procedures for the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

The committee shall review and reassess this Charter and evaluate the committee's effectiveness in fulfilling its mandate on a regular basis and as required by applicable law and shall obtain the approval of the Board of Directors for any changes.

The committee shall satisfy itself that adequate procedures are in place for the review of the issuer's public disclosure of financial information extracted or derived from the issuer's financial statements and shall periodically review the adequacy of those procedures.

The committee shall review and approve the issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

For greater certainty, the committee shall be responsible for the specific responsibilities set out in National Instrument 52-110 Audit Committees as such responsibilities may be amended from time to time.

#### **D. Meetings**

The committee shall meet at least four times each year and at such other times as it deems necessary to fulfill its responsibilities. Meetings of the committee may be called by any member of the committee, by the CEO, by the CFO, or by the Chairman of the Board of Directors. Notice of meetings may be given by any reasonable means including the scheduling of regular meetings at the preceding meeting of the committee or Board of Directors. Quorum for a meeting of the committee shall be a majority of the members. Meetings shall be chaired by the Chairman of the committee who shall be appointed by the Board of Directors. If the Chairman cannot attend a meeting, the members present shall elect a Chairman for the meeting. The Chairman shall also act as Secretary to the meeting. Minutes of meetings shall be recorded and maintained in accordance with applicable law.

## Addendum “A” To the Audit Committee Charter

### **WHISTLE BLOWER POLICY**

#### **SECTION 1 – INTRODUCTION**

Cortex Business Solutions Inc. (the “Corporation”) is committed to the highest standards of openness, honesty and accountability. In line with that commitment, we expect employees and others that we deal with who have serious concerns about any aspect of the Corporation’s activities and operations to come forward and voice those concerns.

Employees are often the first to realize that there may be something seriously wrong within the Corporation. However, they may decide not to express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Corporation. They may also fear recrimination, harassment or victimization. In these circumstances, they may feel it would be easier to ignore the concern rather than report what may just be a suspicion of wrong-doing.

This Policy document makes it clear that employees can report wrong-doings or suspected wrong-doings without fear of victimization, subsequent discrimination or disadvantage. This Whistle Blower Policy is intended to encourage and enable employees to raise serious concerns within the Corporation rather than overlooking a problem or seeking a resolution of the problem outside the Corporation.

This Policy applies to all employees and those contractors working for the Corporation. It is also intended to provide a method for other stakeholders (suppliers, customers, shareholders etc.) to voice their concerns regarding the Corporation’s business conduct.

The Policy is also intended as a clear statement that if any wrongdoing by the Corporation or any of its employees or by any of its contractors or suppliers is identified and reported to the Corporation, it will be dealt with expeditiously and thoroughly investigated and remedied. The Corporation will further examine and implement the means of ensuring that such wrongdoing can be prevented in future.

A whistleblowing or reporting mechanism invites all employees and other stakeholders to act responsibly to uphold the reputation of their organization and maintain public confidence.

Encouraging a culture of openness within the organization will also help this process. This Policy aims to ensure that serious concerns are properly raised and addressed within the Corporation.

#### **SECTION 2 – WHAT IS WHISTLEBLOWING?**

Employees are usually the first to know when something is going seriously wrong. A culture of turning a “blind eye” to such problems means that the alarm is not sounded and those in charge do not get the chance to take action before real damage is done. Whistleblowing can therefore be described as giving information about potentially illegal and/or underhanded practices i.e. wrong doing.

### **SECTION 3 - WHAT IS WRONGDOING?**

Wrongdoing involves any unlawful, illegal or otherwise improper behaviour and can include:

- An unlawful act whether civil or criminal;
- Breach of or failure to implement or comply with any approved policy of the Corporation, including the internal financial controls approved by the Corporation;
- Knowingly breaching federal or provincial laws or regulations;
- Unprofessional conduct or conduct that is not consistent with recognized, established standards of practice;
- Questionable accounting or auditing practices;
- Dangerous practice likely to cause physical harm/damage to any person/property;
- Failure to rectify or take reasonable steps to report a matter likely to give rise to a significant and avoidable cost or loss to the Corporation;
- Abuse of power or authority for any unauthorized or ulterior purpose;
- Unfair discrimination in the course of employment or provision of services.

This list is not definitive, but is intended to give an indication of the kind of conduct which might be considered as “wrongdoing”.

### **SECTION 4 - WHO IS PROTECTED?**

This Policy is set in the context of the regulatory provisions of the Canadian Securities Association (CSA) National Instrument 52-110 - Audit Committees. Any employee who makes a disclosure or raises a concern under this Policy will be protected if the employee:

- Discloses the information in good faith;
- Believes it to be substantially true;
- Does not act maliciously or make knowingly false allegations; and
- Does not seek any personal or financial gain.

### **SECTION 5 - WHO SHOULD YOU CONTACT?**

Anyone with a complaint or concern should contact the Whistleblower hotline number 1-844-487-4729 or alternatively the whistleblower website located at [www.thetandemteam.com/whistleblower.html](http://www.thetandemteam.com/whistleblower.html).

## SECTION 6 - HOW THE CORPORATION WILL RESPOND

The Corporation will respond positively to concerns. Where appropriate, the matters raised may:

- (a) be investigated by management, the Board of Directors, internal audit (when implemented), or through the disciplinary process;
- (b) be referred to the police;
- (c) be referred to the external auditor or external legal counsel;
- (d) form the subject of an independent inquiry.

In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required, this will be taken before any investigation is conducted.

Within ten working days of a concern being raised, the responsible officer will write:

- (a) acknowledging that the concern has been received;
- (b) indicating how he/she proposes to deal with the matter;
- (c) giving an estimate of how long it will take to provide a response;
- (d) telling the customer whether any initial enquiries have been made; and
- (e) telling the customer whether further investigations will take place and if not, why not.

The amount of contact between the officers considering the issues and customers will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Corporation will seek further information from customers.

The Corporation will take steps to minimize any difficulties which customers may experience as a result of raising a concern. For instance, if a customer is required to give evidence in criminal or disciplinary proceedings, the Corporation will arrange for them to receive advice about the procedure.

The Corporation accepts that customers need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform them of the outcomes of any investigation.

## SECTION 6 - TIMEFRAMES

Concerns will be investigated as quickly as possible. It should be borne in mind that it may be necessary to refer a matter to an external agency and this may result in an extension of the investigative process. It should also be borne in mind that the seriousness and complexity of any complaint may have an impact on the time taken to investigate a matter. A designated person will indicate at the outset the anticipated time frame for investigating the complaint.

## **SECTION 7 - PREVENTION OF RECRIMINATIONS, VICTIMIZATION OR HARASSMENT**

The Corporation will not tolerate an attempt on the part of anyone to apply any sanction or detriment to any person who has reported to the Corporation a serious and genuine concern that they may have about an apparent wrongdoing.

## **SECTION 8 - CONFIDENTIALITY AND ANONYMITY**

The Corporation will respect the confidentiality of any whistle blowing complaint received by the Corporation where the complainant requests that confidentiality. However, it must be appreciated that it will be easier to follow up and to verify complaints if the complainant is prepared to give his or her name.

## **SECTION 9 - FALSE AND MALICIOUS ALLEGATIONS**

The Corporation is proud of its reputation with the highest standards of honesty. It will therefore ensure that substantial and adequate resources are put into investigating any complaint which it receives. However, the Corporation will regard the making of any deliberately false or malicious allegations by any employee of the Corporation as a serious disciplinary offence which may result in disciplinary action, up to and including dismissal for cause.